

Perak Transit Berhad

The Final Stop

By **Lim Khai Xiang** | limkx@kenanga.com.my

4QFY21 CNP of RM12.7m came within our and street's expectations, bringing FY21 CNP to RM53m. Looking ahead to FY22, management aims to secure ~4 Terminal Management Services contracts. It will also continue to rely on its logistics business to use under-utilised space in its terminals. We maintain our FY22E CNP, and introduce FY23E CNP of RM62m, implying 8% YoY growth. However, due to: (i) a lack of investor interest and (ii) internal coverage reshuffling, we are transferring PTRANS from our core coverage to "On Our Radar". Thus, we now deem the stock as Non-Rated (previously OUTPERFORM) with a DCF-derived Fair Value of RM0.70 (implying 8x PER), aligned with its 2-year mean (previously, we had a DCF-Target Price of RM0.85, which implied 9.5x PER @ +1SD of 2 year mean).

FY21 within expectations. 4QFY21 CNP of RM12.7m brought FY21 CNP to RM53m, within our and street's expectations at 99% and 100% of FY21 estimates, respectively. It announced its first interim dividend for FY22 of 0.8 sen, in line with our FY22E DPS of 3.40 sen. It previously announced 4QFY21 dividend of 0.825 sen, which brought FY21 DPS to 3.225 sen.

Results' highlight. YoY, FY21 CNP rose 27% on: (i) contributions from Kampar Putra Sentral and Terminal Management Services, both of which were fully reflected in FY21, and (ii) higher petrol station operations (+8%) due to higher crude oil prices. QoQ, CNP fell 7%, as there was no project facilitation fee recorded in 4QFY21.

Outlook. Looking ahead, PTRANS should be able to sustain its near-term growth from its terminal management services, and long-term growth through developing, owning and operating its new terminals, including Bidor Sentral (expected completion in FY23) and Terminal Tronoh (construction to commence in FY23, expected completion TBD). However, we continue to foresee large risks to the business from its heavy dependency on two agents for its A&P segment. Lower-than-expected footfall and terminal occupancy rate also present significant downside risks to earnings growth.

Post results. We maintain our FY22 estimates and introduce FY23E CNP of RM62m, implying an 8% growth.

Transfer coverage to "On Our Radar", Non-Rated with RM0.70 Fair Value (our previous TP was RM0.85). While we note that Perak Transit's growth prospects remain intact, we are transferring the stock from our core coverage to "On Our Radar", mainly due to: (i) lack of investor interest, and (ii) internal reshuffling of coverage portfolio. Thus, we change our call from OUTPERFORM to Non-Rated.

At the same time, we believe the fair value of the stock should be valued lower at RM0.70, derived via DCF, implying 8x its FY22E EPS, near its 2-year historical average, which is reflective of current fundamentals with its numerous terminals and terminal management services. We lowered the valuation to reflect investors' continued concern over the Project Facilitation Fees, and slower-than-expected economic, and thus footfall, recovery. The new DCF-derived fair value is based on a WACC of 11.2% (vs 10% previously) and unchanged Terminal Growth rate of 1.5%. To recap, our previous DCF-TP of RM0.85 implied a PER of 9.5x, which stood at +1SD of its 2-year mean.

Non-Rated

Price: RM0.625
Fair Value: RM0.700

Share Price Performance



KLCI	1,576.96
YTD KLCI chg	0.6%
YTD stock price chg	3.3%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	PERAK MK Equity
Market Cap (RM m)	396.7
Shares Outstanding	634.7
52-week range (H)	0.92
52-week range (L)	0.55
3-mth avg daily vol:	1,055,679
Free Float	59%
Beta	1.0

Major Shareholders

Cheong Kong Fitt	15.8%
Cbs Link Sdn Bhd	9.1%
Lim Sow Keng	5.8%

Summary Earnings Table

FY Dec (RMm)	2021A	2022E	2023E
Revenue	138.6	150.4	159.3
EBITDA	97.3	106.8	113.9
EBIT	76.7	82.7	88.4
PBT	67.8	69.5	75.2
Net Profit	53.2	57.3	62.0
Core Net Profit	53.2	57.3	62.0
Consensus (NP)	N.M.	57.4	59.5
Earnings Revision	N.M.	N.A.	NEW
Core EPS (sen)	8.4	9.0	9.8
Core EPS (growth)	27%	8%	8%
NDPS (sen)	3.23	3.30	3.40
BVPS (RM)	0.8	0.9	0.9
PER (x)	7.5	6.9	6.4
PBV (x)	0.8	0.7	0.7
Net Gearing (x)	0.4	0.4	0.3
Div. Yield (%)	5.2	5.3	5.4



23 February 2022

Results Highlights

FYE Dec (RM m)	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
	FY21	FY21	Chg	FY20	Chg	FY21	FY20	Chg
Revenue	32.9	35.2	-6%	35.3	-7%	138.6	119.4	16%
EBITDA	20.9	25.7	-19%	25.2	-17%	97.1	78.0	25%
PBT	13.5	18.4	-27%	17.6	-24%	67.8	49.0	38%
Tax income / (expense)	-0.8	-4.7	-83%	-4.4	-82%	-14.6	-7.0	109%
Minority Interest	0.0	0.0	0%	0.1	-92%	0.0	0.2	-91%
PATAMI	12.7	13.7	-7%	13.2	-4%	53.2	41.8	27%
Core PATAMI (CNP)	12.7	13.7	-7%	13.2	-4%	53.2	41.8	27%
Core EPS (sen)	2.00	2.15	-7%	2.08	-4%	8.38	6.59	27%
DPS (sen)	0.83	0.80		0.00		3.23	2.75	
EBITDA margin	63.4%	73.1%		71.4%		70.1%	65.3%	
PBT margin	41.0%	52.2%		50.0%		48.9%	41.1%	
Effective Tax Rate	-5.9%	-25.7%		-24.9%		-21.5%	-14.2%	
Core PATAMI margin	38.5%	38.8%		37.4%		38.4%	35.0%	

Source: Company, Kenanga Research

Segmental Highlights

Revenue Breakdown (RMm)	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
	FY21	FY21	Chg	FY20	Chg	FY21	FY20	Chg
Integrated Public Transportation Terminal	18.1	24.5	-26%	23.3	-22%	89.6	71.0	26%
Petrol Station Operations	8.3	5.2	59%	5.5	51%	24.8	22.9	8%
Bus Operations	6.5	5.5	20%	6.4	2%	24.2	25.5	-5%
Mining Management (RM 000)	10.0	14.0	-29%	15.0	-33%	66.0	28.0	136%

Source: Company, Kenanga Research

23 February 2022

Stock Ratings are defined as follows:**Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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Level 17, Kenanga Tower, 237, JalanTunRazak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my

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