



UNIVERSITI TEKNOLOGI MARA

FIN382 – Project Paper (Company Analysis)

Class: BA114-4E

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Acknowledgements

This study is about the company analysis of LTKM Berhad. This study comprises of all factors needed to be known to invest in this company. The company's backstory and everything is storied in this report. The reason of this study is for our Final Year Project which is the subject FIN382. It is through hours and days of research, we found things that could help make investment decisions based on the poultry industry.

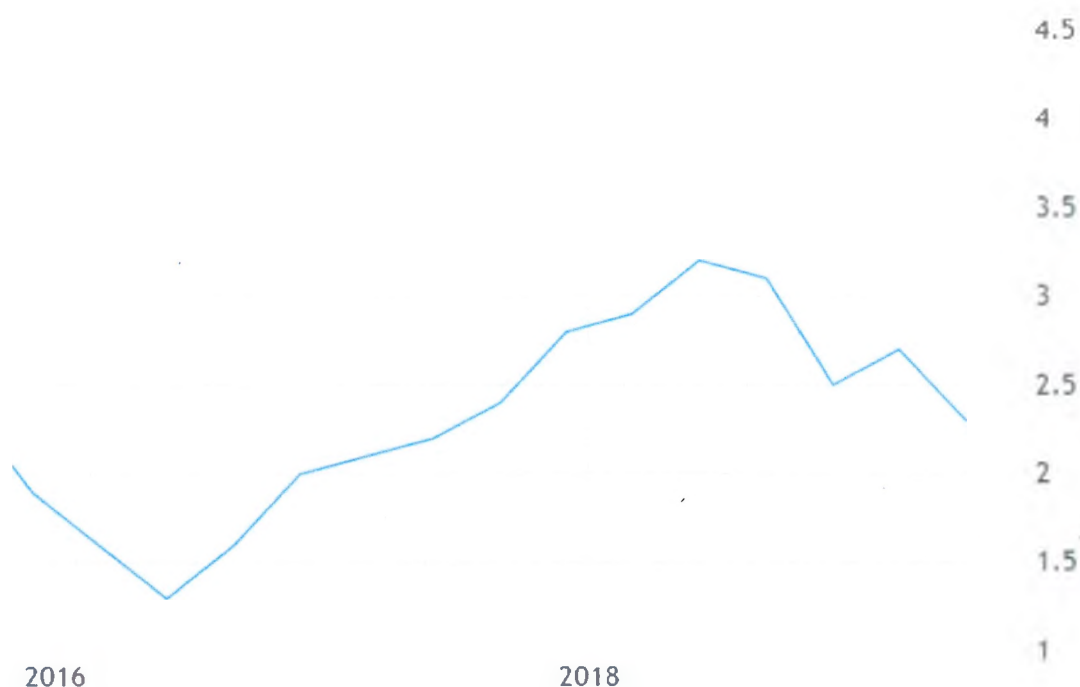
We are students from Business Administration Faculty, Universiti Teknologi Mara (UiTM) Dungun, who worked hard to find information on companies for analysis purposes that helps in investment decisions. Our greatest gratitude goes to Madam Salwani binti Affandi who guided us all the way through from the beginning to complete this report.

Finally, it would not be proper if we failed to thank friends and accomplices that helped us with this report. Through the times, information is transmitted from class to class about news on the report.

Our hope is that this report would help you get ideas on making decisions for future investments.

Economic Analysis

1.0 - Developed Country - United States of America (GDP)



(<https://tradingeconomics.com/united-states/gdp-growth-annual>)

Figure 1

The Growth Domestic Product or better known as GDP is a barometer used to measure the total value of goods produced and services provided. Based on the line graph above that shows GDP growth rate, the American GDP growth rate decreased from 1.6% to 0.7% in early 2016 to May and increased up to 2.1% end of the year. From January 2017, the GDP growth rate starts to increase from 2.1% up to 2.7% in the year. In early 2018, the growth rate increased from 2.8% to 3.2% and decreased to 2.6% at the end of the year. In the beginning this shows a good indication towards the country's GDP growth. But it started to experience a slight downfall in 2018. GDP growth has a positive relationship with the stock market. For investors, they might find it as an attraction to invest in the country and for other businesses as it provides good economic health. With a healthy economy due to stable GDP growth rate, this indicates higher amount of earnings for companies operating in the mentioned country. As we know, higher earnings will equal to higher earnings per share which will contribute to higher stock prices. In other words, these companies benefit in the stock market by financing through shares. In an alternate scenario, a GDP growth rate that is too high may lead to inflation and this is not favourable for any countries. Though America experienced optimal GDP growth rate, by the end of 2018 they experienced a slight economic downfall that might continue in the future based on the graph.

Developed Country - United States of America (Inflation)



(<https://tradingeconomics.com/united-states/inflation-cpi>)

Figure 2

Inflation rate is an indicator that refers to the tendency of price of goods and services to rise overtime. Inflation may also erode the value of money overtime. The above line graph shows about the American inflation rate. In early 2016, the inflation growth is at 1.4% and decreased to 0.8% but then increased back to 2.1% at the end of the year. Starting in 2017, the American inflation rate increased to 2.6% but decreased to 2.1% at the end of the year. In 2018, the inflation rate increased from 2.1% to 2.9% around April but then decreased to 1.4% by the end of the year. Minimal inflation growth shows a sign that the economy is growing but interest rates would be increasing to reduce spending which increases cost of capital for businesses. The inflation growth in America is increasing every year except for 2018. For investors, it affects them at the peak notable in 2017 and 2018 because it impacts the current income invested in common stocks as the value of money decreases. Inflation also affects bonds value. Most importantly, inflation decreases the purchasing power of economic participants. This means each dollar can buy fewer goods and services. Inflation is controlled by taking preliminary measures such as reducing government spending and increasing taxes. This will lead to companies in the country to pay more taxes and will have lower amount of money to pay investors dividends.