

Malaysia Airports Holdings Berhad

(5014 | MAHB MK) Main | Transportation & Logistics

First Profitable Year After Covid


KEY INVESTMENT HIGHLIGHTS

- **Core PAT in 4QFY23 met our estimate**
- **Passenger traffic at Istanbul SGIA achieved a +12.0% growth against 2019 levels**
- **Encouraging Feb-24 international passenger figures**
- **Earnings estimates remain largely unchanged**
- **Maintain NEUTRAL with an unchanged TP of RM7.80**

Within expectations. Malaysia Airports Holdings Berhad (MAHB) reported a core PAT of RM163.6m in 4QFY23, totalling RM470.2m for FY23. This meets our expectation but exceeds consensus, accounting for 105%/122% of our/consensus full-year estimates. The Group declared a final dividend of 10.8 sen per share, constituting a payout ratio of 37%.

Quarterly. In 4QFY23, MAHB posted a fourth consecutive core PAT of RM163.6m (+100%yoy), a turnaround from the loss in 4QFY22. Against 2019 levels, Malaysia's passenger numbers recovered to 78%, while Istanbul SGIA witnessed a notable +12.0% growth, fueled by its robust international traffic. MAHB's commercial and retail initiatives have led to an operational occupancy rate of 81% in FY23, with plans to surpass 85% by Jun-24. An increase in spending per ticket to RM312 from RM233 in FY19 reflects the impact of enhanced product offerings. Sequentially, earnings rose by +21.8%qoq, partly driven by improved contributions from its JVs and associates, along with a higher tax credit.

Outlook. The Group remains optimistic about achieving full passenger traffic recovery this year, which we anticipate will likely materialise in 2HCY24. Daily international passenger volumes in Feb-24 have reportedly surpassed those in Dec-23, marking an encouraging trend. There is ample opportunity for expansion, particularly in the non-ASEAN sector, thanks to the reciprocal visa-free entry agreement. MAHB has set a target of welcoming 17 new carriers this year to operate from local airports, with 5 already secured. As of Feb-24, the number of airlines operating in Malaysia stands at 68, nearly reaching the pre-pandemic level of 69 airlines.

Maintain NEUTRAL. Our earnings estimates remain largely unchanged after updating the full-year figures. We maintain a **NEUTRAL** rating on MAHB with an unchanged DCF-derived TP of **RM7.80** (WACC: 11%, g: 1%). The stock is trading close to its pre-pandemic mean. Key catalysts include: (i) faster-than-expected recovery of the non-ASEAN sector, and (ii) local airlines rebuilding their fleet. 

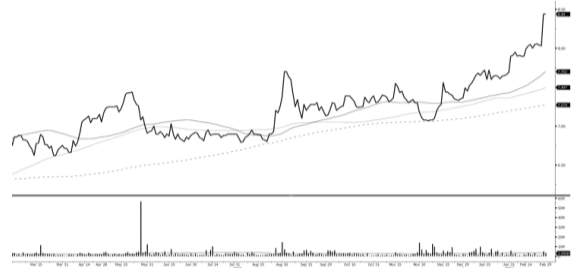
Maintain NEUTRAL

Unchanged Target Price: RM7.80

RETURN STATISTICS

Price @ 29 th February 2024 (RM)	8.48
Expected share price return (%)	-8.0
Expected dividend yield (%)	+2.2
Expected total return (%)	-5.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	10.5	6.7
3 months	14.7	7.4
12 months	24.3	16.0

INVESTMENT STATISTICS

FYE Dec	2023A	2024F	2025F
Revenue	4,914.2	5,685.9	5,825.6
Operating profit	1,137.3	1,538.8	1,572.1
PBT	506.1	906.6	951.2
Core PAT	470.2	689.0	722.9
EPS (sen)	28.2	41.4	43.4
DPS (sen)	10.8	19.0	20.0
Dividend yield (%)	1.3%	2.2%	2.4%

KEY STATISTICS

FBM KLCI	1,551.44
Issue shares (m)	1,659.19
Estimated free float (%)	44.83
Market Capitalisation (RM'm)	14,082.60
52-wk price range	RM6.59 - RM8.60
3-mth average daily volume (m)	3.56
3-mth average daily value (RM'm)	26.72
Top Shareholders (%)	
Khazanah Nasional Bhd	33.24
Employees Provident Fund	7.09
KWAP	7.04

MAHB: 4Q23 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
	4Q23	3Q23	4Q22	QoQ	YoY	FY23	FY22	YoY
Income Statement								
Revenue	1,371.5	1,276.3	1,002.8	7.5%	36.8%	4,914.2	3,127.0	57.2%
Operating profit	367.0	252.0	47.3	45.6%	676.6%	1,137.3	349.2	225.7%
Finance costs	-166.0	-175.4	-158.8	5.4%	-4.5%	-666.3	-193.6	-244.2%
Associates & JVs	20.8	10.5	20.9	98.3%	-0.3%	29.4	29.0	1.4%
PBT	221.8	87.1	445.2	154.7%	-50.2%	506.1	184.6	174.1%
Taxation & zakat	65.9	7.7	-86.1	760.8%	176.5%	37.1	2.6	>100%
PAT	273.2	80.3	344.6	240.4%	-20.7%	485.7	129.7	274.5%
Core PAT	163.6	134.4	-148.5	21.8%	210.2%	470.2	-364.1	229.2%
OP margin	26.8%	19.7%	4.7%			23.1%	11.2%	
PBT margin	16.2%	6.8%	44.4%			10.3%	5.9%	
Core PATAMI margin	11.9%	10.5%	-14.8%			9.6%	-11.6%	
Effective tax rate	29.7%	8.8%	-19.3%			7.3%	1.4%	

REVENUE BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
	4Q23	3Q23	4Q22	QoQ	YoY	FY23	FY22	YoY
Airport Operations								
Aeronautical								
PSC & PSSC	604.2	561.5	424.2	7.6%	42.4%	2,141.6	1,241.1	72.6%
Landing & parking	86.6	77.8	76.9	11.3%	12.6%	323.5	260.7	24.1%
Others	60.9	62.5	43.3	-2.6%	40.6%	238.9	155.5	53.6%
	751.7	701.8	544.4	7.1%	38.1%	2,704.0	1,657.3	63.2%
Non-aeronautical								
Retail	165.1	149.9	108.3	10.1%	52.4%	571.1	262.4	117.6%
Rental & royalties	315.7	301.6	238.8	4.7%	32.2%	1,143.5	807.0	41.7%
Car park	28.8	25.2	19.2	14.3%	50.0%	102.2	64.6	58.2%
Others	25.2	17.8	16.8	41.6%	50.0%	78.1	72.5	7.7%
	534.8	494.5	383.1	8.1%	39.6%	1,894.9	1,206.5	57.1%
Non-Airport Operations	4Q23	3Q23	4Q22	QoQ	YoY	FY23	FY22	YoY
Hotel	36.2	32.6	29.4	11.0%	23.1%	128.9	88.4	45.8%
Agriculture & horticulture	9.0	7.8	6.7	15.4%	34.3%	31.6	45.9	-31.2%
Project & repair maintenance	39.9	39.5	39.2	1.0%	1.8%	154.8	128.9	20.1%
	85.1	79.9	75.3	6.5%	13.0%	315.3	263.2	19.8%

COST BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
	4Q23	3Q23	4Q22	QoQ	YoY	FY23	FY22	YoY
Direct Cost								
Materials	-90.6	-78.9	-63.3	-14.8%	-24.6%	-302.4	-153.9	-96.5%
Labour	-62.2	-46.8	-40.3	-32.9%	-16.1%	-196.9	-141.9	-38.8%
Overheads	-24.5	-36.1	-35.5	32.1%	-1.7%	-135.0	-112.2	-20.3%
	-177.3	-161.8	-139.1	-9.6%	-16.3%	-634.3	-408.0	-55.5%
Operating Cost								
Staff costs	-265.2	-182.8	-207.4	-45.1%	11.9%	-767.6	-619.6	-23.9%
Utilities & Comm.	-120.8	-132.5	-61.4	8.8%	-115.8%	-466.7	-315.7	-47.8%
Maintenance	-120.1	-87.5	-85.6	-37.3%	-2.2%	-357.7	-262.7	-36.2%
Net allowance of PDD	11.9	-30.0	-36.3	139.7%	17.4%	-10.5	-28.1	62.6%
Others	-63.6	-87.4	-95.7	27.2%	8.7%	-330.5	-230.9	-43.1%
	-557.8	-520.2	-486.4	-7.2%	-6.9%	-1,933.0	-1,457.0	-32.7%
User Fee & PSC Share								
User fee	-113.8	-99.1	-76.4	-14.8%	-29.7%	-394.9	-216.9	-82.1%
PSC share	-41.6	-46.7	-33.9	10.9%	-37.8%	-160.3	-118.4	-35.4%

Source: MAHB, MIDFR

PASSENGER TRAFFIC (PAX '000)

	Quarterly				Cumulatively			
	4Q23	3Q23	4Q22	QoQ	YoY	FY23	FY22	YoY
Malaysia								
International	10,853	10,326	7,209	5.1%	50.5%	38,547	16,455	134.3%
<i>Recovery</i>	78%	77%	52%			72%	31%	
ASEAN	5,654	5,410	4,265	4.5%	32.6%	20,699	9,642	114.7%
<i>Recovery</i>	82%	81%	62%			78%	36%	
Non-ASEAN	5,199	4,916	2,944	5.8%	76.6%	17,848	6,813	162.0%
<i>Recovery</i>	74%	73%	42%			67%	25%	
Domestic	10,367	11,396	10,178	-9.0%	1.9%	43,224	36,095	19.8%
<i>Recovery</i>	77%	85%	76%			83%	69%	
	21,220	21,722	17,387	-2.3%	22.0%	81,771	52,550	55.6%
ISG	4Q23	3Q23	4Q22	QoQ	YoY	FY23	FY22	YoY
International	4,983	5,553	4,434	-10.3%	12.4%	19,577	15,712	24.6%
<i>Recovery</i>	136%	134%	121%			138%	110%	
Domestic	4,983	5,321	3,876	-6.4%	28.6%	17,984	15,469	16.3%
<i>Recovery</i>	95%	90%	74%			83%	71%	
	9,966	10,874	8,310	-8.4%	19.9%	37,561	31,181	20.5%

Source: MAHB, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2021A	2022A	2023A	2024F	2025F
Revenue	1,673.0	3,127.0	4,914.2	5,685.9	5,825.6
Operating profit	-394.4	349.2	1,137.3	1,538.8	1,572.1
PBT	-1,040.9	184.6	506.1	906.6	951.2
PATAMI	-823.9	129.7	485.7	689.0	722.9
Core PATAMI	-805.2	-364.1	470.2	689.0	722.9
EPS (sen)	n.a.	n.a.	28.2	41.4	43.4
PER (x)	n.a.	n.a.	30.0x	20.5x	19.5x
DPS (sen)	n.a.	3.9	10.8	19.0	20.0
Dividend yield (%)	n.a.	0.5%	1.3%	2.2%	2.4%
Balance Sheet (RM'm)	2021A	2022A	2023A	2024F	2025F
Intangible assets	15,215.4	14,579.7	14,662.7	12,877.2	11,935.1
PPE	432.5	418.3	462.0	787.2	778.1
Non-current assets	17,348.0	16,865.0	17,145.4	17,452.7	16,354.4
Trade debtors	275.1	536.0	675.2	701.0	718.2
Cash & cash equivalents	1,583.2	1,529.6	1,845.1	2,461.1	3,529.8
Current assets	2,814.6	2,585.0	3,309.6	3,939.4	5,028.2
Long-term debt	3,566.0	4,144.4	3,337.7	3,765.0	3,265.0
Non-current liabilities	9,770.8	9,166.3	8,542.4	9,420.3	9,023.9
Trade creditors	668.8	2,116.5	1,552.0	1,900.2	1,946.9
Short-term debt	1,745.8	697.3	1,249.5	697.3	697.3
Current liabilities	3,139.2	2,857.4	3,912.4	3,708.5	3,755.1
Share capital	5,114.3	5,114.3	5,170.7	5,170.7	5,170.7
Retained earnings	1,121.0	1,250.7	1,671.4	1,934.7	2,274.8
Equity	7,252.5	7,426.3	8,000.2	8,263.4	8,603.5
Cash Flow (RM'm)	2021A	2022A	2023A	2024F	2025F
PBT	-1,040.9	184.6	506.1	906.6	951.2
Operating cash flow	271.1	1,039.9	1,679.3	2,882.7	2,632.6
Investing cash flow	-133.5	238.5	-287.1	-700.0	-300.0
Financing cash flow	471.2	-1,360.2	-1,268.0	-1,566.7	-1,263.9
Net cash flow	608.8	-81.8	124.3	616.0	1,068.7
Beginning cash flow	973.7	1,583.2	1,529.6	1,845.1	2,461.1
Ending cash flow	1,583.2	1,529.6	1,845.1	2,461.1	3,529.8
Key Assumptions (Pax '000)	2021A	2022A	2023A	2024F	2025F
MY International	1,360	16,455	38,547	54,610	56,208
MY Domestic	9,363	36,095	43,224	53,017	55,615
Total MY	10,723	52,550	81,771	107,626	111,824
TY International	8,972	15,712	19,577	19,928	20,639
TY Domestic	16,384	15,469	17,984	22,153	22,805
Total TY	25,356	31,181	37,561	42,081	43,444
Profitability Margins	2021A	2022A	2023A	2024F	2025F
OP margin	-	11.2%	23.1%	27.1%	27.0%
PBT margin	-	5.9%	10.3%	15.9%	16.3%
PAT margin	-	-	9.6%	12.1%	12.4%
Core PAT margin	-	-	9.6%	12.1%	12.4%

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.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology