02 August 2016 | Corporate Update

Mah Sing Group Berhad

New CEO

***Maintain* NEUTRAL**

***Unchanged* Target Price: RM1.57**

INVESTMENT HIGHLIGHTS

- **Mr. Ho Hon Sang appointed as new CEO**
- **Good booking on its recent launch of Cerrado Residential Suites**
- **Earnings and sales estimates maintained at this juncture**
- **Maintain NEUTRAL with Target Price of RM1.57**

Mr. Ho Hon Sang as new CEO. Mr. Ho Hon Sang has been appointed as Mah Sing Group Berhad (MAHSING) chief executive officer (CEO) cum executive director. We gather that Mr. Ho was formerly the CEO of Sunsuria Berhad. Additionally, Mr. Ho is a very experienced figure in the property development industry with more than 30 years working experience.

Good booking on its recent launch of Cerrado Residential Suites. On a separate note, MAHSING has launched Tower A of Cerrado Residential Suites in Southville City (Bangi) recently. We gather that all 404 units offered have been fully booked. We believe that the good response is likely due to its affordable pricing (from RM357,000 onwards).

Earnings and sales estimates maintained at this juncture. MAHSING is expected to announce its 2QFY16 result in end-August. We maintain our FY16 sales and earnings estimates at RM2.3b and RM391m respectively.

Maintain NEUTRAL with TP of RM1.57. Our valuation methodology remained unchanged which is based on 25% discount to RNAV. The share price is supported by decent dividend yield of 3.7%.

RETURN STATS	
Price (1 Aug 2016)	RM1.64
Target Price	RM1.57
Expected Share Price Return	-4.3%
Expected Dividend Yield	3.7%
Expected Total Return	**-0.6%**

STOCK INFO	
KLCI	1665.23
Bursa / Bloomberg	8583 / MSGB MK
Board / Sector	Main / Properties
Syariah Compliant	Yes
Issued shares (mil)	2409.42
Par Value (RM)	1.00
Market cap. (RM'm)	3951.44
Price over NA	1.23
52-wk price Range	RM1.24-RM1.64
Beta (against KLCI)	0.63
3-mth Avg Daily Vol	1.10
3-mth Avg Daily Value	RM1.69m
Major Shareholders	
Mayang Teratai S/B	34.57%
EPF	9.76%
Skim ASB	5.64%
Lembaga Tabung Haji	5.47%

KINDLY REFER TO THE LAST PAGE OF THIS PUBLICATION FOR IMPORTANT DISCLOSURES

INVESTMENT STATISTICS

FYE Dec (RM'm, unless otherwise stated)	FY13	FY14	FY15	FY16F	FY17F
Revenue	2006	2905	3109	3362	3594
EBIT	369	470	500	518	550
PBT	372	472	504	521	553
Net Income	281	356	357	391	415
EPS (sen)	21.52	18.35	15.26	16.29	17.30
Net DPS (sen)	8.00	6.50	6.50	6.03	6.40
Net Dvd Yield	4.9%	4.0%	4.0%	3.7%	3.9%
PER	7.6	8.9	10.7	10.1	9.5
NTA/share (RM)	1.44	1.53	1.36	1.45	1.56
P/NTA	1.14	1.07	1.20	1.13	1.05
ROE	14.4%	15.6%	11.4%	11.6%	11.4%
ROA	6.1%	6.7%	5.4%	5.7%	5.8%

Source: Company, MIDF Research Forecast

DAILY PRICE CHART



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Source: Bloomberg

MAHSING RNAV

Landbank	Location	Size (Ac)	Size (Sq ft)	Stake	Value (RM m)
Johor					
Sierra Perdana	Plentong, Johor Bahru, Johor	105.7	4,602,114	100%	157.4
Sri Pulai Perdana	Pulai, Johor Bahru, Johor	53.0	2,309,987	100%	64.7
Austin Perdana	Tebrau, Johor Bahru, Johor	27.8	1,212,275	100%	36.9
Sri Pulai Perdana 2	Kangkar Pulai, Kulaijaya, Johor	11.1	483,080	100%	24.2
Mah Sing i-Parc	Tg. Kupang, Johor Bahru, Johor	86.0	3,746,160	100%	151.7
Bandar Meridin East	Iskandar Malaysia, Johor	1351.8	58,884,408	100%	1834.8
Medini	Iskandar Malaysia, Johor	NA	DCF		141.0
Kuala Lumpur/Selangor					
Star Avenue	Subang, Selangor	NA	DCF		15.1
Icon Residence	Mont' Kiara, Kuala Lumpur	NA	DCF		20.5
Garden Plaza	Cyberjaya	NA	DCF		17.8
M City	Jalan Ampang, Kuala Lumpur	NA	DCF		120.1
Star Residence	Subang, Selangor	3.0	130,680	100%	27.4
Mah Sing Integrated Industrial Park	Shah Alam, Selangor	3.2	138,521	100%	7.3
Aman Perdana	Kapar, Klang, Selangor	54.0	2,353,982	100%	61.2
Hijauan Residence & Bayu Sekamat	Cheras, Hulu Langat, Selangor	25.0	1,089,000	100%	78.7
Garden Residence	Cyberjaya	12.8	558,439	100%	106.1
Perdana Residence 2	Selayang, Selangor	3.7	162,479	100%	13.6
PJ Commercial Hub	SS9, Petaling Jaya, Selangor	10.3	447,361	100%	116.8
Kinrara Residence	Bandar Kinrara, Selangor	13.8	601,999	100%	143.0
M Residence @ Rawang	Rawang, Selangor	147.7	6,435,554	100%	428.0
M Residence 2@ Rawang	Rawang, Selangor	111.5	4,856,069	100%	322.9
Southville City	Dengkil, Sepang, Selangor	424.8	18,506,030	100%	555.2
Damansara Sentral	Damansara, Selangor	6.6	285,318	100%	115.6
Lakeville Residence	Batu, Kuala Lumpur	12.6	548,420	100%	109.7
M Residence 3@ Rawang	Rawang, Selangor	96.7	4,212,688	100%	280.1
Penang					
Southbay Penang	Southwest Penang	26.0	1,132,560	100%	203.9
Icon Residence, Penang	Georgetown, Penang	3.4	147,233	100%	51.5
Ferringhi Residence, Penang	Batu Ferringhi, Penang	46.6	2,027,718	100%	192.6
Legenda @ Southbay	Southwest Penang	7.0	DCF		17.2
Sabah					
Sutera Avenue	Kota Kinabalu, Sabah	1.5	66,211	100%	47.8
Kota Kinabalu Convention City	Kota Kinabalu, Sabah	8.0	348,480	51%	20.4
Recently Acquired Landbank					
SSAAS Golf Course	Shah Alam, Selangor	85.4	3,720,024	100%	327.5
Total Landbank Value					5810.6
Fixed Assets					109.5
Investment Properties					194.8
Cash					1358.7
Total Liabilities (excl. deferred tax & construction related payables)					-2444.7

Total RNAV	**5028.9**
No of shares (m)	2409.4
RNAV per share	**2.09**
Warrants (Old), Exercise Price RM1.80	149.0
Warrants (New), Exercise Price RM2.63	132.9
Fully Diluted No Of Shares	2691.2
FD RNAV Per Share	**2.10**
Discount	25%
Target Price	**1.57**

Source: Company, MIDF Research Forecast

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >15% over the next 12 months.
TRADING BUY	Stock price is expected to *rise* by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -15% and +15% over the next 12 months.
SELL	*Negative* total return is expected to be -15% over the next 12 months.
TRADING SELL	Stock price is expected to *fall* by >15% 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.