

Investing in IGB Berhad (KLSE:IGBB) five years ago would have delivered you a 61% gain

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Stock pickers are generally looking for stocks that will outperform the broader market. And in our experience, buying the right stocks can give your wealth a significant boost. For example, long term **IGB Berhad** (KLSE:IGBB) shareholders have enjoyed a 41% share price rise over the last half decade, well in excess of the market return of around 1.3% (not including dividends). However, more recent returns haven't been as impressive as that, with the stock returning just 25% in the last year , including dividends .

With that in mind, it's worth seeing if the company's underlying fundamentals have been the driver of long term performance, or if there are some discrepancies.

While markets are a powerful pricing mechanism, share prices reflect investor sentiment, not just underlying business performance. By comparing earnings per share (EPS) and share price changes over time, we can get a feel for how investor attitudes to a company have morphed over time.

IGB Berhad's earnings per share are down 0.3% per year, despite strong share price performance over five years.

So it's hard to argue that the earnings per share are the best metric to judge the company, as it may not be optimized for profits at this point. Since the change in EPS doesn't seem to correlate with the change in share price, it's worth taking a look at other metrics.

We are not particularly impressed by the annual compound revenue growth of 1.2% over five years. So it seems one might have to take closer look at earnings and revenue trends to see how they might influence the share price.

The graphic below depicts how earnings and revenue have changed over time (unveil the exact values by clicking on the image).



earnings-and-revenue-growth

It is of course excellent to see how IGB Berhad has grown profits over the years, but the future is more important for shareholders. This **free** interactive report on IGB Berhad's [balance sheet strength](#) is a great place to start, if you want to investigate the stock further.

What About Dividends?

As well as measuring the share price return, investors should also consider the total shareholder return (TSR). Whereas the share price return only reflects the change in the share price, the TSR includes the value of dividends (assuming they were reinvested) and the benefit of any discounted capital raising or spin-off. So for companies that pay a generous dividend, the TSR is often a lot higher than the share price return. We note that for IGB Berhad the TSR over the last 5 years was 61%, which is better than the share price return mentioned above. The dividends paid by the company have thusly boosted the *total* shareholder return.

A Different Perspective

It's good to see that IGB Berhad has rewarded shareholders with a total shareholder return of 25% in the last twelve months. That's including the dividend. Since the one-year TSR is better than the five-year TSR (the latter coming in at 10% per year), it would seem that the stock's performance has improved in recent times. Someone with an optimistic perspective could view the recent improvement in TSR as indicating that the business itself is getting better with time. While it is well worth considering the different impacts that market conditions can have on the share price, there are other factors that are even more important. To that end, you should learn about the [2 warning signs we've spotted with IGB Berhad \(including 1 which is significant\)](#) .

Of course **IGB Berhad may not be the best stock to buy**. So you may wish to see this **free** [collection of growth stocks](#).

Please note, the market returns quoted in this article reflect the market weighted average returns of stocks that currently trade on Malaysian exchanges.

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