

## **JTI's shares jump 19% on takeover offer**

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**By Stephanie Jacob**

Tobacco company JT International Bhd (JTI) is currently up by 17.54% after resuming trading on Bursa Malaysia today, on the back of a conditional takeover offer from Japan Tobacco Inc for all shares it does not own in JTI.

Trading was resumed on Tuesday, after being suspended since Friday Mar 28, 2014 and the counter open significantly higher by RM1.21 to open at RM7.71 from RM6.50 – about 19% higher than its last close.

As of 11am, the counter was trading up by RM1.13 at RM7.63 with 893,900 shares changing hands.

Japan Tobacco made the announcement on Mar 31, 2014, offering RM7.80 per share for the 39.63% or so of the company it does not currently hold. The offer is conditional upon receiving 90% acceptances for the offer.

The offer was made via JT International Holding BV, which is a wholly owned unit of JT International Group Holding BV, which in turn is wholly owned by Japan Tobacco.

Analyst have reacted positively to the offer, encouraging the remaining shareholders to take the deal.

In its report, TA Securities noted that JTI had never traded above the RM7.80 offer price mark over the past 15 years. It also said that at the offer price, shareholders would get a better price-to-earnings ratio (PE ratio) of 15x rather than JTI's five year historical average PE ratio of 13x.

RHB Research said that it think the offer is an “attractive proposition for shareholders and advised them to accept the takeover offer as it would translate into a 20% capital gain.”

Among key major shareholders are the Employees Provident Fund (EPF) with 8.13% and Kumpulan Wang Persaraan (KWAP) with 6.84%.

For fourth quarter in 2013 (4Q13) ended last December, JTI posted RM28.13 million in pre-tax profits from RM330.83 million in revenue, significantly up from RM9.57 million from RM290 million respectively in 4Q12.

Overall, JTI's pre-tax earnings for financial year 2013 (FY13) stood at RM164.34 million from RM1.27 billion in revenue, up 16.1% year-on-year from RM141.54 million in pre-tax profit from RM1.23 billion revenue in FY12.

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