

## STOCK MARKET AWARENESS



### LISTED COMPANY INSIGHT

#### FREE BIRD INSTITUTE LIMITED (FBL)

Current Share Price: \$2.40 | Dividend Yield: 2.08% | Market Capitalisation: FJD4.8m |  
Date Listed: 2<sup>nd</sup> February 2017

#### Free Bird Institute

#### Greetings from SPSE!

Continuing from last week, the SPSE Investor Education Team in this edition will focus on the newly listed company, Free Bird Institute Limited (FBL). Given that FBL has been listed for over three months now, it would be timely and of interest to the current shareholders and those prospective investors to obtain information on how the company has performed during the last year in terms of key financial highlights, the future plans of the company, upcoming Annual General Meeting and the general performance of FBL on the stock market post listing.

To give an in-depth review of FBL, we also catch up with **Mr Hiroshi Taniguchi, Chairman and Chief Executive Officer** of FBL who shares his thoughts and plans for the company.



**Mr Hiroshi Taniguchi**  
Chairman & CEO,  
Free Bird Institute Ltd

#### Company Profile & Background

FBL operates the first English only language institute in Fiji and also provides accommodation to Japanese students wishing to learn English. The company was formed by and is the brainchild of Mr. Hiroshi Taniguchi, a Japanese businessman and investor in Fiji, who pursued to address the strong and growing need for English language tuition amongst the native Japanese population. As such, seeing Fiji as an exotic and ideal location for this, Mr. Taniguchi set out to form the Institute in his adopted homeland. The company commenced operations in 2006 and operated under the name, "Namaka Public Free Bird Institute", with the subsequent formation of FBL in 2010. Today, the Institute is recognised by the Fiji Ministry of Education and operates two campuses, one in Nadi and one in Lautoka. Moreover, the Institute also provides accommodation to incoming students through dormitories maintained by the company and an in-house insurance scheme, which covers students' travel, medical and personal accident insurance for the duration of their studies.

#### Directors & Senior Management

- ▶ Mr Hiroshi Taniguchi (Chairman & CEO)
- ▶ Mr Yoshinobu Higashi (Director)
- ▶ Adi Litia Qionibaravi (Director)
- ▶ Ms Latileta Qoro (Director)
- ▶ Ms Yoko Nameki (Director)
- ▶ Ms Mereseini Baleilevuka (Director & Chief Operating Officer)
- ▶ Mr Waisale Iowane (Director & Chief Financial Officer)

#### Top 5 Shareholders

- ▶ South Pacific Free Bird Co. Ltd : 75.00%
- ▶ Dilikoti Cagi : 10.00%
- ▶ Capital Advisory Co Ltd : 6.25%
- ▶ IBC Co Ltd : 3.13%
- ▶ Hiroshi Taniguchi : 2.42%

#### Upcoming Annual General Meeting (AGM)

AGM is conducted once a year and is the occasion where the Directors share company insights with their shareholders about the past year's business performance, strategies and the outlook going forward. It also presents an opportunity to you to vote on issues related to your company and interact with your fellow shareholders. If you're a shareholder in FBL, you have a right to attend this upcoming meeting.

Also, Central Share Registry Ltd (CSRL), subsidiary of SPSE holds the Share Registry for FBL and provides all shareholder related services for the shareholders. The Registry Officer from CSRL will be available at the AGM and you can use this opportunity to update your shareholding details or register for the **Online Shareholder Portal**. Details of the upcoming AGM are as follows:

- ▶ Date: Friday, 26<sup>th</sup> May 2017
- ▶ Time: 10am
- ▶ Venue: Tanoa Skylodge Conference Room, Nadi

### Key Financial Highlights

**SPSE:** 2016 has been a standout year for FBL in terms of key financial figures, such as; strong revenue and profitability growth. What were the key financial highlights driving the level of growth during the year?

**FBL:** The introduction of our integrated in-house insurance scheme to the international students played an important role in boosting our revenue and underlying profits after tax by 198% in 2016 which gained popularity with the international students. We also had an increase in student numbers by 11% bringing our total student number to 1,319 in 2016.

| Particulars                | Dec-15 | Dec-16 |
|----------------------------|--------|--------|
| Total Revenue (\$m)        | 4.15   | 5.36   |
| Net Profit after Tax (\$m) | 0.28   | 0.82   |
| Return on Equity (%)       | 12.89  | 27.77  |
| Net Profit Margin (%)      | 6.68   | 15.47  |

### Returns to Shareholders

**SPSE:** Following a successful listing on SPSE earlier this year, the company declared and paid a final dividend of \$0.05 per share. Does the Company foresee a similar level or even an increase in dividend payments to its shareholders in the coming year?

**FBL:** The directors envisage that this could be the likely event but like every other business, this will be solely reliant on various factors and a business like ours whose revenue is 95% foreign earned, the effect of movements in the exchange rates play a major part in our business. However, management has mechanisms in place to safeguard such drastic changes in exchange rates and hopes to capitalise on such situations and ultimately increase the returns to shareholders in 2017.

**SPSE:** There has been an increase share price post listing; however, the market snapshot now shows an accumulation of sellers seeking capital gain opportunities which may put a downward pressure on share price. What is FBL's view on this?

**FBL:** One of the main drivers for share price increase has been the demand for our shares after seeing the growing trend in our financial performance over the years. We would like to encourage investors to read with interest our business background and understand the nature of our operations and business and its uniqueness not only in the Fiji market but also in the South Pacific and with our student numbers already increasing by 6% in the first 4 months of 2017 compared to 2016, we are positive that this trend will continue. It must also be highlighted that in a bid to encourage more retail participation in our shares and to have shares readily available for trading, the founding shareholders have been offloading certain portions of their shares on the market.

### Challenges

**SPSE:** What are some of the challenges that FBL faces in its core business operations and what are the measures put in place to minimise the impact of such challenges?

**FBL:** One of the main challenges that the company faces is trying to be competitive globally with other institutions providing English language courses to international students. Foreign language teaching has become an integral part of the 21<sup>st</sup> century life learning process. With developed countries such as Australia, New Zealand, Canada, USA and the UK also offering English language courses, we work towards offering a unique product and services to international students. With a total immersion approach through immersing the students in an environment where the medium of communication is English such as home stay accommodations with local families, this has proven to be a product differentiation and key that has set us apart from our competitors in other developing countries such as Malaysia and the Philippines who might have better facilities but do not provide home stay arrangements with local families.

### Listing on SPSE

**SPSE:** What was the motivating factor behind restructuring FBL and subsequently listing on SPSE? What would be your advice to other private companies who are still contemplating going Public? How has the company's journey been so far in complying with the SPSE's ongoing listing requirements?

**FBL:** We are proud to be the first to represent the Education sector on the stock market and hope to give investors more choice to invest. The founding shareholder has always dreamt of owning a listed company and with listing, we hope to better place ourselves on the international arena in terms of marketing and branding. With this, we hope to attract more international students.

We would encourage other private companies to make the move and list on the stock market as this would give them the competitive advantage and strengthen corporate governance amongst others. The government also has various incentives for those wishing to list such as 10% corporate tax rate and various tax exemptions.

We have so far been successful in meeting our requirements and that's thanks to our young knowledgeable management team. The ongoing listing requirements have instilled discipline in our operations and have been beneficial.

### Share Price Trend from Listing until April, 2017



FBL officially listed on SPSE on 2<sup>nd</sup> February, 2017

### Investor Sentiments

Stockbroking recommendation: Buy



Mr. EsromY Immanu'el,  
Manager & Licensed  
Investment Advisor –  
FijiStock Brokers Limited  
(FSB)

With favourable results for 2016 and strategies going forward, there is potential for further growth in company's operations even though it is operating in a highly competitive industry. The price earnings ratio of less than 6 indicates that there is potential growth in the value of the company which will ultimately improve shareholder value.

### Current Market Snapshot

#### FBL Order Book Snapshot on 17th May 2017

| BUY           |          |           | SELL       |          |               |
|---------------|----------|-----------|------------|----------|---------------|
| No. of Orders | Quantity | Buy Price | Sell Price | Quantity | No. of Orders |
| 1             | 4,000    | 2.00      | 2.40       | 33,500   | 2             |
|               |          |           | 2.43       | 20,000   | 1             |
|               |          |           | 2.45       | 7,335    | 1             |
|               |          |           | 2.51       | 10,000   | 1             |

For further information including those relating to listing on SPSE, listed company performance and/or investing in listed companies, as well as any shareholder related queries regarding your investments in one of the listed companies, please do not hesitate to contact us.

SPSE Website: [www.spse.com.fj](http://www.spse.com.fj)

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