

# PLUS makes more inroads abroad with Indian project

PLUS EXPRESSWAYS BHD				
	2009	2010F	2011F	2012F
<b>NET PROFIT</b> (RM mil)	1,186.4	1,227.6	1,678.0	1,792.6
<b>EPS</b> (sen)	23.7	24.6	33.6	35.9
<b>PER</b> (x)	16.8	16.2	11.9	11.1
<b>DIV YIELD</b> (%)	4.1	4.6	5.9	6.3

► **Recommendation:**  
**Hold**

Target Price: RM4.36

By ECM Libra Investment  
(Sept 21)

**Consortium Wins Tender**

PLUS Expressways Bhd announced that the unincorporated consortium consisting of PLUS and IDFC Projects Ltd had on Sept 13 received a letter from the National Highways Authority of India (NHAI) informing that the consortium has won the tender bid for the proposed four laning of Jetpur-Somnath section of NH-8D in the state of Gujarat, India.

Located in western India, the project runs a total length

of 127.6km to be executed on a design, build, finance, operate and transfer basis.

The concession period will span 30 years from the execution of the concession agreement, inclusive of the construction period which is expected to be over 30 months.

Management expects the signing of the concession agreement to take place before mid October 2010.

Our back-of-the-envelope calculations indicate a construction cost of RM638 million. We expect the project to contribute earnings of approximately RM17 million a year, which is negligible.

Maintaining our payout assumption of 70%, the project

would only add RM0.02 to our current DDM-derived target price of RM4.36.

**Maintain 'Hold'**

We make no changes to our earnings estimates at this juncture and maintain our 'Hold' call with a TP of RM4.36 based on a two-stage Gordon growth dividend discount model (cost of equity of 7.4%, long term growth rate of 1.5%).

We expect PLUS to achieve a 75% dividend payout ratio in FY2010, in line with their headline KPIs. Re-rating catalysts will include securing new projects, and completion of land acquisition process and commencement of construction on its Indonesian venture.