Mah Sing Group Berhad

***Maintain* BUY**

(8583 | MSGB MK) Main | Property

Beneficiary of Penang South Islands project

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

DEVELOPMENT

- Penang Chief Minister Chow Kon Yeow said that the Environmental Impact Assessment (EIA) report for the Penang South Islands (PSI) project has obtained approval from the Department of Environment (DOE) under the Ministry of Natural Resources, Environment and Climate Change.
- In addition to the EIA approval, state government through the PSI project implementing partner is applying for the Environmental Management Plan (EMP) approval from the DOE of Penang.
- The approval was for the construction of three islands. The PSI is a project to development of three artificial islands with an area of approximately 1,700 hectares in the waters of Permatang Damar Laut, near Bayan Lepas. Reclamation works is expected to start in third quarter this year.

OUR VIEW

- **Beneficiary of Penang South Islands project**. As reclamation works will start on Island A which will be turned into a Green Tech Park, the development will benefit projects at surrounding area. Mah Sing Group is expected to benefit from Penang South Islands project as its Southbay project is located at the southern part of Penang island. Note that Mah Sing has remaining 21 acres of land for Southbay project with development period of 8-10 years.
- **Potential upside to GDV**. The remaining parcels of Mah Sing's Southbay project are planned for residential and commercial development. We gather that Mah Sing may revise the planning as necessary as mid to high end residential development is expected to complement to Green Tech Park. Currently the remaining GDV for Southbay project is at approximately RM1.4b and there will be potential upside to GDV after the revision of development plan of Southbay project.
- **Earnings forecast maintained.** We make no changes to our earnings forecast for FY23F/24F/25F as the potential upside to GDV of Southbay project is expected to impact earnings in the longer term. Overall, we are positive on earnings outlook for Mah Sing due to stable new sales outlook. Mah Sing set new sales target higher at RM2.2b for FY23 from new sales achieved of RM2.1b in FY22.
- **Maintain BUY with unchanged TP of RM0.75.** We maintain our **TP** for Mah Sing at **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. Hence, we maintain our **BUY** call on Mah Sing.

INVESTMENT STATISTICS

FYE Dec	FY21A	FY22A	FY23F	FY24F	FY25F
Revenue	1530.8	1754.0	2317.2	2167.8	2276.7
EBIT	164.4	261.4	320.5	304.4	340.6
PBT	153.7	219.2	264.1	273.7	311.7
Net Income	95.6	180.1	180.1	206.6	234.1
Core Net Income (before Perpetual Securities/Sukuk)	108.4	181.1	157.9	206.6	235.1
Core Net Income (After Perpetual Securities/Sukuk)	36.4	126.7	157.9	206.6	235.1
EPS (sen)	3.9	7.4	7.4	8.5	9.6
Core EPS (sen)	4.5	7.5	6.5	8.5	9.7
Net DPS (sen)	1.66	2.7	3.0	3.4	3.9
Net Dvd Yield	2.7%	4.3%	4.9%	5.5%	6.3%
Core PER	13.77	8.25	9.46	7.23	6.36
NTA/share (RM)	1.42	1.43	1.46	1.50	1.53
P/NTA	0.43	0.43	0.42	0.41	0.40
ROE	3.2%	5.2%	4.4%	5.7%	6.3%
ROA	1.6%	2.6%	2.5%	3.1%	3.4%

Source: Company, MIDFR

SHARE PRICE CHART



Analyst(s)
JESSICA Low Jze Tieng
Jessica.low@midf.com.my
03 -2173 8391

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