Corporate Update | Wednesday, 05 May 2021

Mah Sing Group Berhad

(8583 | MSGB MK) Property| Property

Maintain BUY

Second land acquisition in 2021

***Unchanged* Target Price: RM1.07**

KEY INVESTMENT HIGHLIGHTS

- **Acquiring land in Setapak**
- **Second land acquisition in 2021**
- **Limited impact on balance sheet and earnings**
- **Earnings estimates maintained**
- **Maintain BUY with an unchanged TP of RM1.07**

Acquiring land in Setapak. Mah Sing Group Berhad (Mah Sing) announced that its wholly-owned subsidiary had entered into a conditional sale and purchase agreement with Teratai Constructors Sdn Bhd for the proposed acquisition of a parcel of land in Tempat Jalan Genting Kelang, Mukim Setapak measuring approximately 5 acres for a total purchase consideration of RM89m. The proposed acquisition is expected to be completed in 4Q2021.

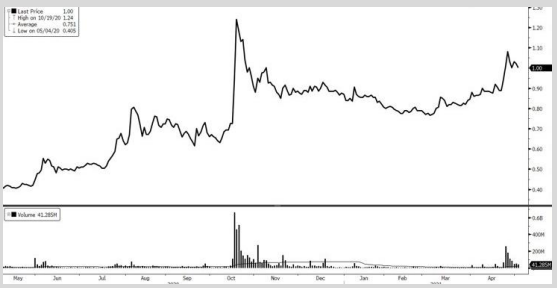
Second land acquisition in 2021. This is the second land acquisition of Mah Sing in 2021. Recall that Mah Sing announced land acquisition in Sepang in February 2021. We view the active land acquisition of Mah Sing positively as the land acquisitions are in line with its strategy of building affordable homes in Klang Valley. Location of the land is strategic which is 6.6km away from KLCC and 2km away from Wangsa Maju LRT station and Sri Rampai LRT station. The development, to be named M Astra is a mixed development project with two blocks of serviced suites and some retail lots with GDV of approximately RM618m. Indicative starting price for the project is affordable, from RM399k. Meanwhile, land cost to total GDV is attractive at 14%.

Limited impact on balance sheet and earnings. Mah Sing intends to fund the land acquisition through a combination of internally generated funds and bank borrowings. We expect limited impact on balance sheet as Mah Sing has cash pile of RM1.2b in 4QFY20. Meanwhile, earnings impact in near-term is expected to be minimal as the project will be developed over 4 years. Hence, we make no changes to our earnings forecast for FY21/22F.

Maintain BUY with an unchanged TP of RM1.07. We maintain our TP for Mah Sing at RM1.07, based on sum-of-parts valuation. We continue to see better earnings outlook for Mah Sing due to contribution from gloves manufacturing and higher contribution from property development division. Mah Sing's first glove manufacturing factory successfully completed the testing and commissioning of its first two glove production lines and is expected to start operation in May 2021. Hence, we maintain our **BUY** call on Mah Sing.

RETURN STATISTICS	
Price @ 4 May 2021 (RM)	1.00
Expected share price return (%)	7.0
Expected dividend yield (%)	5.3
Expected total return (%)	**12.3**

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	16.3	16.0
3 months	18.3	22.7
12 months	135.3	105.9

KEY STATISTICS	
FBM KLCI	1,588.25
Syariah compliant	Yes
F4BGM Index	No
ESG Grading Band (Star rating)	☆☆☆
Issue shares (m)	2,427.69
Estimated free float (%)	49.06
Market Capitalisation (RM'm)	2,427.69
52-wk price range (RM)	RM0.41 - RM1.47
Beta vs FBM KLCI (x)	1.29
Monthly velocity (%)	8.29
Monthly volatility (%)	13.83
3-mth average daily volume (m)	21.49
3-mth average daily value (RM'm)	20.61
Top Shareholders (%)	
MAYANG TERATAI SDN BHD	26.90
Amanah Saham Nasional Bhd	12.55
MAYANG TERATAI LIMITED	7.41

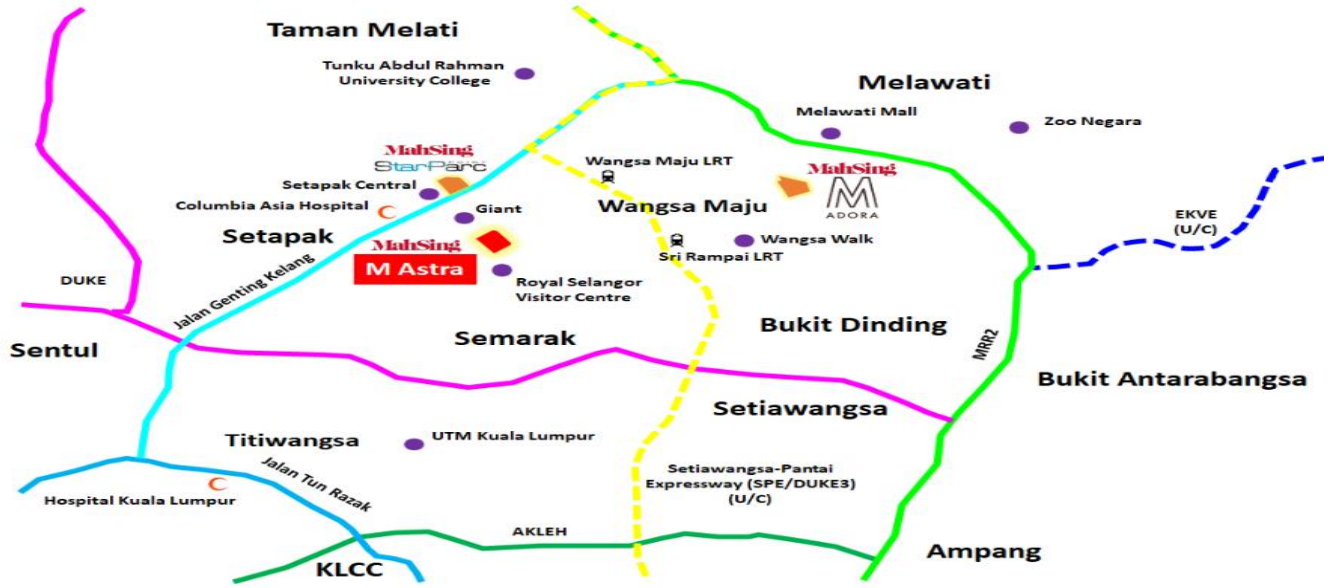
Analyst(s)
Jessica Low Jze Tieng
Jessica.low @midf.com.my
03-21738391

INVESTMENT STATISTICS

FYE Dec	FY18A	FY19A	FY20A	FY21F	FY22F
Revenue	2192.9	1789.7	1530.8	2172.8	2389.2
EBIT	357.7	271.4	164.4	424.5	361.9
PBT	347.6	270.2	153.7	424.9	365.0
Net Income	271.6	200.3	100.4	320.0	275.1
Core Net Income (before Perpetual Securities/Sukuk)	269.9	234.3	113.2	321.0	277.1
Core Net Income (After Perpetual Securities/Sukuk)	188.4	143.0	41.2	266.7	254.7
EPS (sen)	11.2	8.3	4.1	13.2	11.3
Core EPS (sen)	11.1	9.7	4.7	13.2	11.4
Net DPS (sen)	4.50	3.35	1.66	5.3	4.6
Net Dvd Yield	4.5%	3.4%	1.7%	5.3%	4.6%
Core PER	9.00	10.36	21.45	7.57	8.76
NTA/share (RM)	1.43	1.44	1.42	1.49	1.55
P/NTA	0.70	0.70	0.71	0.67	0.65
ROE	7.7%	6.7%	3.3%	8.9%	7.4%
ROA	3.9%	3.5%	1.6%	4.6%	3.9%

Source: Company, MIDFR

Figure 1: Location of land



Source: Company

Mah Sing Group Sum-of-Parts (SOP)

Segments	Methodology	Discount	Value (RM m)
Property	RNAV	68%	536.7
Gloves Manufacturing	13x FY21 Earnings	n/a	2,274.3
Plastics	13x FY21 Earnings	n/a	239.6
Net cash/(debt)			(262.3)
Total Sum-of-Parts			**2,788.2**
Fully-Diluted Number of shares			2,593.8
Target Price (RM)			**1.07**

Source: MIDF R

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad (197501002077(23878 – X)).
(Bank Pelaburan)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (197501002077 (23878 – X)) for distribution to and use by its clients to the extent permitted by applicable law or regulation.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that MIDF Investment believes are reliable at the time of publication. All information, opinions and estimates contained in this report are subject to change at any time without notice. Any update to this report will be solely at the discretion of MIDF Investment.

MIDF Investment makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. MIDF Investment and its affiliates and related companies and each of their respective directors, officers, employees, connected parties, associates and agents (collectively, "Representatives") shall not be liable for any direct, indirect or consequential loess, loss of profits and/or damages arising from the use or reliance by anyone upon this report and/or further communications given in relation to this report.

This report is not, and should not at any time be construed as, an offer, invitation or solicitation to buy or sell any securities, investments or financial instruments. The price or value of such securities, investments or financial instruments may rise or fall. Further, the analyses contained herein are based on numerous assumptions. This report does not take into account the specific investment objectives, the financial situation, risk profile and the particular needs of any person who may receive or read this report. You should therefore independently evaluate the information contained in this report and seek financial, legal and other advice regarding the appropriateness of any transaction in securities, investments or financial instruments mentioned or the strategies discussed or recommended in this report.

The Representatives may have interest in any of the securities, investments or financial instruments and may provide services or products to any company and affiliates of such companies mentioned herein and may benefit from the information herein.

This document may not be reproduced, copied, distributed or republished in whole or in part in any form or for any purpose without MIDF Investment's prior written consent. This report is not directed or intended for distribution to or use by any person or entity where such distribution or use would be contrary to any applicable law or regulation in any jurisdiction concerning the person or entity.

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.
HOLD	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