

13 September 2018 | Corporate Update

Malaysia Airports Holdings Berhad

International sector up for third straight month

Maintain NEUTRAL

Unchanged Target Price(TP): RM9.88

INVESTMENT HIGHLIGHTS

- **Total passenger movements for MAHB advanced +2.9%yoy in August 2018**
- **International passengers for Malaysia grew by +1.0%yoy**
- **KLIA2 mainly contributed to domestic passenger growth**
- **2HFY18 looking good to hit full year estimate**
- **Maintain NEUTRAL on the stock with TP of RM9.88**

Passenger traffic in August 2018 remained steady. The August passenger traffic for airports in Malaysia saw another positive improvement, growing by +0.9%yoy (excluding ISGA), recording a total of 8.5m passengers. Despite the Turkish Lira crisis, the passenger traffic growth in ISGA for August 2018 remained resilient at +8.5%yoy, bringing the total passenger number under MAHB's network of airports to 11.8m or +2.9%yoy higher. This overall number of passengers was amongst the highest achieved thus far and was partly attributable to the summer holidays in Turkey and the Hajj travel season.

International sector up for the third straight month. Domestic traffic for Malaysia in August 2018 increased by +0.8%yoy to 4.1m passengers, mainly contributed by the +5.7%yoy growth in KLIA2. For the international sector, passenger traffic in Malaysia showed a positive yearly growth for the third straight month albeit at a tapered level of +1.0%yoy compared to +17.1%yoy in August last year. This was due to the high base effect coming from the SEA Games held at Kuala Lumpur from 19-30 August 2017 in addition to the school holidays. Nonetheless, the momentum of the international sector for Malaysia has remained consistently above 4.2m passengers for the past three months, which we opine will help to expand the traffic percentage of high value passengers moving forward. Accordingly, we expect the seasonal factors such as China Golden Week and school holidays will continue to lend support to MAHB's earnings for the rest of the year.

Remaining of the year looking good to hit estimates. We believe the strong momentum of traffic flow to continue, which will be led by the international segment. We premised our expectations on the robust air travel demand. Chinese tourists are still expected to be the driver, due to supportive visa policies in Malaysia. We recall that Chinese accounted for 10.0% of Asian tourists in 2017, under which the number of passengers have grown at a 3-year CAGR of +10.8% annually. While we note this positive development, we believe that the positives have already been priced in. Accordingly, we maintain our **NEUTRAL** call on the stock with an unchanged **TP of RM9.88**

RETURN STATS	
Price (12 Sept 2018)	RM9.30
Target Price	RM9.88
Expected Share Price Return	+6.24%
Expected Dividend Yield	+1.40%
Expected Total Return	+7.64%

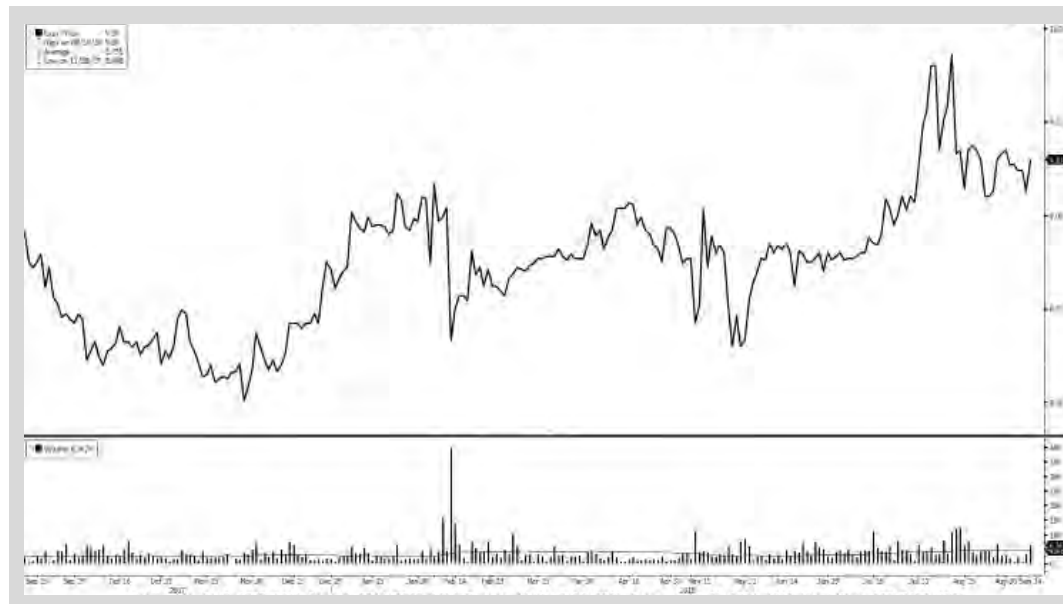
STOCK INFO	
KLCI	1,785.25
Bursa / Bloomberg	5014 / MAHB MK
Board / Sector	Main/ Trading Services
Syariah Compliant	No
Issued shares (mil)	1,659.20
Market cap. (RM'm)	165,430.48
Price over NA	1.92
52-wk price Range	RM7.98- RM9.98
Beta (against KLCI)	0.92
3-mth Avg Daily Vol	4.38m
3-mth Avg Daily Value	RM39.9m
Major Shareholders (%)	
Khazanah Nasional	33.21
EPF	10.25
Blackrock	3.39

INVESTMENT STATISTICS

FYE Dec	FY14	FY15	FY16	FY17	FY18F	FY19F
Revenue* (RM' mn)	2,681.3	3,870.2	4,172.8	4,594.4	5,034.2	5,411.4
EBITDA (RM'mn)	861.4	1,679.1	1,709.9	1,910.9	2,270.0	2,381.0
EBIT (RM'mn)	1,291.6	777.5	857.4	1,030.0	1,095.6	1,116.4
Pretax Profit (RM' mn)	834.2	41.8	183.3	334.5	834.1	900.1
Net Profit (RM' mn)	748.2	45.2	73.1	236.5	512.8	594.7
Core Earnings* (RM'm)	67.5	(11.5)	77.5	236.5	512.8	594.7
EPS (sen)	30.8	(0.7)	4.7	14.3	30.9	35.8
EPS growth (%)	(7.4)	(102.2)	775.7	205.0	116.8	16.0
PER (x)	30.2	N/A	199.0	65.2	30.1	25.9
Net Dividend (sen)	14.0	8.5	10.0	13.0	13.0	13.0
Net Dividend Yield (%)	1.5	0.9	1.1	1.4	1.4	1.4

Source: Bloomberg, MIDFR

DAILY PRICE CHART

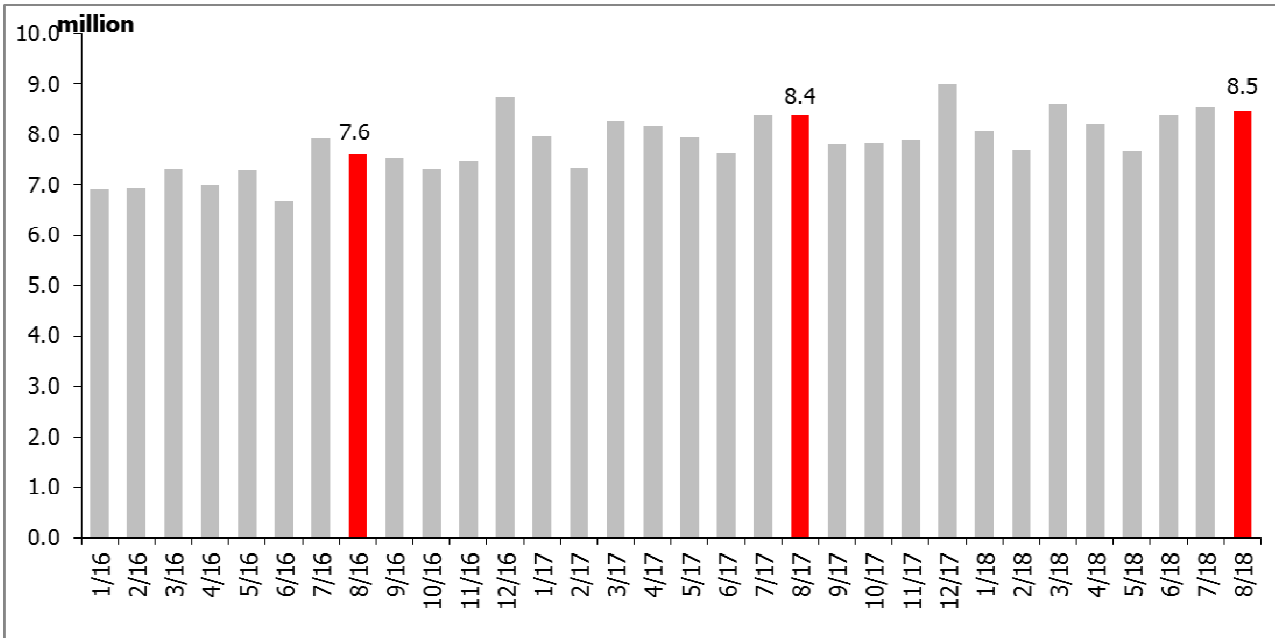


Source: Bloomberg, MIDFR

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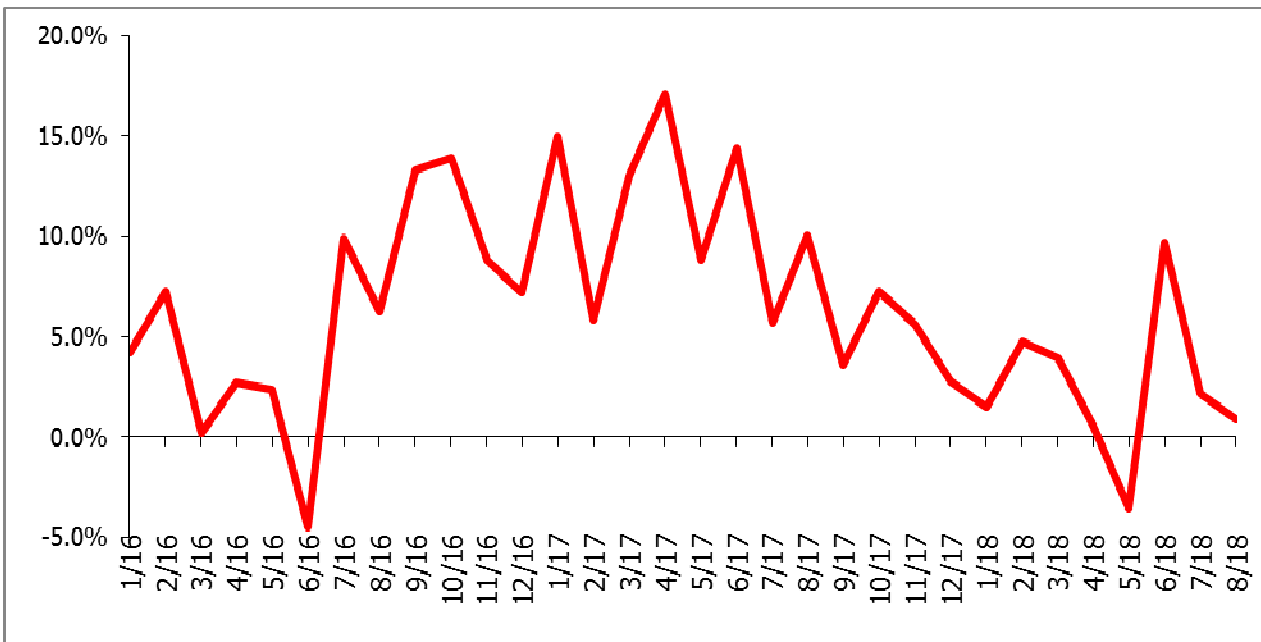
APPENDIX

EXHIBIT 1: MALAYSIA AIRPORTS MONTHLY PASSENGER TRAFFIC (MILLION)



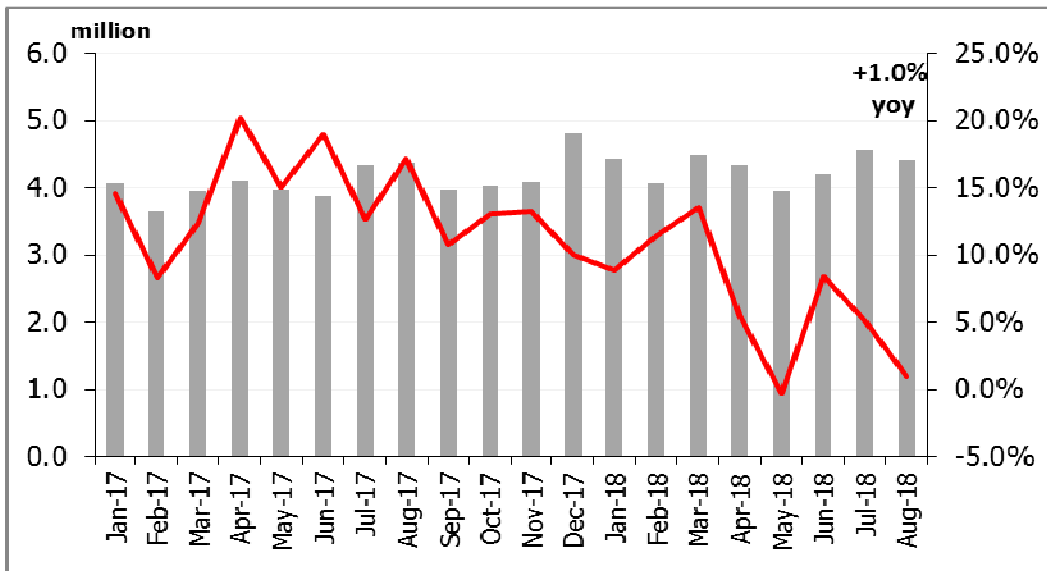
Source: MAHB, MIDFR

EXHIBIT 2: MALAYSIA AIRPORTS MONTHLY PASSENGER TRAFFIC (GROWTH %YOY)



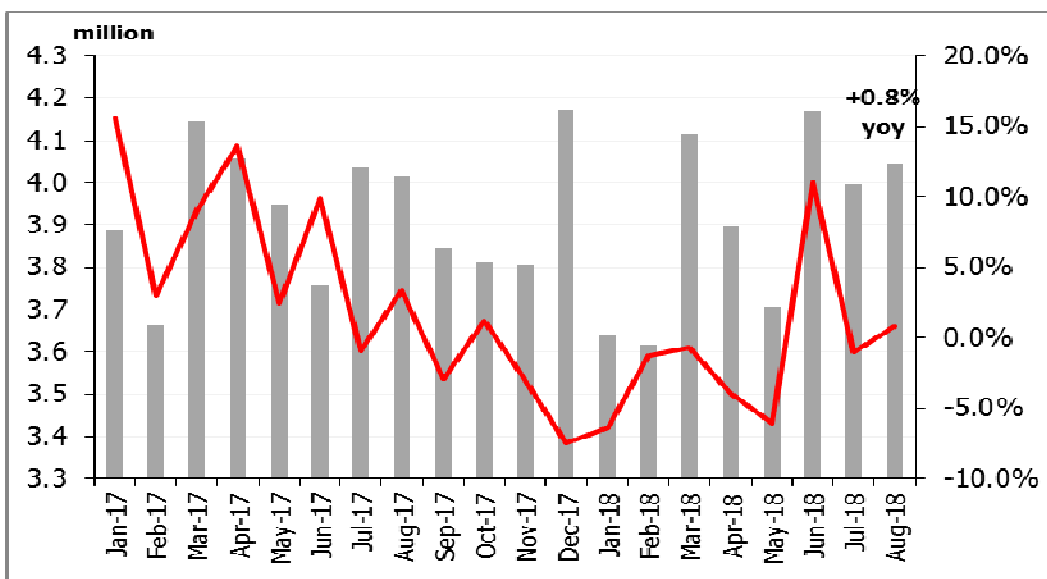
Source: MAHB, MIDFR

EXHIBIT 3: MALAYSIA AIRPORTS INTERNATIONAL PASSENGER TRAFFIC (MILLION & GROWTH %YOY)



Source: MAHB, MIDFR

EXHIBIT 4: MALAYSIA AIRPORTS: DOMESTIC PASSENGER TRAFFIC (MILLION & GROWTH %YOY)



Source: MAHB, MIDFR

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.