Corporate Update | Friday, 14 October 2022

Mah Sing Group Berhad

(8583 | MSGB MK) Property| Property

Maintain BUY

Visit to M Astra sales gallery

***Unchanged* Target Price: RM0.74**

KEY INVESTMENT HIGHLIGHTS

- **Visit to M Astra sales gallery at Setapak**
- **M Astra is the latest addition to M Series**
- **Margin less affected by rising raw material cost**
- **Earnings estimates maintained**
- **Maintain BUY with an unchanged TP of RM0.74**

Visit to M Astra sales gallery. We visited Mah Sing Group's M Astra sales gallery and came away feeling reaffirmed on positive new sales prospect for Mah Sing Group. Key takeaways from the visit are as below:

Latest addition to M Series. M Astra in Setapak is the latest addition to Mah Sing's M Series affordable range development. M Astra is sitting on 5 acres of land in Setapak which was acquired in May 2021. M Astra is 2 blocks of serviced apartments with total of 1,426 units. Built-up is ranging from 850sf to 1,044sf. It also comprises of 24 units of retail shop lots with 2 corner lots come with drive thru feature. The project has total GDV of RM631m with affordable selling price starts from RM399k. Note that 98% of the units are priced below RM500k with price per square feet ranging between ~RM470 to ~RM520.

Strong registration interest. M Astra is expected to be officially launched by end of November upon getting Advertising Permit and Developer's License (APDL). Nevertheless, tower B of M Astra has opened for registration and we gather that registration of interest was overwhelming with 10k registered interest. Thus, we expect decent property sales from M Astra upon its official launch in November as Mah Sing is expected to convert booking into sales fast due to the overwhelming response from buyers. Sales from M Astra is expected to underpin new property sales of Mah Sing in FY22 and FY23. Note that Mah Sing achieved new sales of RM1b in 1HFY22 and is well on track to hit new sales target of RM2b for FY22.

Margin less affected by rising raw material cost. Mah Sing expects margin to be less affected by the hike of raw material price in mid of 2022 as it has measures in place to manage the hike in cost such as managing contract award timeline. Besides, Mah Sing managed to increase prices of its projects such as M Senyum in Salak Tinggi and Sensory in Southville City which would help to mitigate the impact of rising raw material prices. Meanwhile, balance sheet of Mah Sing remains healthy with net gearing of 0.34x in June 2022, allowing Mah Sing to have strong financial muscle for land banking exercise. We gather that Mah Sing is still on the lookout for land in Klang Valley with potential new target areas in Perak, Seremban and Melaka. Besides, Mah Sing is also eyeing to expand industrial property development which typically command higher margin.

RETURN STATISTICS	
Price @ 13 Oct 2022 (RM)	0.50
Expected share price return (%)	48.0
Expected dividend yield (%)	6.0
Expected total return (%)	**54.0**

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	-18.7	-13.1
3 months	2.0	-10.1
12 months	-32.9	-22.2

KEY STATISTICS	
FBM KLCI	1,373.36
Syariah compliant	Yes
F4BGM Index	Yes
ESG Grading Band (Star rating)	☆☆☆☆
Issue shares (m)	2,427.69
Estimated free float (%)	49.63
Market Capitalisation (RM'm)	1,213.84
52-wk price range (RM)	RM0.48– RM0.83
Beta vs FBM KLCI (x)	0.94
3-mth average daily volume (m)	1.49
3-mth average daily value (RM'm)	0.86
Top Shareholders (%)	
MAYANG TERATAI SDN BHD	26.90
Amanah Saham Nasional Bhd	12.15
Bank of Singapore Limited	7.45
MAYANG TERATAI LIMITED	7.41

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Maintain BUY with an unchanged TP of RM0.74. Post visit, we make no changes to our earnings forecast for FY22/23F. Our **TP** is maintained at **RM0.74**, based on 65% discount to RNAV. We are affirmed on the positive new sales prospect of Mah Sing which is driven by its strategy of selling properties in the affordable price range. Demand for Mah Sing's affordable price range properties remained supported by genuine home buying interest as ~65% of its buyers are 35 years old and below. Hence, we maintain our **BUY** call on Mah Sing.

Figure 1: M Astra at Setapak



Source: MIDF Research

INVESTMENT STATISTICS

FYE Dec	FY19A	FY20A	FY21A	FY22F	FY23F
Revenue	1789.7	1530.8	1754.0	1983.9	2097.8
EBIT	271.4	164.4	261.4	264.5	284.1
PBT	270.2	153.7	219.2	238.4	253.4
Net Income	200.3	95.6	160.9	180.2	191.4
Core Net Income (before Perpetual Securities/Sukuk)	234.3	108.4	161.9	182.2	191.4
Core Net Income (After Perpetual Securities/Sukuk)	143.0	36.4	107.5	159.8	191.4
EPS (sen)	8.3	3.9	6.6	7.4	7.9
Core EPS (sen)	9.7	4.5	6.7	7.5	7.9
Net DPS (sen)	3.35	1.66	2.7	3.0	3.2
Net Dvd Yield	6.7%	3.3%	5.3%	6.0%	6.3%
Core PER	5.18	11.19	7.50	6.67	6.35
NTA/share (RM)	1.44	1.42	1.43	1.47	1.51
P/NTA	0.35	0.35	0.35	0.34	0.33
ROE	6.7%	3.2%	4.7%	5.1%	5.2%
ROA	3.5%	1.6%	2.3%	2.6%	2.6%

Source: Company, MIDFR

Mah Sing Group RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Greater KL Projects				
Southgate	100%	2	10%	2
Star Avenue	100%	88	10%	7
Hijauan Residence	100%	226	10%	17
Aman Perdana	100%	78	10%	7
Garden Residence	100%	76	10%	6
Perdana Residence 2	100%	13	10%	1
M Suites @ Jalan Ampang	100%	6	10%	1
Bayu Sekamat	100%	7	10%	1
Icon Residence Mont' Kiara	100%	16	10%	1
Garden Plaza, Cyberjaya	100%	31	10%	3
Clover @ Garden Residence	100%	0	10%	0
M City, Jalan Ampang	100%	2	10%	0
M Residence 1 @ Rawang	100%	432	10%	33
M Residence 2 @ Rawang	100%	38	10%	3
Southville City @ KL South, Bangi	100%	8847	10%	531
Icon City, PJ	100%	1914	10%	148
D'sara Sentral	100%	72	10%	6
Lakeville Residence	100%	1	10%	0
M Aruna Rawang	100%	284	10%	23
M Centura, M Arisa, Sentul	78%	206	10%	13
M Vertica, Cheras	100%	713	10%	55
M Oscar	100%	192	10%	16
M Luna	100%	169	10%	13
M Adora	100%	135	10%	10
M Senyum	100%	656	10%	49
M Astra	100%	618	10%	46
M Nova	100%	790	10%	59
Johor Projects				
Sierra Perdana	100%	175	10%	14

Meridin @ Medini	100%	252	10%	20
Meridin East	100%	4182	10%	232
Mah Sing i-Parc	100%	105	10%	9
M Minori	100%	469	10%	35
Penang Projects				
Icon Residence, Georgetown	100%	280	10%	23
Ferringhi Residence	100%	453	10%	37
Southbay City	100%	1441	10%	94
Permatang	100%	150	10%	12
Unbilled sales		1900		146
Total				**1671**
Shareholder Funds				3470
Total RNAV				5141
Number of shares				2428
RNAV per share				2.12
Discount				65%
Target Price				0.74

Source: 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