Malaysia Airports Holdings Berhad

(5014 | MAHB MK) Main | Transportation & Logistics

***Maintain* BUY**

***Revised* Target Price: RM6.90**

(from RM6.77)

On track to turn profitable

KEY INVESTMENT HIGHLIGHTS

- **Results met our expectation**
- **Total pax volume was 2.4x higher in 3QFY22**
- **Traffic growth to be supported by GE15 and reopening of Taiwan, Japan, and Hong Kong**
- **Downward revision of FY23F/FY24F earnings by -5.5%/-1.3%**
- **Maintain BUY with a revised TP of RM6.90**

Within expectations. Malaysia Airports Holdings Berhad (MAHB) reported core LAT of -RM184.9m in 9MFY22 which we deem to be within our expectation. It made up 93% and 98% of our and consensus losses estimates respectively.

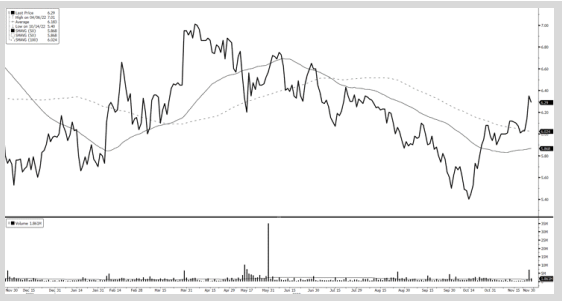
Quarterly. On a year-on-year basis, MAHB posted significantly narrower core LAT of -RM12.7m (+93.2%yoy), mainly supported by the rebound in pax volumes within the international segment. Pax movements of 24.0m were about 2.4x higher in 3QFY22 (3QFY21: 9.9m). The loss was also partly pared down by the recognition of deferred tax asset. Meanwhile, the core loss was about 4.4x narrower (or +77.0%qoq) on a quarter-on-quarter basis. Non-aeronautical segment saw its revenue surging to RM349.5m (+35.3%qoq or +101.6%yoy) as retailers benefitted from improved footfall in both Malaysia and Turkiye airports.

Cumulatively. In the 9-month period, core LAT of -RM184.9m (+72.2%yoy) was about 3.6x narrower in tandem with the recovery of pax movements in both the domestic and international segments. Pax movements in 9MFY22 stood at 58.0m, which were 2.5x higher than in 9MFY21. Relative to pre-pandemic levels, Turkiye's operations have shown faster recovery of 22.9m pax (domestic recovery at 70%, international recovery at 107%) against Malaysia's passenger pax of 35.2m (domestic recovery at 67%, international recovery at 24%). Turkiye's international pax has surpassed its 2019 level by 7%, which benefitted the Group given that they are high-yield passengers.

Maintain BUY. Our FY22F losses estimate was left unchanged, but we revised our FY23F/FY24F earnings estimates slightly downwards by -5.5%/-1.3% after adjusting for higher depreciation expense which would be partially offset by interest savings arising from the retirement of a RM1.5b maturing Sukuk in Dec-22. Malaysia's domestic segment in 4QFY22 is expected to be uplifted by homebound travels following the 15th General Election (GE15), while international seat capacity is expected surpass 60% of 2019 level by end-FY22. Elsewhere, reopening of Taiwan, Japan, and Hong Kong are just in time for the year-end holidays as we await China to fully open its border. Post the adjustments, we derived a higher TP of **RM6.90** (WACC:11.4%, g:2%) and we maintain our **BUY** call on MAHB.

RETURN STATISTICS	
Price @ 29th November 2022 (RM)	6.27
Expected share price return (%)	+10.0
Expected dividend yield (%)	+2.0
Expected total return (%)	**+12.0**

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	3.6	1.6
3 months	12.5	7.8
12 months	8.6	11.2

KEY STATISTICS	
FBM KLCI	1,476.96
Syariah compliant	No
F4BGM Index	Yes
ESG Grading Band (Star Rating)	☆☆☆
Issue shares (m)	1659.19
Estimated free float (%)	37.16
Market Capitalisation (RM'm)	10,452.91
52-wk price range	RM5.4 - RM7.08
Beta vs FBM KLCI (x)	1.13
3-mth average daily volume (m)	1.48
3-mth average daily value (RM'm)	8.75
Top Shareholders (%)	
Khazanah Nasional Bhd	33.21
Employees Provident Fund Board	15.66
KWAP	6.13

MIDF Research Team
research@midf.com.my

INVESTMENT STATISTICS

Income Statement	FY2020A	FY2021A	FY2022E	FY2023F	FY2024F
Revenue	1,866.3	1,673.0	3,071.8	4,879.3	5,171.0
EBITDA	(543.2)	153.8	1,223.0	2,074.3	2,196.8
EBIT	(1,152.9)	(460.9)	420.9	1,253.7	1,383.0
PBT	(1,764.9)	(1,041.6)	(261.4)	590.4	748.7
PATAMI	(1,118.2)	(767.7)	(198.6)	454.6	576.5
Core PATAMI	(509.3)	(752.7)	(198.6)	454.6	576.5
EPS (sen)	n.m.	n.m.	n.m.	27.4	34.7
PER (x)	n.m.	n.m.	n.m.	22.1x	17.4x
DPS (sen)	n.a.	n.a.	n.a.	12.0	16.0
Dividend yield (%)	n.a.	n.a.	n.a.	2.0%	2.6%

Sources: Company, MIDFR

KEY ASSUMPTIONS

Pax ('000)	FY2020A	FY2021A	FY2022E	FY2023F	FY2024F
MY International	9,498	1,360	15,986	47,957	53,285
MY Domestic	16,259	9,363	36,384	51,977	54,576
Total MY	25,757	10,723	52,369	99,934	107,861
TY International	5,337	8,972	14,234	14,946	15,657
TY Domestic	11,869	16,384	16,289	21,719	22,805
Total TY	17,206	25,356	30,523	36,665	38,462

Sources: Company, MIDFR

MAHB: 3Q22 GROUP RESULTS SUMMARY

(All in RM'm)	Quarterly					Cumulatively		
Income Statement	**3Q22**	**2Q22**	**3Q21**	**QoQ**	**YoY**	**9M22**	**9M21**	**YoY**
Revenue	863.6	689.8	461.3	25.2%	87.2%	2,124.2	1,121.7	89.4%
EBITDA/(LBITDA)	(15.9)	94.5	(277.7)	-116.8%	94.3%	(313.8)	(966.4)	67.5%
EBIT/(LBIT)	(231.8)	(91.1)	(442.5)	-154.4%	47.6%	(871.7)	(1,348.8)	35.4%
Finance cost	(194.5)	(193.7)	(178.0)	-0.4%	-9.3%	(570.7)	(495.9)	-15.1%
Associates & JVs	3.0	3.5	(1.9)	-13.5%	261.7%	8.2	(1.0)	917.3%
PBT/(LBT)	(19.1)	(91.1)	(254.9)	79.0%	92.5%	(260.6)	(825.9)	68.4%
Taxation	10.1	32.9	72.6	-69.4%	-86.1%	88.7	196.2	-54.8%
PAT/(LBT)	(9.0)	(58.2)	(182.3)	84.5%	95.0%	(171.9)	(629.7)	72.7%
Core PAT/(LAT)	(12.7)	(55.4)	(186.2)	77.0%	93.2%	(184.9)	(664.3)	72.2%

Sources: Company, MIDFR

SEGMENTAL GROUP REVENUE BREAKDOWN

(All in RM'm unless stated otherwise)	Quarterly					Cumulatively		
Segment	**3Q22**	**2Q22**	**3Q21**	**QoQ**	**YoY**	**9M22**	**9M21**	**YoY**
Airport Operations								
Aeronautical								
PSC & PSSC	342.2	271.0	169.0	26.3%	102.5%	816.9	341.6	139.1%
Landing & parking	67.9	59.5	30.0	14.1%	126.3%	183.8	90.8	102.4%
Others	39.8	37.7	34.4	5.6%	15.7%	112.2	96.9	15.8%
	449.9	368.2	233.4	22.2%	92.8%	1,112.9	529.3	110.3%
Non-aeronautical								
Retail	85.5	50.3	4.9	70.0%	1644.9%	154.1	23.5	555.7%
Rental & royalties	225.0	173.8	143.0	29.5%	57.3%	568.2	349.7	62.5%
Car park	18.3	15.3	8.1	19.6%	125.9%	45.4	19.3	135.2%
Others	20.7	19.0	17.4	8.9%	19.0%	55.7	52.2	6.7%
	349.5	258.4	173.4	35.3%	101.6%	823.4	444.7	85.2%
Total for Airport Operations	**799.4**	**626.6**	**406.8**	**27.6%**	**96.5%**	**1,936.3**	**974.0**	**98.8%**
Non-Airport Operations								
Hotel	23.4	18.7	13.8	25.1%	69.6%	59.0	34.1	73.0%
Agriculture & horticulture	9.3	14.7	14.6	-36.7%	-36.3%	39.2	38.1	2.9%
Project & repair maintenance	31.7	29.5	26.0	7.5%	21.9%	89.7	75.3	19.1%
Total for Non-Airport Operations	**64.4**	**62.9**	**54.4**	**2.4%**	**18.4%**	**187.9**	**147.5**	**27.4%**

Sources: Company, MIDFR

PASSENGER MOVEMENTS

	Quarterly					Cumulatively		
Pax ('000)	**3Q22**	**2Q22**	**3Q21**	**QoQ**	**YoY**	**9M22**	**9M21**	**YoY**
MY Airports								
International	5,310	2,968	257	78.9%	1962.9%	9,246	771	1099.7%
As a % of 2019 level	*40%*	*49%*	*2%*			28%	2%	
ASEAN	3,242	1,740	95	86.3%	3309.0%	5,377	296	1715.9%
Non-ASEAN	2,068	1,228	162	68.4%	1174.2%	3,869	475	715.2%
Domestic	9,642	8,924	764	8.0%	1162.0%	25,917	3,208	707.9%
As a % of 2019 level	*72%*	*69%*	*6%*			*67%*	8%	
	14,952	11,892	1,021	25.7%	1363.9%	35,163	3,979	783.8%
As a % of 2019 level	*56%*	*63%*	*4%*			49%	*6%*	
ISG								
International	4,531	3,583	3,058	26.5%	48.2%	11,278	5,748	96.2%
As a % of 2019 level	*109%*	*105%*	*74%*			107%	54%	
Domestic	4,499	3,821	5,865	17.7%	-23.3%	11,593	12,170	-4.7%
As a % of 2019 level	*76%*	*71%*	*99%*			70%	74%	
	9,030	7,404	8,923	22.0%	1.2%	22,871	17,918	27.6%
As a % of 2019 level	*90%*	*84%*	*89%*			*85%*	*66%*	
Total MAHB	23,982	19,296	9,944	24.3%	141.2%	58,034	22,812	154.4%
As a % of 2019 level	*65%*	*69%*	*27%*			*59%*	*23%*	

Sources: Company, 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 *rise* 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 *fall* 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