

# Malaysia Airports (5014)

## Safe Landing

MAHB MK Equity - Last Price	9.91
EWING (20) on Close	9.736
EWING (50) on Close	8.85
EWING (200) on Close	7.314



### Stock Highlights

**RM11.00 offer to support share price.** Amid current market uncertainties, we believe MAHB offers decent arbitrage trading opportunities to earn c.11% return (or more if share price falls further) given the relatively firm RM11.00 takeover price offered by a deep-pocket consortium consisting of EPF, Khazanah Nasional, Abu Dhabi Investment Authority, and Global Infrastructure Partners. Once the four pre-conditions are met and a formal offer is made, we anticipate that MAHB will trade closer to the RM11.00 offer price by then. This privatisation exercise is estimated to be completed by 4Q24.

**One hurdle cleared, three more to go.** On 13 June, MAHB announced that it had fulfilled one of the four pre-conditions for the deal. The airport operator said the General Authority for Competition of Saudi Arabia (GAC) had issued a certificate confirming that the privatisation deal does not require notification to the GAC. The remaining three pre-conditions are required from Malaysian Aviation Commission, Turkish Competition Authority, and Egyptian Competition Authority.

**Limited downside, even in a worst-case scenario.** The worst-case scenario that could happen is that the privatisation bid by EPF and Khazanah is called off. Nevertheless, we believe the downside risk is limited even in this case, as MAHB's fundamentals remain solid. The airport operator has recorded a total of 65m passenger movements in 1H2024, representing a 15.8% year-on-year growth and almost returning to pre-pandemic levels (~95.4%). We also note that, prior to the takeover announcement in May, the average consensus TP for MAHB (based on 15 analysts polled by Bloomberg) was RM9.70, with a range of RM8.50-11.30.

**Medium-term uptrend intact.** MAHB's share price has been on the rise since 2020. The upward momentum has continued, with the share price exhibiting a pattern of higher highs and higher lows. The bullish trend was further confirmed when the share price broke through the ascending channel pattern with strong momentum in late 2023. Since then, the share price has continued to rise and has been trading above all its EMA lines, propelled further by the RM11.00 offer price announcement in May 2024.

#### Technical

Resistance 1 (RM)	10.24
Resistance 2 (RM)	10.44
Support 1 (RM)	9.60
Support 2 (RM)	9.10
MACD	Neutral
RSI	Neutral

#### Stock Information

Last Close (RM)	9.90
Market cap (RM m)	16,519.0
52-week Range (RM)	6.72-10.44

#### Financial Highlights

FYE Dec	FY21	FY22	FY23	1QFY24
Revenue (RM m)	1,673.0	3,127.0	4,914.2	1,351.3
Core PAT (RM m)	(766.4)	187.2	543.2	190.0
Core EPS (sen)	(49.7)	7.8	29.2	10.5
DPS (sen)	-	3.9	10.8	-
BV/share (RM)	4.37	4.47	4.80	4.91
P/E (x)	n.m.	127.0	33.9	24.5
P/B (x)	2.3	2.2	2.1	2.0

Source: Bloomberg, Mercury Securities

#### Company Profile

Malaysia Airport Holdings Berhad is an airport operator that specialise in providing management, maintenance, and operations of designated airports.

## Glossary of commonly use technical terms

Moving Average (MA)	An indicator frequently used in technical analysis showing the average value of a security's price over a set period.
Moving Average Convergence Divergence (MACD)	A trend-following momentum indicator that shows the relationship between two moving averages of prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. A 9-day EMA of the MACD, called the "signal line", is then plotted on top of the MACD, functioning as a trigger for buy and sell signals.
Stochastic	A technical momentum indicator that compares a security's closing price to its price range over a given time period. The indicator's sensitivity to market movements can be reduced by adjusting the time period or by taking a moving average of the result.
Average True Range (ATR)	A measure of volatility whereby the indicator is the greatest of the following: <ul style="list-style-type: none"><li>- current high less the current low;</li><li>- the absolute value of the current high less the previous close;</li><li>- the absolute value of the current low less the previous close;</li></ul>
Bollinger Band	A band plotted 2 standard deviations away from a simple moving average.
On-Balance Volume (OBV)	A method used in technical analysis to detect momentum, the calculation of which relates volume to price change. OBV provides a running total of volume and shows whether this volume is flowing in or out of a given security.
Support	The price level which, historically, a stock has had difficulty falling below. It is thought of as the level at which a lot of buyers tend to enter the stock.
Resistance	The price at which a stock or market can trade, but not exceed, for a certain period of time. Often referred to as "resistance level".
Reversal	A change in the direction of a price trend. On a price chart, reversals undergo a recognizable change in the price structure. An uptrend, which is a series of higher highs and higher lows, reverses into a downtrend by changing to a series of lower highs and lower lows. A downtrend, which is a series of lower highs and lower lows, reverses into an uptrend by changing to a series of higher highs and higher lows.
Divergence	When the price of an asset and an indicator, index or other related asset move in opposite directions.
Overbought	In technical analysis, this term describes a situation in which the price of a security has risen to such a degree – usually on high volume – that an oscillator has reached its upper bound. This is generally interpreted as a sign that the price of the asset is becoming overvalued and may experience a pullback.
Oversold	A situation in technical analysis where the price of an asset has fallen to such a degree – usually on high volume – that oscillator has reached a lower bound. This is generally interpreted as a sign that the price of the asset is becoming undervalued and may represent a buying opportunity for investors

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## Published & Printed By:

MERCURY SECURITIES SDN BHD  
Registration No. 198401000672 (113193-W)  
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara,  
50480 Kuala Lumpur  
Telephone: (603) - 6203 7227  
Website: [www.mercurysecurities.com.my](http://www.mercurysecurities.com.my)  
Email: mercurykl@mersec.com.my