

**BUY**  
**RM2.09**

Target Price: RM2.86

# POS Malaysia

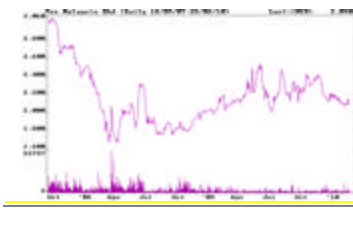
**Better 4Q09 boosted FY09 results**
**Stock data**

Market cap (RMm):	1,122.4
Issued shares (m):	537.0
52-week range:	RM2.00-RM2.58
3-mth avg daily volume:	161,214 shrs
Bloomberg code:	POSM MK
YTD price chg:	-5.9%
YTD KLCI chg:	-0.2%
Est. free float:	25.9%
Major shareholders:	
Khazanah:	32.2%
EPF:	10.6%
Aberdeen AM Plc:	8.7%
PNB / ASB:	8.4% / 8.2%
Aberdeen AM Asia Ltd:	6.0%

KLCI	FBM70	FBM100	Syariah	Hijrah
No	No	No	Yes	No

**Forecast revision**

FYE 31Dec	2009E	2010E
Revision (%):	-9.1%	-10.3%
Net profit (RMm):	81.7	97.1

**Share price chart**

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- **FY09 net profit of RM75.3m came within expectations as it accounts 102% and 98% of ours and consensus respectively.** However, the core net profit of RM68.5m accounts for 93% of our forecast. During the year, the Group recognised some RM6.8m write back of impairment in value for its long term investment. The EBITDA margin has also improved marginally from 12% to 13%, due lower operating cost, staff cost and cheaper petrol prices.
- **QoQ, core net profit inched up 30% on lower operating cost.** The revenue was higher 2% while core net profit improved significantly by 30% due to better cost management in the operating level. Higher EBITDA margin recorded during the quarter from 25% to 32% was mainly attributed to cheaper petrol price, lower transportation cost and consumables as well as lower staff related cost.
- **YoY, FY09 turnaround to profitable.** Without the exceptional allowances for investment in Transmile of RM116.7m, the Group has shown some turnaround in bottom-line which jumped more than 100% from net loss of RM35.6m to RM75m profit.
- **Business transformation plan to boost top line despite of cost cutting.** Across the revenue segment, the courier service segment are the only revenue that increased, YoY, others are underperforming due to economic slump and heightening competition especially for its mail business. Mail business is still representing a big chunk of the Group's top line (c. 65%).
- **Transmile into PN17 again.** We do not expect further material impact of further provisioning for Transmile as the big portion of the impairment has been provided in FY08.
- **Maintain BUY with revised downward our TP to RM2.86 from RM3.18 previously.** We fine tune our forecast to reflect lower base effect for the top line but maintaining other assumptions. Our target price is based on DCF derived valuation (WACC: 9.3%, Terminal growth 3%)

**Results Highlights**

FYE: Dec (RMm)	4Q08	1Q09	2Q09	3Q09	4Q09	QoQ %	YoY %	FY08	FY09	YoY %
Revenue	222.9	230.9	227.3	219.8	224.6	2.2%	0.8%	921.7	902.6	-2.1%
<b>EBITDA</b>	<b>1.5</b>	<b>35.3</b>	<b>24.2</b>	<b>24.6</b>	<b>31.7</b>	<b>28.7%</b>	<b>&gt;100%</b>	<b>107.8</b>	<b>115.8</b>	<b>7.4%</b>
EBITDA margin (%)	1%	15%	11%	11%	14%			12%	13%	
Depreciation	(11.5)	(12.1)	(12.1)	(12.2)	(12.4)	1.1%	7.6%	(40.5)	(48.9)	20.7%
Interest Expense	(0.4)	(0.5)	(0.5)	(0.5)	(0.4)			(0.8)	(1.8)	
Interest Income	4.5	3.6	2.9	3.4	3.0	-12.6%	-34.8%	18.9	12.9	-32.0%
Exceptionals	(107.2)	(0.8)	1.9	3.4	2.2			(116.7)	6.8	
<b>Pretax Profit</b>	<b>(108.6)</b>	<b>31.1</b>	<b>22.3</b>	<b>27.4</b>	<b>28.7</b>	<b>4.5%</b>	<b>&gt;100%</b>	<b>(0.5)</b>	<b>109.5</b>	<b>&gt;100%</b>
Tax	(6.1)	(8.6)	(6.4)	(5.7)	(12.2)			(32.8)	(32.8)	
Minority interest	1.5	(0.3)	0.0	0.1	1.6			5.6	1.5	
Net Profit	(113.2)	22.8	15.9	21.6	14.9	-31.0%	>100%	(35.6)	75.3	>100%
<b>Core Net Profit</b>	<b>(6.0)</b>	<b>23.6</b>	<b>13.9</b>	<b>18.2</b>	<b>12.7</b>	<b>-30.4%</b>	<b>&gt;100%</b>	<b>54.2</b>	<b>68.5</b>	<b>26.3%</b>
EPS (sen)	(21.1)	4.3	3.0	4.0	2.8			(6.6)	14.0	
Core EPS (sen)	(1.1)	4.4	2.6	3.4	2.4			10.1	12.8	
Core net margin (%)	-3%	10%	6%	8%	6%			6%	8%	

## Results review

QoQ (RMm)	3Q09	4Q09	% of chg	Comments
Revenue	219.8	224.6	2.2%	Higher revenue from mail and courier service
EBITDA	24.6	31.7	28.7%	Cheaper petrol prices & better operating cost
Core net profit	9.5	8.1	-15.1%	As per above

YoY (RMm)	4Q08	4Q09	% of chg	Comments
Revenue	222.9	224.6	0.8%	Impact from slower economic environment and competition
EBITDA	1.5	31.7	>100%	Better cost management initiatives
Net profit	(113.2)	14.9	>100%	As per above

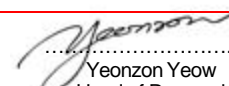
## Earnings estimates

FYE: 31 Dec (RMm)	2007	2008	2009	2010E	2011E
Revenue	859.3	921.7	902.6	946.2	996.5
EBITDA Margin (%)	17%	14%	14%	16%	17%
Pre tax profit	15.5	(0.5)	90.1	106.0	126.6
Core net profit	107.2	82.8	68.2	81.7	97.1
EPS (sen)	20.0	15.4	12.7	15.2	18.1
DPS (sen)	15.0	10.0	9.5	11.4	13.6
Dividend yield (%)	6%	4%	4%	5%	6%
PE (x)	10.5	13.6	16.5	13.7	11.6
ROE (%)	-2.7%	-2.2%	5.1%	5.7%	6.0%
P/NTA (x)	2.3	2.4	2.2	2.2	2.2

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