

Malaysia Airports Holdings Berhad

(5014 | MAHB MK) Main | Transportation & Logistics

Privatisation Offer Received at RM11.00 Per Share

Accept Offer
Offer Price: RM11.00
 (Unchanged Fair Value: RM8.75)


KEY INVESTMENT HIGHLIGHTS

- **Khazanah and EPF at the helm of the GDA consortium**
- **RM11.00 buyout offer for the remaining shares**
- **Joint offerors must secure at least 90% of the total shares**
- **No revision to earnings estimates**
- **We recommend investors to accept the buyout offer**

The consortium's ownership structure. Khazanah (33.24% stake) and the EPF (7.86% stake) are spearheading a consortium called the Gateway Development Alliance Sdn Bhd (GDA) to privatise MAHB. Other participants in the consortium are Global Infrastructure Partners (GIP) and the Abu Dhabi Investment Authority (ADIA) (0.13% stake) via an entity known as GIP Aurera. Within the shareholding framework of GDA (post-privatisation), Khazanah will maintain a 40% stake, the EPF will hold 30%, and the remaining 30% will be collectively owned by GIP and ADIA. ADIA will ultimately hold 16.67% of GIP Aurera, with the remaining owned by GIP.

The privatisation proposal. The consortium proposes to purchase all remaining 1.12b MAHB shares not currently held by them at RM11.00 per share. This would represent approximately a 58.77% stake in the Group. Before presenting the formal offer notice to the Board of Directors of MAHB, the deal is contingent upon approvals or consents from the relevant governmental authorities (Pre-Conditions). The offer is subject to the condition that the joint offerors, along with existing shares, hold at least 90% of all MAHB shares.

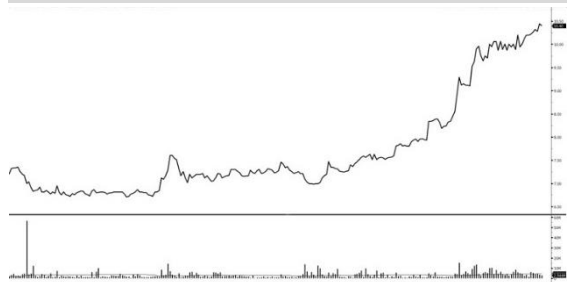
Valuation. The consortium's RM11.00 per share offer represents a +26% premium compared to our DCF-derived fair value of RM8.75. The deal puts the valuation at 9.2x/7.6x EV/EBITDA on FY23A/FY24F, which we consider reasonable (versus a 5-year historical average of 9.3x).

Recommendation. Our earnings estimate remained unchanged. We expect substantial capital expenditure in the upcoming years for airport expansion and development, potentially leading to a delay in earnings realisation, especially given the uncertainties surrounding the regulatory landscape. Our DCF-derived fair value for MAHB remains at **RM8.75**. Assuming the Pre-Conditions are met or waived, we recommend investors **accept the buyout offer at RM11.00 per share.** 

RETURN STATISTICS

Price @ 14 th May 2024 (RM)	10.40
Expected share price return (%)	+5.8
Expected dividend yield (%)	+1.7
Expected total return (%)	+7.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	5.4	1.4
3 months	4.4	23.5
12 months	43.8	27.2

INVESTMENT STATISTICS

FYE Dec	2024E	2025F	2026F
Revenue	5,786.7	5,943.4	6,061.9
EBITDA	2,773.8	2,845.2	2,916.8
PBT	941.6	992.1	1,051.1
Core PAT	715.6	754.0	798.8
EPS (sen)	43.0	45.3	48.0
DPS (sen)	19.0	20.0	22.0
Dividend yield (%)	1.7%	1.8%	2.0%

KEY STATISTICS

FBM KLCI	1,603.23
Issue shares (m)	1668.55
Estimated free float (%)	45.63
Market Capitalisation (RM'm)	17,352.97
52-wk price range	RM6.59 - RM10.5
3-mth average daily volume (m)	4.51
3-mth average daily value (RM'm)	43.07
Top Shareholders (%)	
Khazanah Nasional Bhd	33.24
Employees Provident Fund	7.85
KWAP	7.19

FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024E	2025F	2026F
Revenue	3,127.0	4,914.2	5,786.7	5,943.4	6,061.9
EBITDA	1,186.4	2,285.6	2,773.8	2,845.2	2,916.8
PBT	184.6	506.1	941.6	992.1	1,051.1
PATAMI	129.7	485.7	715.6	754.0	798.8
Core PATAMI	-363.5	470.2	715.6	754.0	798.8
EPS (sen)	n.a.	28.2	43.0	45.3	48.0
PER (x)	n.a.	38.9x	25.6x	24.3x	22.9x
DPS (sen)	3.9	10.8	19.0	20.0	22.0
Dividend yield (%)	0.4%	1.0%	1.7%	1.8%	2.0%
Balance Sheet (RM'm)	2022A	2023A	2024E	2025F	2026F
Intangible assets	14,579.7	14,662.7	12,877.2	11,935.1	10,986.2
PPE	418.3	462.0	787.2	778.1	767.2
Non-current assets	16,865.0	17,145.4	17,529.2	16,445.5	11,882.1
Trade debtors	536.0	675.2	713.4	732.7	747.4
Cash & cash equivalents	1,529.6	1,845.1	2,493.2	3,580.2	4,673.6
Current assets	2,585.0	3,309.6	3,986.0	5,095.5	6,205.9
Long-term debt	4,144.4	3,337.7	3,765.0	3,265.0	0.0
Non-current liabilities	9,166.3	8,542.4	9,495.0	9,111.3	5,934.2
Trade creditors	2,116.5	1,552.0	1,933.9	1,986.2	2,025.8
Short-term debt	697.3	1,249.5	697.3	697.3	0.0
Current liabilities	2,857.4	3,912.4	3,742.1	3,794.5	3,136.8
Share capital	5,114.3	5,170.7	5,170.7	5,170.7	5,170.7
Retained earnings	1,250.7	1,671.4	1,949.3	2,306.5	2,688.3
Equity	7,426.3	8,000.2	8,278.0	8,635.2	9,017.0
Cash Flow (RM'm)	2022A	2023A	2024E	2025F	2026F
PBT	184.6	506.1	941.6	992.1	1,051.1
Operating cash flow	1,039.9	1,679.3	2,936.9	2,676.7	2,734.1
Investing cash flow	238.5	-287.1	-700.0	-300.0	-300.0
Financing cash flow	-1,360.2	-1,268.0	-1,588.7	-1,289.6	-1,340.7
Net cash flow	-81.8	124.3	648.1	1,087.0	1,093.4
Beginning cash flow	1,583.2	1,529.6	1,845.1	2,493.2	3,580.2
Ending cash flow	1,529.6	1,845.1	2,493.2	3,580.2	4,673.6
Key Assumptions (Pax '000)	2022A	2023A	2024E	2025F	2026F
MY International	16,455	38,547	54,610	56,208	57,332
MY Domestic	36,095	43,224	53,017	55,615	56,728
Total MY	52,550	81,771	107,626	111,824	114,060
TY International	15,712	19,577	19,928	20,639	21,052
TY Domestic	15,469	17,984	22,153	22,805	23,261
Total TY	31,181	37,561	42,081	43,444	44,313
Profitability Margins	2022A	2023A	2024E	2025F	2026F
OP margin	11.2%	23.1%	27.3%	27.3%	27.6%
PBT margin	5.9%	10.3%	16.3%	16.7%	17.3%
PAT margin	-	9.6%	12.4%	12.7%	13.2%
Core PAT margin	-	9.6%	12.4%	12.7%	13.2%

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