

Equity Beat

24 February 2010

4Q09 Results Review

PLUS Expressways

Traffic keep on moving

Maintain Neutral

Unchanged Target Price (TP): RM3.50

- **PLUS FY09 net profit of RM1,185m was 3% and 1% higher than ours and consensus estimates.**
- **PLUS registered a 6.2%yoy increase in traffic in 4Q09 due to the festive and school holidays.**
- **We maintain our NEUTRAL recommendation as its current price of RM3.37 is already close to our target price of RM3.50, derived using the discounted cash flow model.**


STOCK INFO

Price (23 February 2010)	3.37	KLCI	1,266.43
Issued shares (mil)	5,000	Bursa / Bloomberg	5052/ PLUS
Par Value (RM)	0.25	Board / Sector	Trading / Services
Market cap. (RM'm)	16,850	Syariah Compliant	Yes
Price over NA	0.9		
52-wk price Range	RM2.85 – 3.46	Major Shareholders	
Beta (against KLCI)	0.60	Khazanah	55.2%
3-mth Avg Daily Vol	5.588m	EPF	12.8%
3-mth Avg Daily Value	RM18.4m	KWAP	6.6%

Results slightly better than expected. PLUS' FY09 cumulative net profit was RM1,185m which is better than our estimate of RM1,149m by 3% due to higher than expected total traffic. It is also about 1% above consensus forecast. For 4Q09, the net profit was RM313.2m, which was higher by 5.6% compared with that in 4Q08. On sequential quarter, basis it was higher by 0.6%.

Festivities and school holidays were the main traffic catalysts. The heavier traffic for this quarter was mainly due to the host of festivities and the school holidays in December. This resulted in a traffic boost of 6.2%yoy and 4.2%qqq.

Prospects for 2010. We are projecting a 3% traffic growth in FY10 as there is the potential price hike in 1H10 arising from the restructuring of fuel subsidy. However, we do not expect a significant negative impact as users will readjust accordingly. Also, the lack of cheaper alternative transport, coupled by inadequate public transportation (causing less mobility) in tourist destinations, ensures continuing support for PLUS' highways.

Maintain Neutral call. The market has already priced PLUS fairly and we do not see much upside potential. However, we would recommend PLUS as a good defensive pick with its stable earnings growth and decent dividend yields of 4.9%. For FY10, PLUS has announced that it will be making a minimum dividend payout of 75%, as compared with 70% for FY09. We reaffirm our NEUTRAL call on PLUS with target price at RM3.50 per share based on discounted cash flow model at a rate of 10%. 

PLUS: 9MFY09 RESULTS SUMMARY

FYE 31 Dec	FY08	FY09	FY10F	FY11F
Revenue (RM'm)	2,968.0	3,179.0	3,133.5	3,923.7
EBIT (RM'm)	2,112.4	2,245.0	2,039.8	2,828.5
Pretax Profit (RM'm)	1,515.7	1,623.6	1,439.1	2,228.5
Net Profit (RM'm)	1,079.3	1,185.1	1,163.1	1,952.5
EPS (sen)	21.6	23.7	23.3	39.1
EPS growth (%)	-12.0	9.7	0	67.9
PER(x)	15.6	14.2	14.5	8.6
Net Dividend (sen)	16.0	16.5	17.4	19.5
Net Dividend Yield (%)	4.7	4.9	5.2	5.8

Source: Company, Forecasts by MIDFR

	Quarterly Results			Cumulative		Comments
	4Q09	%YoY	%QoQ	FY09	%YoY	
FYE Dec						
Total Traffic (mil PCU km)	4,413.02	6.2%	4.2%	16,552.87	7.3%	Festive season and December school holidays boosted traffic.
PLUS	4,003.10	5.1%	3.7%	15,070.70	7.1%	
ELITE	398.80	17.6%	9.2%	1,441.40	9.3%	
LINKEDUA	5.11	17.5%	9.2%	18.38	11.3%	
KLBK	6.01	9.3%	4.5%	22.39	4.4%	
Toll Collection RM'000	634,222	6.4%	4.9%	2,365,960	5.8%	
Toll Compensation	219,613	11.5%	4.3%	813,062	11.2%	The government compensation is getting higher.
Total Revenue	853,835	7.6%	4.7%	3,179,022	7.1%	The toll collections grew 5.8%. However, compensation is growing faster with 11.2%
Gross Profit	597,612	6.6%	2.0%	2,264,087	8.4%	
Finance Costs	179,135	8.2%	2.5%	695,730	7.8%	
Net Profit	313,231	5.6%	0.6%	1,185,112	9.7%	

Source: Company, MIDFR

DAILY PRICE CHART



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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >15% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -15% and +15% over the next 12 months.
SELL	Total return is expected to be <15% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >15% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

OVERWEIGHT	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform the overall market over the next 12 months.

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