

Malaysia Airports Holdings Berhad

(5014 | MAHB MK) Main | Transportation & Logistics

Passenger Traffic Shows Steady Recovery

Accept Offer
Offer Price: RM11.00


KEY INVESTMENT HIGHLIGHTS

- **2QFY24 core PAT in line with estimates**
- **Passenger traffic reached 97% recovery in 2QCY24**
- **Malaysia's passenger traffic recovery timeline extended to FY25F**
- **Downward revision of earnings between -2% to -5%**
- **We recommend investors to accept the buyout offer**

Within expectations. Malaysia Airports Holdings Berhad (MAHB) reported a core PAT of RM195.6m for 2QFY24, resulting in a total of RM368.7m. This performance met expectations, accounting for 49%/46% of our/consensus full-year estimates.

Quarterly. MAHB's revenue growth of +11.9%yoy was mainly due to the recovery in passenger traffic, which reached 97% (Malaysia: 90%, ISG: 119%) of pre-pandemic levels in 2QFY24 (2QFY23: 85%). Thanks to its commercial and retail revitalisation efforts, the operational occupancy rate has increased to 83% in 1HFY24 (1HFY23: 63%) and is on track to reach 86% by end-FY24. Moreover, enhancements to Eraman's duty-free offerings have increased average spending per ticket, reaching RM338 (FY19: RM233). The core PAT (+78.2%yoy) received an additional boost from the profitability of its associates and JVs and tax credits resulting from carried-forward business losses. Sequentially, with revenue (+2.0%qoq) showing only a slight increase, the growth in core PAT (+10.6%qoq) was mainly driven by tax credits.

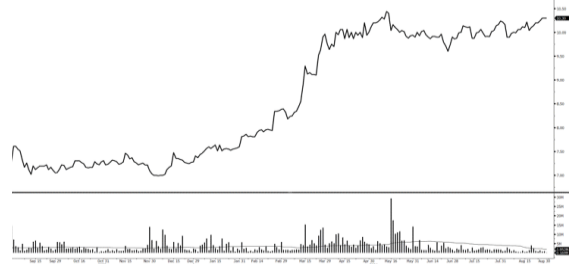
Outlook. In 1HCY24, the number of airlines serving Malaysia reached 71, up from 69 in FY19. At least four new airlines are anticipated by end-FY24, including the return of British Airways in Nov-24. On the local front, considering the recent challenges faced by some local airlines due to delays in aircraft deliveries and shortages of parts and labour, we anticipate that a full recovery in passenger traffic would take a bit longer. Consequently, we have adjusted our recovery projections for FY24F/FY25F from a +2%/+6% growth compared to pre-pandemic levels to a 94% recovery/+4% growth. However, due to the strong performance of the Turkish operations, we have upgraded our FY24F growth forecast from +17% to +26% compared to 2019 levels.

Accept offer. The net effect of these adjustments is a minor reduction in our earnings estimates for FY24F/FY25F/FY26F by -5.3%/-2.2%/-2.2%, and our DCF-derived fair value is slightly reduced to **RM9.32** (WACC: 11%, g: 1%). If the conditions for the privatisation offer are satisfied or waived, we recommend that investors accept the buyout offer of **RM11.00** per share, as it reflects an +18% premium over our fair value. 

RETURN STATISTICS

Price @ 30 th August 2024 (RM)	10.50
Expected share price return (%)	+4.8
Expected dividend yield (%)	+1.8
Expected total return (%)	+6.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.6	-1.2
3 months	4.0	0.2
12 months	42.1	23.8

INVESTMENT STATISTICS

FYE Dec	2024E	2025F	2026F
Revenue	5,638.0	5,877.8	5,995.0
EBITDA	2,766.3	2,934.6	3,007.9
PBT	942.2	1,073.9	1,121.6
Core PAT	716.0	816.1	852.4
EPS (sen)	42.9	48.9	51.1
DPS (sen)	19.0	22.0	23.0
Dividend yield (%)	1.8%	2.1%	2.2%

KEY STATISTICS

FBM KLCI	1,678.80
Issue shares (m)	1,668.55
Estimated free float (%)	12.71
Market Capitalisation (RM'm)	17,186.11
52-wk price range	RM7.06 - RM10.5
3-mth average daily volume (m)	2.24
3-mth average daily value (RM'm)	22.30
Top Shareholders (%)	
Khazanah Nasional Bhd	33.24
Pantai Panorama Sdn Bhd	32.99
Employees Provident Fund	7.86

MAHB: 2Q24 RESULTS SUMMARY

FYE Dec (RM'm)	Quarterly					Cumulatively		
Income Statement	2QFY24	1QFY24	2QFY23	QoQ	YoY	6MFY24	6MFY23	YoY
Revenue	1,378.9	1,351.3	1,232.0	2.0%	11.9%	2,730.3	2,266.4	20.5%
Operating profit	315.7	360.1	312.5	-12.3%	1.0%	675.8	518.3	30.4%
Finance costs	-164.6	-159.8	-177.2	-3.0%	7.1%	-324.5	-325.0	0.1%
Associates & JVs	8.4	14.4	-1.4	-41.7%	704.4%	22.8	3.8	499.1%
PBT	159.5	214.6	133.9	-25.7%	19.1%	374.2	197.2	89.8%
Taxation & zakat	46.3	-24.7	-31.4	287.8%	247.5%	21.6	-36.4	159.4%
PAT	191.5	175.7	88.2	9.0%	117.1%	367.1	132.2	177.7%
Core PAT	195.6	176.9	109.8	10.6%	78.2%	368.7	173.7	112.3%
				ppts	ppts			ppts
OP margin	22.9%	26.6%	25.4%	-3.7	-2.5	24.8%	22.9%	1.9
PBT margin	11.6%	15.9%	10.9%	-4.3	0.7	13.7%	8.7%	5.0
Core PATAMI margin	14.2%	13.1%	8.9%	1.1	5.3	13.5%	7.7%	5.8
Effective tax rate	29.0%	-11.5%	-23.4%	40.5	52.5	5.8%	18.5%	-12.7

REVENUE BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
Airport Operations	2QFY24	1QFY24	2QFY23	QoQ	YoY	6MFY24	6MFY23	YoY
Aeronautical								
PSC & PSSC	608.8	597.1	554.6	2.0%	9.8%	1,205.9	975.9	23.6%
Landing & parking	84.1	73.1	82.1	15.0%	2.4%	157.2	159.1	-1.2%
Others	65.9	63.7	60.0	3.5%	9.8%	129.6	115.5	12.2%
	758.8	733.9	696.7	3.4%	8.9%	1,492.7	1,250.5	19.4%
Non-aeronautical								
Retail	163.9	165.6	135.8	-1.0%	20.7%	329.5	256.1	28.7%
Rental & royalties	326.6	315.6	283.0	3.5%	15.4%	642.2	526.2	22.0%
Car park	31.0	32.1	23.1	-3.4%	34.2%	63.1	48.2	30.9%
Others	18.3	18.5	16.8	-1.1%	8.9%	36.8	35.1	4.8%
	539.8	531.8	458.7	1.5%	17.7%	1,071.6	865.6	23.8%
Non-Airport Operations	2Q24	1Q24	2Q23	QoQ	YoY	6M24	6M23	YoY
Hotel	34.8	35.5	31.2	-2.0%	11.5%	70.3	60.1	17.0%
Agriculture & horticulture	9.6	7.7	7.8	24.7%	23.1%	17.3	14.8	16.9%
Project & repair maintenance	36.0	42.4	37.6	-15.1%	-4.3%	78.4	75.4	4.0%
	80.4	85.6	76.6	-6.1%	5.0%	166.0	150.3	10.4%

COST BREAKDOWN

FYE Dec (RM'm)	Quarterly					Cumulatively		
	2QFY24	1QFY24	2QFY23	QoQ	YoY	6MFY24	6MFY23	YoY
Direct Cost								
Materials	-92.2	-91.6	-70.2	-0.7%	-30.5%	-183.8	-132.9	-38.3%
Labour	-45.6	-46.0	-48.2	0.9%	4.6%	-91.6	-87.9	-4.2%
Overheads	-39.6	-39.9	-40.9	0.8%	2.4%	-79.5	-74.4	-6.9%
	-177.4	-177.5	-159.3	0.1%	-11.4%	-354.9	-295.2	-20.2%
Operating Cost								
Staff costs	-169.9	-170.3	-168.1	0.2%	-1.3%	-340.2	-319.6	-6.4%
Utilities & Comm.	-121.7	-117.5	-114.0	-3.6%	-3.1%	-239.2	-213.4	-12.1%
Maintenance	-109.3	-98.0	-78.3	-11.5%	-25.2%	-207.3	-150.1	-38.1%
Net allowance of PDD	-13.5	-7.4	-5.7	-82.4%	-29.8%	-20.9	7.6	-375.0%
Others	-67.4	-40.2	-94.3	-67.7%	57.4%	-107.6	-179.5	40.1%
	-481.8	-433.4	-460.4	-11.2%	5.9%	-915.2	-855.0	-7.0%
User Fee & PSC Share								
User fee	-112.9	-111.8	-100.5	-1.0%	-11.2%	-224.7	-182.0	-23.5%
PSC share	-43.4	-44.3	-38.1	2.0%	-16.3%	-87.7	-72.0	-21.8%
	-156.3	-156.1	-138.6	-0.1%	-12.6%	-312.4	-254.0	-23.0%

Source: MAHB, MIDFR

PASSENGER TRAFFIC (NUMBER OF PAX '000)

Malaysia	Quarterly					Cumulatively		
	2QFY24	1QFY24	2QFY23	QoQ	YoY	6MFY24	6MFY23	YoY
International	11,920	11,715	9,017	1.7%	32.2%	23,635	17,368	36.1%
<i>Recovery</i>	93%	89%	70%			91%	66%	
ASEAN	6,197	5,915	5,071	4.8%	22.2%	12,112	9,635	25.7%
<i>Recovery</i>	95%	92%	78%			93%	73%	
Non-ASEAN	5,723	5,800	3,946	-1.3%	45.0%	11,523	7,733	49.0%
<i>Recovery</i>	90%	87%	62%			88%	59%	
Domestic	11,203	10,098	11,133	10.9%	0.6%	21,301	21,461	-0.7%
<i>Recovery</i>	87%	82%	87%			85%	82%	
	23,123	21,813	20,150	6.0%	14.8%	44,936	38,829	15.7%
<i>Recovery</i>	90%	86%	78%			88%	74%	
ISG	2QFY24	1QFY24	2QFY23	QoQ	YoY	6MFY24	6MFY23	YoY
International	5,268	5,192	4,789	1.5%	10.0%	10,460	9,041	15.7%
<i>Recovery</i>	154%	174%	140%			163%	119%	
Domestic	5,214	4,339	4,350	20.2%	19.9%	9,553	8,172	16.9%
<i>Recovery</i>	97%	84%	81%			91%	72%	
	10,482	9,531	9,139	10.0%	14.7%	20,013	17,213	16.3%
<i>Recovery</i>	119%	117%	104%			118%	91%	
Malaysia & ISG								
Total MAHB	33,605	31,344	29,289	7.2%	14.7%	64,949	56,042	15.9%
<i>Recovery</i>	97%	93%	85%			95%	78%	

Source: MAHB, MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024E	2025F	2026F
Revenue	3,127.0	4,914.2	5,638.0	5,877.8	5,995.0
EBITDA	1,186.4	2,285.6	2,766.3	2,934.6	3,007.9
Operating profit	349.2	1,137.3	1,570.7	1,700.7	1,743.0
PBT	184.6	506.1	942.2	1,073.9	1,121.6
PATAMI	129.7	485.7	716.0	816.1	852.4
Core PATAMI	-363.5	368.7	716.0	816.1	852.4
EPS (sen)	n.a.	22.1	42.9	48.9	51.1
PER (x)	n.a.	47.5x	24.5x	21.5x	20.6x
DPS (sen)	3.9	10.8	19.0	22.0	23.0
Dividend yield (%)	0.4%	1.0%	1.8%	2.1%	2.2%
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	1,000.4	1,196.9	1,384.0
Non-current assets	16,865.0	17,145.4	17,438.7	16,923.0	11,928.2
Trade debtors	536.0	675.2	695.1	724.7	739.1
Cash & cash equivalents	1,529.6	1,845.1	2,340.8	3,358.3	4,406.9
Current assets	2,585.0	3,309.6	3,810.2	4,859.9	5,925.3
Long-term debt	4,144.4	3,337.7	3,765.0	3,765.0	0.0
Non-current liabilities	9,166.3	8,542.4	9,311.4	9,409.7	5,728.5
Trade creditors	2,116.5	1,552.0	1,851.1	1,895.4	1,933.2
Short-term debt	697.3	1,249.5	697.3	697.3	0.0
Current liabilities	2,857.4	3,912.4	3,659.4	3,703.7	3,044.1
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	1,949.5	2,340.9	2,752.2
Equity	7,426.3	8,000.2	8,278.2	8,669.6	9,080.9
Cash Flow (RM'm)	2022A	2023A	2024E	2025F	2026F
PBT	184.6	506.1	942.2	1,073.9	1,121.6
Operating cash flow	1,039.9	1,679.3	2,869.8	2,728.5	2,806.7
Investing cash flow	238.5	-287.1	-917.0	-517.0	-517.0
Financing cash flow	-1,360.2	-1,268.0	-1,457.0	-1,194.0	-1,241.1
Net cash flow	-81.8	124.3	495.7	1,017.4	1,048.6
Beginning cash flow	1,583.2	1,529.6	1,845.1	2,340.8	3,358.3
Ending cash flow	1,529.6	1,845.1	2,340.8	3,358.3	4,406.9
Key Assumptions (Pax '000)	2022A	2023A	2024E	2025F	2026F
MY International	16,455	38,547	51,945	54,610	55,702
MY Domestic	36,095	43,224	46,779	54,576	55,667
Total MY	52,550	81,771	98,725	109,185	111,369
TY International	15,712	19,577	21,351	20,639	21,052
TY Domestic	15,469	17,984	23,891	22,805	23,261
Total TY	31,181	37,561	45,242	43,444	44,313
Profitability Margins	2022A	2023A	2024E	2025F	2026F
OP margin	11.2%	23.1%	27.9%	28.9%	29.1%
PBT margin	5.9%	10.3%	16.7%	18.3%	18.7%
PAT margin	-	7.5%	12.7%	13.9%	14.2%
Core PAT margin	-	7.5%	12.7%	13.9%	14.2%

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