Mah Sing Group Berhad

(8583 | MSGB MK) Property| Property

Maintain BUY

Positive new sales outlook

***Unchanged* Target Price: RM0.75**

KEY INVESTMENT HIGHLIGHTS

- **FY22 earnings within expectations**
- **Earnings normalized in 4QFY22**
- **FY23 new sales target at RM2.2b**
- **Earnings estimates maintained**
- **Maintain BUY with an unchanged TP of RM0.75**

RETURN STATISTICS	
Price @ 28 Feb 2023 (RM)	0.605
Expected share price return (%)	24.0
Expected dividend yield (%)	5.0
Expected total return (%)	**29.0**

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	-0.8	1.0
3 months	6.2	15.6
12 months	-11.1	-2.0

KEY STATISTICS	
FBM KLCI	1,454.19
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)	1,469
52-wk price range (RM)	RM0.48– RM0.77
Beta vs FBM KLCI (x)	0.98
3-mth average daily volume (m)	3.15
3-mth average daily value (RM'm)	1.82
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

FY22 earnings within expectations. Mah Sing Group Berhad (Mah Sing) FY22 core net earnings of RM157.9m came in within expectations, making up 99% of our and consensus full year estimates respectively. Note that we have included distribution for holders of perpetual securities in our core net income calculations. Mah Sing announced dividend of 3 sen per share which implies dividend yield of 5%.

Earnings normalized in 4QFY22. Sequentially, 4QFY22 core net earnings climbed to RM53m (+33.7%qoq) despite flattish topline as tax rate normalized to 27% in 4QFY22 from 37% in 3QFY22. Note that higher tax rate in the previous quarter was due to provision for prosperity tax. On yearly basis, 3QFY22 core net income was higher (+272%yoy) due to higher progress billing and absence of payment for perpetual securities. That brought FY22 core net income to RM157.9m (+49%yoy). The earnings growth in FY22 was mainly due to higher progress billing of its ongoing projects namely M Vertica in Cheras, M Arisa in Setapak, M Luna in Kepong, M Aruna in Rawang, Meridin East in Johor, M Oscar in Sri Petaling, M Adora in Wangsa Melawati and Southville City. Meanwhile, unbilled sales was flattish at RM2.18b in 4QFY22, providing less than one-year earnings visibility.

Positive new sales outlook. Mah Sing recorded new sales of RM430m in 4QFY22, bringing total new sales to RM2.12b in FY22. Note that new sales in FY22 includes RM115m land sales. New sales in FY22 were in line with management expectation of RM2b for FY22. Going forward, new sales outlook remains positive as management set higher new sales target of RM2.2b for FY23. New sales prospect is expected to support by key upcoming launches namely final tower of M Astra, M Nova in Kepong, M Minori in Johor and future phases of M Senyum in Salak Tinggi.

Maintain BUY with an unchanged TP of RM0.75. We maintain our earnings forecast and our **TP** of **RM0.75**, based on 65% discount to RNAV. We remain positive on Mah Sing as its strategy of quick turnaround and targeting first time home buyers will support new sales outlook. Besides, Mah Sing's project launches which are mainly in the mid-market segment which priced within affordable price range are expected to remain well received by buyers. Hence, we continue to see bright new sales outlook for Mah Sing and maintain our **BUY** call on Mah Sing.

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INVESTMENT STATISTICS

FYE Dec	FY21A	FY22A	FY23F	FY24F	FY25F
Revenue	1754.0	2317.2	2167.8	2276.7	2343.6
EBIT	261.4	320.5	304.4	340.6	381.9
PBT	219.2	264.1	273.7	311.7	354.9
Net Income	180.1	180.1	206.6	234.1	265.5
Core Net Income (before Perpetual Securities/Sukuk)	181.1	157.9	206.6	235.1	267.5
Core Net Income (After Perpetual Securities/Sukuk)	126.7	157.9	206.6	235.1	267.5
EPS (sen)	7.4	7.4	8.5	9.6	10.9
Core EPS (sen)	7.5	6.5	8.5	9.7	11.0
Net DPS (sen)	2.7	3.0	3.4	3.9	4.4
Net Dvd Yield	4.4%	5.0%	5.6%	6.4%	7.3%
Core PER	8.12	9.30	7.12	6.25	5.50
NTA/share (RM)	1.43	1.46	1.51	1.56	1.62
P/NTA	0.42	0.41	0.40	0.39	0.37
ROE	5.2%	4.4%	5.6%	6.2%	6.8%
ROA	2.6%	2.5%	3.2%	3.5%	3.9%

Source: Company, MIDFR

Mah Sing Group: 4QFY22 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY22	%YoY	%QoQ	FY22	%YoY
Revenue	670.9	24.8%	0.0%	2,317.2	32.1%
EBIT	82.5	29%	-13.2%	320.5	22.6%
PBT	68.0	29%	-15.4%	264.1	20.5%
Net Income	46.8	17%	-0.6%	180.1	11.9%
Core Net Income	53.0	271.7%	33.7%	157.9	49.0%
EPS (sen)	1.93	17%	-0.6%	7.4	11.9%
Core EPS (sen)	2.18	272%	33.7%	6.2	41.5%
Net DPS (sen)	3.00	NA	NA	3.0	NA
NTA/share (RM)	1.46	3%	1.3%	1.5	3%
Net Gearing (x)	0.22	NA	NA	0.22	NA
EBIT Margin	12.3%	NA	NA	13.8%	NA
PBT Margin	10.1%	NA	NA	11.4%	NA

Source: Company

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
M Terra & M Hana	100%	726	10%	54
Penang Projects				
Ferringhi Residence	100%	453	10%	37
Southbay City	100%	1441	10%	94
Permatang	100%	150	10%	12
Unbilled sales		1900		146
Total				**1702**
Shareholder Funds				3470
Total RNAV				5172
Number of shares				2428
RNAV per share				2.13
Discount				65%
Target Price				0.75

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