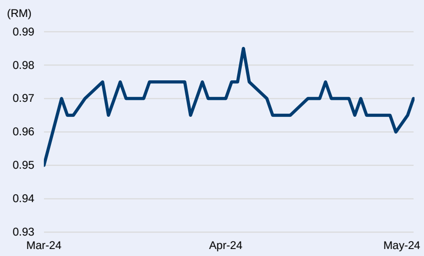
"1Q24 results were within expectations – currently offering 2024E yield of 6.6%"

Share price performance



	1M	3M	12M
Absolute (%)	-0.5	-	-
Rel KLCI (%)	-3.5	-	-

	BUY	HOLD	SELL
Consensus	1	-	-

Source: Bloomberg

Stock Data

Sector	Construction
Issued shares (m)	1,100.0
Mkt cap (RMm)/(US$m)	1067/226.5
Avg daily vol - 6mth (m)	-
52-wk range (RM)	0.95-0.995
Est free float	37.0%
Stock Beta	-
Net cash/(debt) (RMm)	(1,850.7)
ROE (2024E)	1.7%
Derivatives	No
Shariah Compliant	Yes
FTSE4Good Constituent	NA
FBM EMAS (Top 200) ESG Rank	NA
ESG Risk Rating	NA

Key Shareholders

PLKH	51.0%
EPF	6.2%
Urusharta	5.7%

Source: Bloomberg, Affin Hwang, Bursa Malaysia, ESG Risk Rating Powered by Sustainalytics

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Prolintas Infra. BT (PLINTAS MK)

BUY (maintain)
Up/Downside: +22.5%

Price Target: RM1.19
Previous Target (Rating): RM1.22 (BUY)

Attractive yield up for grabs

- **Results were largely in-line with expectations and management's guidance, while traffic volume appears flattish yoy**
- **We estimate cash flow to be healthy, and able to comfortably afford its guided distribution of RM70m**
- **We reiterate our BUY call with a lower 12-month target price (TP) of RM1.19, after rolling forward our valuation horizon to 2025E and adjusting core net profit estimates to account for higher effective tax rates**

Within expectations

Prolintas' 1Q24 core net profit came in at RM7.3m after accounting for one-off listing expenses, making up 25.6% of our full-year forecast. We deem the results to be in line with our expectation with secondary checks on revenue and EBITDA both making up 25.4% and 27.1% of our 2024 forecasts respectively. Note that management has guided for 2024's reported net profit to be RM8.3m. On a consolidated group basis, traffic volume appears to be largely flat, with toll collection revenue in 1Q24 making up 25.7% of unaudited 2023 revenue. The trust did not disclose comparable qoq or yoy figures.

Cash flows remain healthy

SILK and GCE contributed 45% and 29% to toll collection revenue respectively as these expressways are the longest and cut through densely populated areas. On a positive note, SILK's toll collection revenue increased by 6% on a yoy basis, which we attribute to higher economic activities in tandem with a robust 4.2% GDP growth during the quarter. We estimate that project cash flows for the year will remain at a healthy RM152.1m, and should be able to comfortably afford its guided distribution of RM70m for the year. Note that no distributions will be paid out this quarter, as RM35m is expected to be paid only in October 2024, with the remaining RM35m in 2025.

Maintain BUY call with lower TP of RM1.19

We reiterate our BUY call with a lower DCF-based TP of RM1.19 (RM1.22 previously) after rolling forward our valuation horizon to 2025E and cutting our core net profit forecasts. Our cut in earnings forecasts reflect a higher effective tax rate arising from disallowable expenses for tax purpose and amortisation of highway development expenditures and provisions. We opine that the stock offers an interesting alternative to similarly high-yielding REITS, given that distribution yields at current share price remain attractive. There is room for potential capital appreciation given its quality cash-flow generating assets. Key risks to our BUY call include: i) lower than expected traffic growth, ii) political turbulence, iii) distribution below expectations.

Earnings & Valuation Summary

FYE 31 Dec	2022	2023	2024E	2025E	2026E
Revenue (RMm)	384.2	309.4	301.8	312.4	323.8
EBITDA (RMm)	290.4	213.5	203.6	211.8	220.5
Pretax profit (RMm)	-4.3	-98.3	24.4	38.5	40.4
Net profit (RMm)	-13.6	-281.6	9.4	27.0	28.3
Core net profit (RMm)	-13.6	-157.3	19.5	27.0	28.3
Distributable Income (RMm)	NA	68.7	78.8	80.5	80.5
Core EPU (sen)	-1.2	-14.3	1.8	2.5	2.6
Core PER (x)	NA	NA	54.7	39.6	37.7
DPU (sen)	0.0	0.0	6.4	6.4	6.6
DPU growth (%)	NA	NA	NA	1.3	2.2
DPU Yield (%)	NA	NA	6.6	6.6	6.8
EV/EBITDA	6.9	9.0	9.3	9.3	9.3
Chg in EPS (%)			-31.9	-7.9	-8.0
Affin/Consensus (x)			NA	NA	NA

Source: Company, Bloomberg, Affin Hwang forecasts

Fig 1: Results comparison

FYE 31 Dec (RMm)	1Q23*	4Q23	1Q24	QoQ % chg	YoY % chg	Comments
Revenue	**32.6**	**NA**	**76.5**	**NA**	**NA**	
Toll related revenue	32.0	NA	75.8	NA	NA	Mainly contributed by SILK (45%); 25.7% of unaudited 2023 toll collection revenue
Construction revenue	0.6	NA	0.7	NA	NA	
Op costs	(4.1)	NA	(21.3)	NA	NA	
EBITDA	**28.5**	**NA**	**55.3**	**NA**	**NA**	In-line with forecasts
EBITDA margin (%)	*87.4*	*NA*	*72.2*	*NA*	*NA*	
Amortisation of HDE	(2.8)	**NA**	(11.4)	**NA**	**NA**	
EBIT	25.8	**NA**	43.8	**NA**	**NA**	
EBIT margin (%)	*79.0*	*NA*	*57.3*	*NA*	*NA*	
Interest income	(1.5)	NA	2.9	NA	NA	
Interest expense	(11.3)	NA	(34.6)	NA	NA	
Associates	0.0	NA	0.0	NA	NA	
Exceptional items	0.0	NA	(5.2)	NA	NA	One-off listing expenses, RM10m guided for the whole year
Pretax profit	13.0	**NA**	6.9	**NA**	**NA**	
Tax	(94.7)	NA	(4.8)	NA	NA	
Tax rate (%)	*6,388.2*	*NA*	*(58.8)*	*NA*	*NA*	*High effective tax rate due to amortisation for HDE and provisions not tax deductible*
Net profit	(81.8)	**NA**	2.1	**NA**	**NA**	
EPS (sen)	NA	NA	0.2	NA	NA	
Core net profit	**(81.8)**	**NA**	**7.3**	**NA**	**NA**	Within expectations after accounting for listing expenses

Source: Affin Hwang, Company

**The comparative figures provided for the quarter ended 31 March 2023 is that of SILK Group only. Not comparable on a consolidated trust basis.*

Important Disclosures and Disclaimer

Equity Rating Structure and Definitions

BUY	Total return is expected to exceed +10% over a 12-month period
HOLD	Total return is expected to be between -5% and +10% over a 12-month period
SELL	Total return is expected to be below -5% over a 12-month period
NOT RATED	Affin Hwang Investment Bank Berhad does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation

The total expected return is defined as the percentage upside/downside to our target price plus the net dividend yield over the next 12 months.

OVERWEIGHT	Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months
NEUTRAL	Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months
UNDERWEIGHT	Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months

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