

**Windfall for PLUS' minority shareholders if they cash out**  
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KUALA LUMPUR - Minority shareholders of PLUS Expressways Bhd should "cash out" as they are in for a windfall from the offer by the Employees Provident Fund (EPF) and UEM Group Bhd, which will see them exiting with hefty gains, analysts said Thursday

They added that many minority shareholders such as Kumpulan Wang Persaraan (KWAP) and Amanah Raya Trustees Bhd are bound to garner more than 30 per cent returns from the offer price of RM4.60.

Bernard Ching of ECM Libra said the offer price represented a 3.1 per cent premium to its last traded price of RM4.46.

"While the premium appears modest, we note that the PLUS share price had never breached RM3.50 before July 2010. Since then, the share price continued to climb and closed at an all-time high of RM4.46 on Oct 15. Since July, a total 470 million shares were traded, representing 9.4 per cent of total shares outstanding," Ching said.

"As such, it is safe to say that at least 90.6 per cent of existing shareholders had entry costs of less than RM3.50. The offer price would therefore translate into a hefty 31 per cent premium to the theoretical maximum entry cost of RM3.50," he said.

"On this basis, we do not doubt that UEM and EPF can gather the necessary 16.3 per cent votes to privatise PLUS."

Ching recommended that investors accepted the offer as the offer price was above the existing target price of RM4.36 and PLUS' historical share price since its listing.

On reports about concerns by KWAP that it deserved a better price, an analyst, who declined to be named, said that assuming KWAP had already acquired all the 6.91 per cent shares in the open market last year, it would have already made more than 35 per cent from the offer price of RM4.60.

According to a filing on Sept 27, 2009, KWAP had 6.91 per cent of PLUS' shares.

"Assuming that it acquired all the shares last year on Sept 18, when the share price was at a 12-month high of RM3.38, it would have already made a hefty gain of 36 per cent. KWAP had PLUS' shares long before Sept 18 and therefore it is safe to say it will make more than handsome profits when it cashes out," said the analyst.

News reports had emerged that KWAP, the civil servants' pension fund that owns a stake in PLUS, believes that PLUS deserves a better price. KWAP is yet to officially comment on this.

Dr Nazri Khan, chief technical analyst at Affin Bank, has found the offer price of PLUS reasonable.

"I think the offer price of 30 per cent to 40 per cent premium is fair to KWAP and all shareholders," he said.

"Given that PLUS is defensive and very predictable model unlike the Australian Stock Exchange and Singapore Stock Exchange which merged and has upside surprise, KWAP should accept the offer and cash out."

PLUS had announced that it received a joint offer from major shareholders, UEM Group and EPF to acquire all business undertakings assets and liabilities of the group at a purchase consideration of RM23 billion or RM4.60 per share.

As interested parties in the transactions, Khazanah Nasional, UEM Group and EPF would not be able to vote on the joint offer as they hold 67.5 per cent of shares in total.

The deal will only pass if a simple majority of the remaining 32.5 per cent of shareholders vote in favour of it.

"We recommend investors of PLUS to accept the deal as we deem it to be a fair exit price at an all-cash offer for RM4.60 per share," said Hoy Ken Mak, an analyst at AmResearch.

He said the offer price was only slightly (-3.0 per cent) below the fair value of RM4.72 per share with its last traded price at RM4.46 per share.

On dividends, Hoy said that PLUS has been an excellent dividend-paying stock over the years.

"But we think current yields of 4.0 per cent to 5.0 per cent are no longer promising after a strong surge in share price in recent months," he said.

He went on to say that contributions from PLUS' overseas ventures would not be significant in the near term.

"To be sure, its share of overseas revenue is less than 1.0 per cent in the first half of this year compared with the target of 15 per cent set by the management for 2015," he said.

The offer came right after Prime Minister Najib Abdul Razak announced during Budget 2011 that tolls on highways under PLUS would not be raised for the next five years. - Bernama

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