KDN: PP 10744/04/2010

Equity Beat

midf RESEARCH

25 February 2010

4Q09 Results Review

Malaysia Airports

The people and the planes are coming

Maintain **NEUTRAL**

Revised **Target Price (TP): RM4.43**

- **MAHB FY09 net profit is RM377.2m, an increase of 23.6%yoy. Its performance beat ours and consensus estimates.**
- **The 8.2% yoy increase in passenger movement growth is the main contributing factor for MAHB's good results.**
- **We believe that despite the strong performance, MAHB is already fairly priced at current level. Hence we are maintaining a NEUTRAL recommendation with a revised target price of RM4.43 based on PER of 13x. The relatively high PER is justifiable as the economic recovery in FY10 leads to more business travel and cargo movements.**

STOCK INFO

Price (24 February 2010)	RM4.95	KLCI	1,270.78
Issued shares (mil)	1,100	Bursa / Bloomberg	5014 / MAHB MK
Par Value (RM)	1.00	Board / Sector	Trading / Services
Market cap. (RM'm)	5,445.0	Syariah Compliant	No
Price over NA	1.69		
52-wk price Range	RM2.29 – 5.00	Major Shareholders	
Beta (against KLCI)	0.89	Khazanah	67.7%
3-mth Avg Daily Vol	0.55m	EPF	9.1%
3-mth Avg Daily Value	RM2.35m		

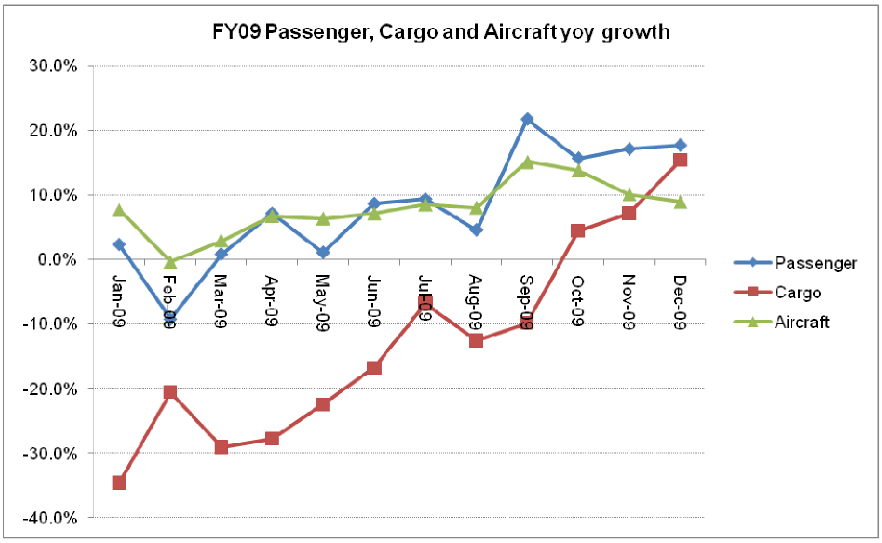
Results are better than expected. MAHB produced a strong earning with net profit of RM377.2m for FY09. This is better than ours and consensus estimates by 36.2% and 18.1% respectively due to the strong growth in passenger movement. For 4Q09, its net profit is RM140.2m, 145% better than 4Q08.

High passenger movement due to cheaper flights. It is possible that the 8.2% growth in passenger movement for FY09 stems from airlines offering cheaper flights to increase or maintain its load factor during the economic crisis. This is evident with the high load factor and relatively low yields in airline industry results. Overall aircraft movement also increased by 8.0% in FY09, with the international aircraft segment growing by 12.2%.

Cargo decreased in FY09 but is trending up. The only decline was in the cargo movement, where MAHB reported a 13.8% decrease due to the economic crisis. However, cargo movement grew 9.0%yoy in 4Q09 and has been trending up since may 2009 (see chart). This is is line with the global economic recovery.

FYE 31 Dec	FY08	FY09	FY10F	FY11F
Revenue (RM'm)	1,513.1	1,636.8	1,628.3	1,750.1
EBIT (RM'm)	430.3	493.8	504.0	514.3
Pretax Profit (RM'm)	432.4	479.7	503.7	514.0
Net Profit (RM'm)	305.2	377.2	375.0	384.6
EPS (sen)	28	34	34.1	35.0
EPS growth (%)	5.7	21.4	0	2.6
PER(x)	11.9	14.6	14.5	14.2
Net Dividend (sen)	14	6	17	17
Net Dividend Yield (%)	4.2	1.2	3.4	3.5

Source: Company, Forecasts by MIDFR



Valuations. We believe that with the current price, MAHB is already fairly priced. Hence we are NEUTRAL with a revised target price of RM4.43 based on a PER of 13, which is roughly the mean of MAHB's PER of the last three years. The relatively high PER compared to other stocks in the transportation sector is justifiable as MAHB will be one of the beneficiaries of a continuing economic recovery in FY10 that will lead to more business travel and cargo movements.

MAHB: 4QFY09 RESULTS SUMMARY

All in RM'00 unless stated otherwise	Quarterly Results			Cumulative		Comments
FYE Dec	4Q09	*%YoY*	*%QoQ*	FY09	*%YoY*	
Revenue	476,590	34.3%	26.3%	1,636,840	14.1%	Stronger passenger traffic in FY09. The improved revenue was also as a result of higher retail sales and rental derived from additional commercial space.
Profit Before Tax	157,596	65.4%	41.7%	479,663	13.6%	
PBT Breakdown:						
Airport Services	153,335	68.8%	46.9%	462,983	32.8%	
Retail	6,771	-20.6%	1101.6%	9,164	-74.8%	
Project and Repair Maintenance	6,779	33.7%	217.8%	14,607	3.6%	Higher aircraft movement especially in 4Q09.
Hotel	(89)	-105.6%	92.8%	(296)	-110.1%	
Agriculture & Horticulture	(1,993)	25.7%	-162.2%	9,231	-70.1%	
Others	68,208	-33.2%	623.8%	42,325	-55.4%	
Cons Adj	(75,413)	30.4%	-557.9%	(58,351)	44.8%	
Operating Net Profit	140,238	145.0%	68.1%	377,188	23.6%	
Discontinued Operations						
Auction	588	124.3%	129.3%	(1,062)	66.4%	
Event Management	(516)	83.5%	-140.8%	(293)	-102.9%	

Source: Company, MIDFR

DAILY PRICE CHART

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be > 5% compared with that of an assigned benchmark over the next 12 months.
TRADING BUY	Stock price is expected to rise within 3-months after an investment rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -5% and +5% compared with that of an assigned benchmark over the next 12 months.
SELL	Total return is expected to be < 5% compared with that of an assigned benchmark over the next 12 months.
TRADING SELL	Stock price is expected to fall within 3-months after an investment rating has been assigned due to negative newsflow.
SECTOR RECOMMENDATIONS	
OVERWEIGHT	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.
UNDERWEIGHT	The sector is expected to underperform the overall market over the next 12 months.