

PROPERTY

Maintain POSITIVE

Rising of Puchong

KEY INVESTMENT HIGHLIGHTS

- A matured town in Klang Valley
- Good road connectivity and LRT connection
- Higher development density going forward
- Positive outlook for Selangor property market
- Maintain **POSITIVE** on property sector
- Developers in Puchong: Mah Sing Group (BUY, TP: RM1.23), Glomac Berhad (BUY, TP: RM0.43) and IOI Properties Group (NEUTRAL, TP: RM2.15)

A matured town in Klang Valley. Puchong was once a mining town and it has now become a matured town in Klang Valley, largely due to its proximity to KL City Centre which has attracted home buyers' buying interest. Puchong is located 20km away from KL City Centre and 16km from Petaling Jaya. Besides, the development of Cyberjaya and Putrajaya has also assisted in enhancing the appeal of Puchong amongst homebuyers. Meanwhile, most of property development in Puchong are landed properties which makes Puchong favoured by homebuyers.

Figure 1: Location of Puchong



Source: Google Maps

Good road connectivity and LRT connection. Puchong is connected to major highways namely Damansara-Puchong Highway (LDP), Lebuhraya Shah Alam (Kesas) and South Klang Valley Expressway (SKVE). In addition, Puchong is also connected by public transport as LRT line runs through Puchong. Sri Petaling Line has seven stops in Puchong with stations located in Puchong Prima, Puchong Perdana, Bandar Puteri, Pusat Bandar Puchong, Taman Perindustrian Puchong, IOI Puchong Jaya and Kinrara BK5. The connectivity to major highways and LRT connection has helped with the development of Puchong.

COMPANY IN FOCUS

Mah Sing Group Berhad

Maintain **BUY** | Revised Target price: RM1.23

Price @ 19th March 2024: RM1.06

- Management set higher new sales target of RM2.5b for FY24.
- M Terra in Puchong will be launched in 2QFY24.
- Balance sheet remains healthy with low net gearing of 0.08x.

Share price chart



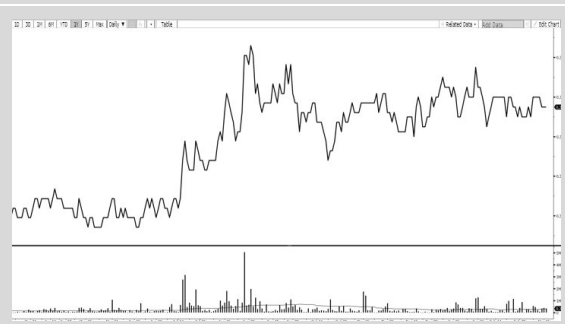
Glomac Berhad

Maintain **BUY** | Unchanged Target price: RM0.43

Price @ 19th March 2024: RM0.355

- Positive new sales prospect partly underpinned by launch of Loop Residence by FY24.
- Healthy balance sheet with low net gearing of 0.1x.
- Undemanding valuation as it is trading at 77% discount to its NTA of RM1.55.

Share price chart



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Wide range of amenities. With the growing population in Puchong, there is array of amenities in Puchong. Puchong's very first shopping mall - IOI Mall Puchong was launched in 1996. IOI Mall Puchong is a million square feet of gross development. It has four levels of shops and has over 3,000 parking bays. In addition, there are growing numbers of commercial and shop lots in Puchong. Besides, commercial development is also growing with Puchong Financial Corporate Centre (PFCC) built in Bandar Puteri Puchong. The PFCC is a finance and corporate zone comprising of four office towers and one hotel. The business hotel was run by Four Points by Sheraton which began operations in 2014.

Figure 2: IOI Mall Puchong



Source: IOI Mall Puchong website

Figure 3: Puchong Financial Corporate Centre (PFCC)



Source: IOI Properties Group website

Higher development density going forward. IOI Properties Group is one the biggest developers in Puchong. It developed Bandar Puchong Jaya and subsequently developed Bandar Puteri Puchong and 16 Sierra in Puchong South. Apart from IOI Properties Group, other prominent developers in Puchong are YTL Land & Development Bhd, Malton Berhad and Glomac Berhad. Projects by the lake in Puchong include Lake Edge by YTL Land & Development Berhad, Lakeside Residence by Glomac Berhad and Mutiara Puchong by Malton Berhad. Recently, Mah Sing Group expanded its property reach to Puchong as it acquired parcels of land in Puchong for high rise development. As urbanization of Puchong is nearing maturity and with lands getting scarce in Klang Valley, developers are planning for higher density projects such as condominiums instead of landed properties to maximize the development value of land.

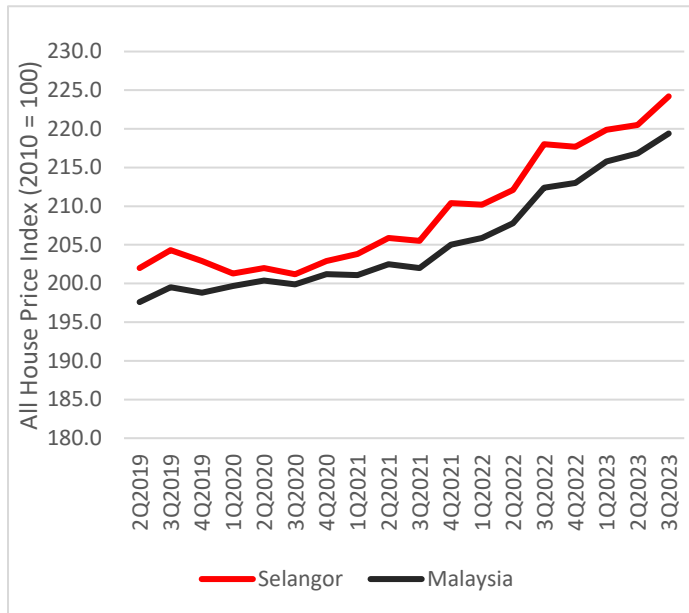
Figure 4: Major property companies in Puchong



Source: Google Maps, MIDF Research

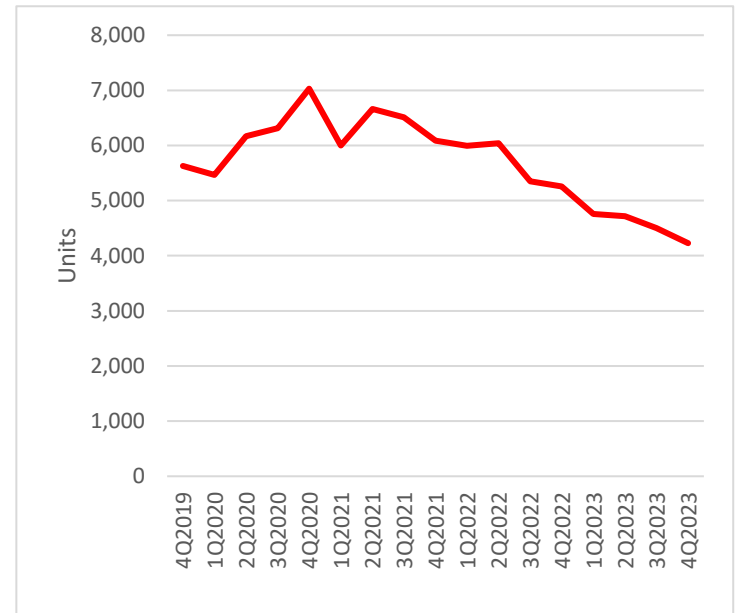
Positive outlook for Selangor property market. According to data from National Property Information Centre (NAPIC), House Price Index (HPI) for Selangor is on uptrend, supported by resilient demand for property in Selangor and recovery of property sector in Malaysia. HPI for Selangor is at 224.2 in 3QCY23, up from 220.5 in 2QCY23 and 218.0 in 3QCY22. HPI in Selangor recorded three consecutive growths in 1QCY23 to 3QCY23, in line with uptrend in HPI for Malaysia as property market is recovering post reopening of economy. Meanwhile, property landscape for Selangor is improving, evidenced by the lower residential overhang in Selangor. Residential overhang in Selangor fell to 4,228 units in 4QCY23 from 4,500 units in 3QCY23 and 5,258 units in 4QCY22. We believe that the continuous declines in residential overhang is positive for the property sector in Selangor as it eases concern on oversupply in residential properties. Overall, we see that outlook for property sector in Selangor to be stable and positive, supported by the stable house price outlook and easing concern on residential oversupply.

Figure 5: House Price Index



Source: NAPIC, MIDF Research

Figure 6: Selangor Residential Overhang



Source: NAPIC, MIDF Research


Maintain POSITIVE on property sector. We remain **POSITIVE** on property sector as we think that the recovery in property sector will continue to drive new sales and earnings of property developers. Property price outlook in Malaysia is expected to remain positive due to healthy buying interest. Our top picks for the sector are **Mah Sing Group (BUY, TP: RM1.23)** and **Matrix Concepts (BUY, TP: RM1.91)**. We like Mah Sing for its quick turnaround strategy and high exposure to affordable homes via its M series projects. Besides, its growing presence in industrial property segment will support earnings growth in the medium to long term. Meanwhile, we like Matrix Concepts as its new sales remain encouraging while landbank expansion in Labu will further buoy earnings growth. Besides, dividend yield of Matrix Concepts is attractive at 5.4%. 

Figure 7: Peers comparison table

| Stock | Rec. | Price @ 19-March-2024 | Target Price (RM) | Core EPS (sen) | | Core PER (x) | | Net DPS (sen) | | Net Dvd Yield | | P/NTA (x) |
|---------|---------|-----------------------|-------------------|----------------|-------|--------------|-------|---------------|-------|---------------|-------|-----------|
| | | | | FY24F | FY25F | FY24F | FY25F | FY24F | FY25F | FY24F | FY25F | |
| MAHSING | BUY | 1.06 | 1.23 | 9.8 | 11.2 | 10.8 | 9.4 | 4.0 | 4.2 | 3.8% | 4.0% | 0.70 |
| SPSETIA | BUY | 1.12 | 1.16 | 6.7 | 8.1 | 9.2 | 7.9 | 1.7 | 1.8 | 2.5% | 2.6% | 0.33 |
| ECOWLD | BUY | 1.47 | 1.33 | 9.5 | 9.6 | 15.5 | 15.2 | 6.0 | 6.0 | 4.1% | 4.1% | 0.92 |
| GLOMAC | BUY | 0.36 | 0.45 | 2.0 | 4.3 | 17.8 | 8.4 | 1.3 | 1.3 | 3.7% | 3.7% | 0.23 |
| MATRIX | BUY | 1.82 | 1.91 | 20.4 | 22.4 | 8.9 | 8.1 | 9.80 | 10.75 | 5.4% | 5.9% | 1.08 |
| SUNWAY | BUY | 3.32 | 3.01 | 11.2 | 11.9 | 29.7 | 27.9 | 6.5 | 7.0 | 2.0% | 2.1% | 1.59 |
| IOIPG | NEUTRAL | 2.26 | 2.15 | 11.6 | 13.3 | 19.5 | 17.0 | 5.0 | 5.0 | 2.2% | 2.2% | 0.55 |
| UOADEV | NEUTRAL | 1.86 | 1.82 | 8.5 | 8.3 | 21.9 | 22.5 | 10.0 | 10.0 | 5.4% | 5.4% | 0.86 |

Source: MIDF Research

Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

M Series project in Puchong


KEY INVESTMENT HIGHLIGHTS

- Expanded property reach to Puchong
- M-Series project in Puchong
- Positive new sales outlook
- Earnings forecast unchanged
- Maintain BUY with a revised TP of RM1.23

Expanded property reach to Puchong. Mah Sing Group (Mah Sing) expanded its property reach to Puchong after acquiring two parcels of land measuring 8.2 acres located in Puchong Perdana, Puchong in January 2023. Mah Sing is planning to launch first phase of project on the land in 2Q2024, in line with its quick turnaround strategy. First phase of the project is named M Terra which is a high-rise development with GDV of RM369m while M Hana is the second phase of the project which is a mixed-use development.

M-Series project in Puchong. M Terra is the addition to Mah Sing's M Series project which offers affordable development range. The project spread across 3.7-acre land, featuring 39-storey serviced apartment tower with a total of 999 units. The build-up sizes range from 549 to 1,023 square feet with selling prices start from RM250k (for Rumah Mampu Milik) to ~RM650k. Note that Rumah Mampu Milik makes up about 25% of total units. The project has good connectivity as it is situated close to Puchong Perdana and Puchong Prima LRT stations. Meanwhile, the project has opened for registration of interest and we gathered that respond was overwhelming. Hence, we expect take up rate for M Terra to be strong upon its official launch in 2Q2024.

Positive new sales outlook. New property sales outlook for Mah Sing is better as management targets higher new sales of RM2.5b for FY24 against new sales of RM2.2b in FY23. We see brighter new sales prospect for Mah Sing as we see that demand for its M Series affordable homes to remain resilient. New sales momentum is expected to sustain by its projects in the pipeline namely M Terra and M Hana in Puchong, M Tiara in Johor, M Legasi in Semenyih, M Zenya in Kepong, and M Azura in Setapak. Besides, contribution from industrial property development will further drive new property sales and earnings growth going forward.

Maintain BUY with a revised TP of RM1.23. We maintain our earnings forecast for Mah Sing. We revise our TP for Mah Sing to **RM1.23** from RM1.12 as we narrowed our RNAV discount to 45% from 50% in view of the positive new sales outlook. We maintain our **BUY** call on Mah Sing as we see that its M-series project will continue to spur new sales growth while its growing exposure to industrial property development support sales growth. Meanwhile, balance sheet of Mah Sing remains healthy with low net gearing of 0.11x as of 4QFY23. 

Maintain BUY

Revised Target Price: RM1.23
(Previously: RM1.12)

RETURN STATISTICS

| | |
|--|-------|
| Price @ 19 th March 2024 (RM) | 1.06 |
| Expected share price return (%) | +16.0 |
| Expected dividend yield (%) | +3.9 |
| Expected total return (%) | +19.9 |

SHARE PRICE CHART



| Price performance (%) | Absolute | Relative |
|-----------------------|----------|----------|
| 1 month | 15.2 | 14.7 |
| 3 months | 27.7 | 22.6 |
| 12 months | 73.8 | 58.8 |

INVESTMENT STATISTICS

| FYE Dec | 2024E | 2025F | 2026F |
|-------------------|-------|-------|-------|
| Revenue | 2,630 | 2,664 | 2,719 |
| Operating Profit | 345 | 389 | 420 |
| Profit Before Tax | 317 | 362 | 389 |
| Core PATAMI | 239 | 273 | 291 |
| Core EPS | 9.82 | 11.23 | 11.98 |
| DPS | 4.00 | 4.20 | 4.30 |
| Dividend Yield | 3.77% | 3.96% | 4.06% |

KEY STATISTICS

| | |
|----------------------------------|---------------|
| FBM KLCI | 1,544.96 |
| Issue shares (m) | 2427.69 |
| Estimated free float (%) | 49.62 |
| Market Capitalisation (RM'm) | 2,573 |
| 52-wk price range | RM0.58-RM1.07 |
| 3-mth average daily volume (m) | 7.49 |
| 3-mth average daily value (RM'm) | 6.92 |
| 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 |

Analyst

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Figure 8: M Terra in Puchong



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% | 74 | 10% | 6 |
| 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% | 12 | 10% | 1 |
| Garden Plaza, Cyberjaya | 100% | 31 | 10% | 3 |
| M City, Jalan Ampang | 100% | 2 | 10% | 0 |
| M Residence 1 @ Rawang | 100% | 173 | 10% | 13 |
| M Residence 2 @ Rawang | 100% | 33 | 10% | 3 |
| Southville City @ KL South, Bangi | 100% | 8465 | 10% | 508 |
| Icon City, PJ | 100% | 1901 | 10% | 147 |
| D'sara Sentral | 100% | 51 | 10% | 4 |
| Lakeville Residence | 100% | 1 | 10% | 0 |
| M Aruna Rawang | 100% | 170 | 10% | 14 |
| M Centura, M Arisa, Sentul | 78% | 7 | 10% | 0 |
| M Vertica, Cheras | 100% | 217 | 10% | 17 |
| M Oscar | 100% | 28 | 10% | 2 |
| M Luna | 100% | 18 | 10% | 1 |
| M Adora | 100% | 9 | 10% | 1 |
| M Senyum | 100% | 134 | 10% | 10 |

| | Stake | Est remaining GDV (RM m) | WACC (%) | Value (RM m) |
|---------------------------------------|-------|-----------------------------|----------|--------------|
| M Astra | 100% | 29 | 10% | 2 |
| M Nova | 100% | 578 | 10% | 43 |
| M Terra & M Hana | 100% | 726 | 10% | 54 |
| M Legasi (Glengowrie Estate) Semenyih | 100% | 3300 | 10% | 198 |
| M Zenya | 100% | 500 | 10% | 37 |
| M Azura, Setapak | 100% | 508 | 10% | 39 |
| Mah Sing Businss Park | 56% | 728 | 10% | 32 |
| Johor Projects | | | | |
| Sierra Perdana | 100% | 140 | 10% | 11 |
| Meridin @ Medini | 100% | 227 | 10% | 18 |
| Meridin East | 100% | 3536 | 10% | 196 |
| Mah Sing i-Parc | 100% | 0 | 10% | 0 |
| M Minori | 100% | 369 | 10% | 27 |
| M Tiara | 100% | 480 | 10% | 36 |
| Penang Projects | | | | |
| Ferringhi Residence | 100% | 378 | 10% | 31 |
| Southbay City | 100% | 1418 | 10% | 92 |
| Unbilled sales | | 2330 | | 179 |
| Total | | | | 1,761 |
| Shareholder Funds | | | | 3,701 |
| Total RNAV | | | | 5,462 |
| Number of shares | | | | 2,438 |
| RNAV per share (RM) | | | | 2.24 |
| Discount | | | | 45% |
| Target Price (RM) | | | | 1.23 |

Source: MIDFR

FINANCIAL SUMMARY

| Income Statement (RM'm) | 2022A | 2023A | 2024E | 2025F | 2026F |
|-------------------------|-------|-------|-------|-------|-------|
| Revenue | 2,317 | 2,603 | 2,630 | 2,664 | 2,719 |
| EBIT | 320 | 379 | 345 | 389 | 420 |
| PBT | 264 | 327 | 317 | 362 | 389 |
| Net Income | 180 | 215 | 238 | 271 | 291 |
| Core Net Income | 158 | 216 | 239 | 273 | 291 |
| Core EPS (sen) | 6.5 | 8.9 | 9.8 | 11.2 | 12.0 |
| Core PER (x) | 16.3 | 11.9 | 10.8 | 9.4 | 8.8 |
| NTA/share | 1.46 | 1.54 | 1.57 | 1.60 | 1.62 |
| P/NTA | 0.72 | 0.69 | 0.68 | 0.66 | 0.65 |

| Balance Sheet (RM'm) | 2022A | 2023A | 2024E | 2025F | 2026F |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Property, plant and equipment | 392 | 408 | 424 | 428 | 433 |
| Land held for property development | 1,839 | 1,766 | 1,740 | 1,705 | 1,671 |
| Total non-current assets | 2,685 | 2,627 | 2,730 | 2,790 | 2,851 |
| Property development costs | 1,017 | 1,000 | 1,032 | 1,042 | 1,052 |
| Inventories | 674 | 530 | 556 | 568 | 581 |
| Cash and bank balances | 580 | 981 | 1,140 | 1,341 | 1,644 |
| Other assets | 1,434 | 1,279 | 1,254 | 1,206 | 1,068 |
| Total Assets | 6,390 | 6,417 | 6,712 | 6,947 | 7,196 |
| Medium Term Notes | 1,001 | 1,003 | 1,053 | 1,127 | 1,206 |
| LT Term Loans | 255 | 266 | 287 | 294 | 300 |
| Other Liabilities | 1,547 | 1,411 | 1,548 | 1,637 | 1,734 |
| Total Liability | 2,803 | 2,680 | 2,889 | 3,058 | 3,240 |
| Share capital | 1,776 | 1,776 | 1,776 | 1,776 | 1,776 |
| Other Equity | 1,811 | 1,961 | 2,047 | 2,113 | 2,180 |
| Total Equity | 3,587 | 3,737 | 3,823 | 3,889 | 3,956 |
| Equity + Liability | 6,390 | 6,417 | 6,712 | 6,947 | 7,196 |

| Cash Flow (RM'm) | 2022A | 2023A | 2024E | 2025F | 2026F |
|--|-------|-------|-------|-------|-------|
| Cash flows from operating activities | | | | | |
| Net income before taxation | 264 | 327 | 317 | 362 | 389 |
| Net cash from operating activities | 716 | 1090 | 1103 | 1081 | 1059 |
| Cash flows from investing activities | | | | | |
| Addition to land held for property development | -50 | -46 | -35 | -30 | -26 |
| Net cash used in investing activities | -209 | -496 | -543 | -580 | -441 |
| Cash flows from financing activities | | | | | |
| Net proceeds from issuance of Medium Term Notes | 0 | 0 | 0 | 0 | 0 |
| Net cash from/(used in) financing activities | -540 | -298 | -311 | -305 | -308 |
| Net increase/(decrease) in cash and cash equivalents | -33 | 296 | 249 | 196 | 310 |
| Cash and cash equivalent at 1 January | 512 | 480 | 781 | 1030 | 1226 |
| Cash and cash equivalent at 1 December | 480 | 781 | 1030 | 1226 | 1536 |

| Key Metrics | 2022A | 2023A | 2024E | 2025F | 2026F |
|--------------------|-------|-------|-------|-------|-------|
| EBIT margin | 13.8% | 14.6% | 13.1% | 14.6% | 15.4% |
| PBT margin | 11.4% | 12.6% | 12.0% | 13.6% | 14.3% |
| PAT margin | 7.8% | 8.3% | 9.0% | 10.2% | 10.7% |
| Core PATAMI margin | 6.8% | 8.3% | 9.1% | 10.2% | 10.7% |
| ROE | 4.4% | 5.8% | 6.2% | 7.0% | 7.4% |

Glomac Berhad

(5020 | GLMC MK) Main | Property


Maintain BUY**New integrated development in Puchong****Unchanged Target Price: RM0.43****KEY INVESTMENT HIGHLIGHTS**

- **Lakeside Residence**, Glomac's flagship township in Puchong
- **Loop City** the new integrated development in Puchong
- **Loop Residence** to be launched by FY24
- **Stronger new sales outlook**
- **Maintain BUY with an unchanged TP of RM0.43**

Lakeside Residence. Lakeside Residence is Glomac flagship integrated residential project in Puchong, Selangor. The township is a 200-acre of development with total estimated GDV of ~RM4b. Lakeside Residence is strategically located within the proximity to Puchong commercial hub. Most of the projects at Lakeside Residence are landed homes. Meanwhile, Glomac is planning a new integrated development in Puchong, named Loop City @ Puchong next to its Lakeside Residence. As land is getting scarce in Puchong, projects at Loop City @ Puchong will be mainly high-rise which comprise of residences, commercial and retail components.

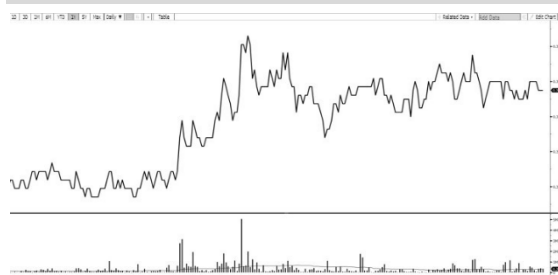
Loop City @ Puchong. Loop City @ Puchong is on 15.3 acres of land located next to Glomac's Lakeside Residence in Puchong. Estimated GDV of Loop City @ Puchong is at RM1.57b. The project is a JV by Glomac Al Batha Sdn Bhd, jointly owned by Glomac (51%) and Al Batha Real Estate Co (49%). Glomac plans to launch first phase of project being Loop Residence by FY24. Loop Residence has a GDV of about RM338m, consists of 980 units of serviced apartment. The unit sizes range from 450 square feet to 750 square feet with indicative average selling price at RM320k.

Stronger new sales outlook. Glomac recorded new sales of RM138m in 1HFY24 and we expect stronger new sales in 2HFY24. Going forward, we expect new sales in 2HFY24 and FY25 to be stronger as sales of Loop Residence should support new sales growth. Besides, sales of new project at it established township namely Saujana KLIA, Lakeside Residence and Bandar Saujana Utama will continue to drive its new sales growth going forward.

Maintain BUY with an unchanged TP of RM0.43. We maintain our earnings forecast for FY24F/25F/26F. We maintain our **TP** for Glomac at **RM0.43**, based on 80% discount to RNAV. We expect new sales growth to be positive for FY24F and FY25F and that will support earnings growth going forward. Meanwhile, Glomac has sturdy balance sheet with low net gearing of 0.1x. Besides, valuation of Glomac is undemanding, trading at 77% discount to latest NTA of RM1.55 per share. Hence, we maintain our **BUY** call on Glomac. 

RETURN STATISTICS

| | |
|---------------------------------|-------|
| Price @ 19 March 2024 (RM) | 0.355 |
| Expected share price return (%) | +21.1 |
| Expected dividend yield (%) | +3.7 |
| Expected total return (%) | +24.8 |

SHARE PRICE CHART

| Price performance (%) | Absolute | Relative |
|-----------------------|----------|----------|
| 1 month | -1.4 | -1.8 |
| 3 months | -1.4 | -5.1 |
| 12 months | 14.5 | 4.6 |

INVESTMENT STATISTICS

| FYE April | 2024E | 2025F | 2026F |
|-------------------|-------|-------|-------|
| Revenue | 327 | 400 | 442 |
| Gross Profit | 80 | 110 | 130 |
| Profit Before Tax | 15 | 33 | 44 |
| Core PATAMI | 15 | 33 | 44 |
| Core EPS | 2.00 | 4.25 | 5.69 |
| DPS | 1.30 | 1.30 | 1.50 |
| Dividend Yield | 3.66% | 3.66% | 4.23% |

KEY STATISTICS

| | |
|----------------------------------|---------------|
| FBM KLCI | 1,544.96 |
| Issue shares (m) | 767.49 |
| Estimated free float (%) | 25.65 |
| Market Capitalisation (RM'm) | 272 |
| 52-wk price range | RM0.29-RM0.40 |
| 3-mth average daily volume (m) | 0.31 |
| 3-mth average daily value (RM'm) | 0.11 |
| Top Shareholders (%) | |
| Bin Fateh Din Mohamed | 21.01 |
| Mohamed Mansor Fateh | 19.14 |
| Fong Loong Tuck | 17.05 |
| Shapadu Capital Sdn Bhd | 11.45 |

Analyst

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Figure 9: Loop Residence



Source: Company

Figure 10: Loop Residence Location Map



Source: Company

GLOMAC RNAV

| | Stake | Est remaining GDV (RM m) | WACC (%) | Value (RM m) |
|----------------------|-------|--------------------------|----------|---------------|
| Projects | | | | |
| Lakeside Residences | 100% | 3446 | 10% | 159.68 |
| Loop City, Puchong | 51% | 1555 | 10% | 50.17 |
| Saujana KLIA | 100% | 835 | 10% | 65.65 |
| Saujana Perdana | 100% | 182 | 10% | 9.63 |
| Saujana Utama 5 | 100% | 325 | 10% | 23.93 |
| Saujana Rawang | 100% | 290 | 10% | 22.37 |
| Sri Saujana, Johor | 100% | 178 | 10% | 14.06 |
| Saujana Jaya, Johor | 100% | 612 | 10% | 45.45 |
| Glomac Cyberjaya | 100% | 123 | 10% | 9.56 |
| Glomac Cyberjaya 2 | 100% | 126 | 10% | 9.79 |
| Unbilled sales | | 451 | | 33.50 |
| Total | | | | 443.79 |
| Shareholders Funds | | | | 1,193.54 |
| Number of shares (m) | | | | 768.07 |
| RNAV per share | | | | 2.13 |
| Discount | | | | 80% |
| Target Price (RM) | | | | 0.43 |

Source: MIDFR

FINANCIAL SUMMARY

| Income Statement (RM'm) | 2022A | 2023A | 2024E | 2025F | 2026F |
|-------------------------|-------|-------|-------|-------|-------|
| Revenue | 259 | 341 | 327 | 400 | 442 |
| Gross Profit | 96 | 107 | 80 | 110 | 130 |
| Core PBT | 58 | 51 | 24 | 52 | 69 |
| Net Income | 36 | 31 | 15 | 33 | 44 |
| Core Net Income | 37 | 31 | 15 | 33 | 44 |
| Core EPS (sen) | 4.8 | 4.1 | 2.0 | 4.3 | 5.7 |
| Core PER (x) | 7.4 | 8.7 | 17.7 | 8.3 | 6.2 |
| NTA/share | 1.49 | 1.53 | 1.54 | 1.57 | 1.62 |
| P/NTA | 0.24 | 0.23 | 0.23 | 0.23 | 0.22 |

| Balance Sheet (RM'm) | 2022A | 2023A | 2024E | 2025F | 2026F |
|--|----------------|----------------|----------------|----------------|----------------|
| ASSETS | | | | | |
| Non-current Assets | | | | | |
| Property, plant and equipment | 40.18 | 39.23 | 41.19 | 43.25 | 45.42 |
| Investment properties | 345.10 | 344.80 | 348.25 | 351.73 | 355.25 |
| Inventories | 719.66 | 766.44 | 791.73 | 839.23 | 889.59 |
| Other non-current assets | 96.70 | 114.15 | 95.38 | 101.69 | 101.69 |
| Total Non-current Assets | 1201.64 | 1264.62 | 1276.55 | 1335.91 | 1391.94 |
| Current Assets | | | | | |
| Inventories | 238.35 | 167.34 | 165.67 | 164.01 | 162.37 |
| Contract assets | 169.28 | 189.76 | 185.97 | 182.25 | 178.60 |
| Deposits, cash and bank balances | 215.41 | 288.84 | 324.14 | 338.73 | 353.97 |
| Other current assets | 119.74 | 120.64 | 95.60 | 66.71 | 66.40 |
| Total Current Assets | 742.77 | 766.59 | 771.38 | 751.70 | 761.35 |
| TOTAL ASSETS | 1944.40 | 2031.21 | 2047.93 | 2087.61 | 2153.29 |
| EQUITY & LIABILITIES | | | | | |
| Capital and Reserves | | | | | |
| Issued capital | 418.63 | 418.63 | 418.63 | 418.63 | 418.63 |
| Retained earnings | 740.10 | 772.68 | 778.06 | 800.74 | 844.52 |
| Other capital and reserves | -13.25 | -13.48 | -14.15 | -14.86 | -15.60 |
| Equity att. To owners of the company | 1145.48 | 1177.83 | 1182.54 | 1204.51 | 1247.55 |
| Non-controlling interests | 66.56 | 66.45 | 68.45 | 70.50 | 72.62 |
| Total Equity | 1212.04 | 1244.29 | 1250.98 | 1275.01 | 1320.16 |
| Non-current Liabilities | | | | | |
| Borrowings | 240.01 | 147.42 | 143.00 | 147.58 | 152.30 |
| Other non-current liabilities | 0.45 | 1.91 | 1.97 | 2.03 | 2.09 |
| Total Non-current Liabilities | 240.46 | 149.34 | 144.97 | 149.61 | 154.39 |
| Current Liabilities | | | | | |
| Trade payables | 85.43 | 106.13 | 108.25 | 110.42 | 112.62 |
| Borrowings | 251.64 | 331.17 | 341.44 | 348.27 | 359.76 |
| Other current liabilities | 154.84 | 200.28 | 202.28 | 204.31 | 206.35 |
| Total Current Liabilities | 491.91 | 637.58 | 651.97 | 662.99 | 678.73 |
| Total Liabilities | 732.36 | 786.92 | 796.95 | 812.60 | 833.13 |
| TOTAL EQUITY & LIABILITIES | 1944.40 | 2031.21 | 2047.93 | 2087.61 | 2153.29 |
| Cash Flow (RM'm) | 2022A | 2023A | 2024E | 2025F | 2026F |
| Cash Flows From/(Used In) Operating Activities | | | | | |
| Profit before tax | 57.51 | 50.45 | 24.38 | 51.87 | 69.50 |
| Adjustments | 38.51 | 31.91 | 59.63 | 33.83 | 17.91 |
| Operating Profit/(Loss) Before Working Capital Changes | 96.02 | 82.37 | 84.01 | 85.69 | 87.41 |
| Cash Generated From/(Used In) Operations | 47.87 | 145.55 | 126.63 | 130.43 | 134.34 |
| Net Cash From/(Used In) Operating Activities | 13.61 | 101.40 | 102.62 | 76.97 | 79.12 |
| Cash Flows (Used In)/From Investing Activities | | | | | |
| Purchase of PPE | -0.36 | -1.11 | -1.15 | -1.20 | -1.24 |
| Interest Received | 2.68 | 3.70 | 3.77 | 3.98 | 4.20 |
| Others | 0.68 | 1.08 | 1.10 | 1.14 | 1.18 |
| Net Cash (Used In)/From Investing Activities | 3.00 | 3.67 | 3.72 | 3.92 | 4.13 |

| | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| Cash Flows From/(Used In) Financing Activities | | | | | |
| Net Cash From/(Used In) Financing Activities | -19.00 | -30.74 | 25.02 | 21.34 | 17.96 |
| Net Increase In Cash and Cash Equivalents | -2.39 | 74.33 | 131.36 | 102.23 | 101.21 |
| Cash and Cash Equivalents at Beginning of FY | 194.11 | 191.69 | 263.74 | 395.10 | 497.33 |
| Cash and Cash Equivalents at End of FY | 191.69 | 263.74 | 395.10 | 497.33 | 598.54 |
| Profitability Margins | 2022A | 2023A | 2024E | 2025F | 2026F |
| EBIT margin | 37.1% | 31.4% | 24.5% | 27.5% | 29.5% |
| PBT margin | 22.2% | 14.8% | 7.5% | 13.0% | 15.7% |
| Core PATAMI margin | 14.1% | 9.2% | 4.7% | 8.2% | 9.9% |
| ROE | 3.2% | 2.7% | 1.3% | 2.7% | 3.5% |
| ROA | 1.9% | 1.5% | 0.8% | 1.6% | 2.0% |

IOI Properties Group Berhad

(5249 | IOIPG MK) Main | Property

Maintain NEUTRAL

16 Sierra township at Puchong South

Unchanged Target Price: RM2.15

KEY INVESTMENT HIGHLIGHTS

- **16 Sierra township**
- **Landed projects in 16 Sierra**
- **Covo the first TOD project in 16 Sierra**
- **Earnings forecast maintained**
- **Downgrade to NEUTRAL with an unchanged TP of RM2.15**

16 Sierra township. Having successfully developed Bandar Puchong Jaya and Bandar Puteri Puchong, IOI Properties Group started to establish a new township, 16 Sierra, at Puchong South in 2008. The original development land size for 16 Sierra is 548 acres while remaining development land size is 163 acres. Meanwhile estimated remaining GDV for 16 Sierra is RM6.5b. The name 16 Sierra is drawing from 16 themed gardens. The township has good connectivity as it has accessibility to South Klang Valley Expressway (SKVE), Lebuhraya Damansara-Puchong (LDP) and Maju Expressway (MEX). Besides, connectivity of 16 Sierra improved with 16 Sierra MRT station located within the township.

Landed projects. Property developments in 16 Sierra are mainly landed homes to meet demand for home buyers who seek for larger living spaces. Besides, IOI Properties completed two high rise projects in 16 Sierra namely La Thea Residences and Zentro Residences. Meanwhile, IOI Properties recently launched its latest landed property project, Aster. It offers 121 units of 2-storey terrace homes with built-ups from 2,349 to 2,421 square feet with selling price starts from RM1.4m. Upcoming landed projects in 16 Sierra include Oakleaf with 272 units of 3-storey townhouse units. Going forward, IOI Properties plans to launch more high-rise projects in 16 Sierra due to scarcity of land in 16 Sierra.

TOD project in 16 Sierra. IOI Properties plans to launch its maiden Transit-Oriented Development (TOD) project in 16 Sierra, named Covo. Covo is located 100m away from the 16 Sierra MRT station with covered walkway. It comprises of 601 units of serviced apartments with built-ups from 550 square feet to 1,130 square feet. Overall, we think that new sales of IOI Properties Group going forward will be mainly driven by its township projects in Malaysia.

Maintain NEUTRAL with an unchanged TP of RM2.15. We keep our earnings forecast for FY24F/25F/26F unchanged. We maintain our **TP** for IOI Properties at **RM2.15** based on 55% discount to RNAV. We see that long-term prospect for IOI Properties to be stable as its township projects in Malaysia continue to contribute stable sales. Besides, potential listing of its investment properties will unlock value of its investment properties. Nevertheless, we maintain our **NEUTRAL** call on IOI Properties due to limited upside.



RETURN STATISTICS

| | |
|--|------|
| Price @ 19 th March 2024 (RM) | 2.26 |
| Expected share price return (%) | -4.9 |
| Expected dividend yield (%) | 2.2 |
| Expected total return (%) | -2.7 |

SHARE PRICE CHART



| Price performance (%) | Absolute | Relative |
|-----------------------|----------|----------|
| 1 month | -1.3 | -1.7 |
| 3 months | 29.1 | 24.7 |
| 12 months | 103.6 | 86.0 |

INVESTMENT STATISTICS

| FYE Dec | 2024E | 2025F | 2026F |
|-------------------|-------|-------|-------|
| Revenue | 2,483 | 2,775 | 3,373 |
| Operating Profit | 801 | 930 | 1,162 |
| Profit Before Tax | 873 | 1,002 | 1,234 |
| Core PATAMI | 642 | 737 | 907 |
| Core EPS | 11.59 | 13.30 | 16.37 |
| DPS | 5.00 | 5.00 | 5.00 |
| Dividend Yield | 2.2% | 2.2% | 2.2% |

KEY STATISTICS

| | |
|----------------------------------|---------------|
| FBM KLCI | 1,544.96 |
| Issue shares (m) | 5,506.15 |
| Estimated free float (%) | 13.37 |
| Market Capitalisation (RM'm) | 9,525 |
| 52-wk price range | RM1.05-RM2.36 |
| 3-mth average daily volume (m) | 7.55 |
| 3-mth average daily value (RM'm) | 16.01 |
| Top Shareholders (%) | |
| Vertical Capacity Sdn Bhd | 65.67 |
| Employees Provident Fund Board | 6.44 |
| Amanah Saham Nasional Bhd | 6.35 |

Analyst

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Figure 11: 16 Sierra Master Plan



Source: Company

Figure 12: Covo Scale Model



Source: MIDF Research

IOIPG RNAV

| | Stake | Est remaining GDV (RM m) | WACC (%) | Value (RM m) |
|---|-------|-----------------------------|----------|--------------|
| Klang Valley Projects | | | | |
| 16 Sierra, South Puchong | 100% | 5600 | 11% | 532 |
| Bandar Puchong Jaya, Puchong | 100% | 500 | 11% | 66 |
| Bandar Puteri, Puchong | 100% | 12000 | 11% | 1140 |
| IOI Resort City, Putrajaya | 100% | 14900 | 11% | 920 |
| Bandar Puteri Bangi, Selangor | 100% | 5400 | 11% | 513 |
| Bandar Puteri Warisan, Sepang | 100% | 3400 | 11% | 369 |
| BC Industrial Park | 100% | 2100 | 11% | 339 |
| Johor Projects | | | | |
| Bandar Putra Kulai, Johor | 100% | 5400 | 11% | 513 |
| Bandar IOI Segamat, Johor | 100% | 500 | 11% | 66 |
| Taman Lagenda Putra, Kulai, Johor | 100% | 100 | 11% | 15 |
| Taman Kempas Utama, Johor Bahru, Johor | 100% | 800 | 11% | 100 |
| i-Synergy, Senai, Kulai, Johor | 100% | 1800 | 11% | 215 |
| Other States Projects | | | | |
| Desaria , Sungai Ara, Penang | 100% | 200 | 11% | 26 |
| Bandar IOI, Bahau, Negeri Sembilan | 100% | 200 | 11% | 24 |
| Singapore Projects | | | | |
| Cape Royale @ Sentosa Cove, Singapore | 65% | 4760 | 11% | 299 |
| Seascape @ Sentosa Cove | 50% | 1020 | 11% | 67 |
| Marina View | 100% | 8840 | 11% | 995 |
| China Projects | | | | |
| IOI Palm International Parkhouse, Xiamen, PRC | 100% | 715 | 11% | 94 |
| IOI Palm City, Xiamen, PRC | 100% | 195 | 11% | 22 |

| | Stake | Est remaining GDV (RM m) | WACC (%) | Value (RM m) |
|-----------------------------------|-------|-----------------------------|----------|--------------|
| Unbilled sales | | 1500 | | 69 |
| Subtotal | | | | 6380 |
| Total | | | | 6380 |
| Shareholder Funds | | | | 2,1742.3 |
| Total RNAV | | | | 28,123 |
| Enlarged share base | | | | 5,506.0 |
| Fully-diluted RNAV per share (RM) | | | | 5.11 |
| Discount | | | | 55% |
| Target Price (RM) | | | | 2.15 |

FINANCIAL SUMMARY

| Income Statement (RM'm) | 2022A | 2023A | 2024F | 2025F | 2026F |
|-------------------------|-------|-------|-------|-------|-------|
| Revenue | 2,590 | 2,593 | 2,483 | 2,775 | 3,373 |
| EBIT | 1,040 | 1,276 | 801 | 930 | 1,162 |
| PBT | 1,103 | 867 | 873 | 1,002 | 1,234 |
| Net Income | 687 | 1,393 | 642 | 737 | 907 |
| Core Net Income | 715 | 640 | 642 | 737 | 907 |
| Core EPS (sen) | 13.0 | 11.6 | 11.6 | 13.3 | 16.4 |
| Core PER (x) | 17.4 | 19.4 | 19.5 | 17.0 | 13.8 |
| NTA/share | 3.71 | 3.87 | 3.92 | 4.00 | 4.10 |
| P/NTA | 0.61 | 0.58 | 0.58 | 0.57 | 0.55 |

| Balance Sheet (RM'm) | 2022A | 2023A | 2024F | 2025F | 2026F |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Property, plant and equipment | 3,054 | 3,296 | 3,263 | 3,231 | 3,037 |
| Land held for property development | 9,077 | 5,607 | 6,034 | 5,607 | 5,534 |
| Total non-current assets | 32,562 | 31,753 | 31,635 | 31,350 | 31,183 |
| Property development costs | 568 | 5,125 | 4,735 | 5,382 | 6,822 |
| Inventories | 3,052 | 2,414 | 3,500 | 3,570 | 3,641 |
| Cash and bank balances | 1,105 | 1,758 | 1,113 | 883 | 1,578 |
| Other assets | 2,214 | 1,575 | 2,502 | 2,817 | 1,418 |
| Total Assets | 39,501 | 42,624 | 43,485 | 44,002 | 44,641 |
| Long Term Borrowings | 3,331 | 2,829 | 4,961 | 4,713 | 4,478 |
| Short-term Borrowings | 13,486 | 15,035 | 14,734 | 15,058 | 15,389 |
| Other Liabilities | 2,074 | 2,320 | 1,980 | 1,976 | 1,972 |
| Total Liability | 18,891 | 20,183 | 21,676 | 21,748 | 21,839 |
| Share capital | 18,514 | 18,514 | 18,514 | 18,514 | 18,514 |
| Other Equity | 2,096 | 3,926 | 3,295 | 3,740 | 4,288 |
| Total Equity | 20,611 | 22,441 | 21,809 | 22,254 | 22,802 |
| Equity + Liability | 39,501 | 42,624 | 43,485 | 44,002 | 44,641 |

| Cash Flow (RM'm) | 2022A | 2023A | 2024F | 2025F | 2026F |
|--|-------|-------|-------|-------|-------|
| Cash flows from operating activities | | | | | |
| Net income before taxation | 1103 | 1620 | 873 | 1002 | 1234 |
| Net cash from operating activities | 694 | 1594 | 356 | 489 | 693 |
| Cash flows from investing activities | | | | | |
| Net cash used in investing activities | -5246 | -214 | -103 | -190 | -190 |
| Cash flows from financing activities | | | | | |
| Drawdown of borrowings | 5901 | 1700 | 254 | -230 | -218 |
| Net cash from/(used in) financing activities | 5038 | -1057 | -137 | -503 | -490 |
| Net increase/(decrease) in cash and cash equivalents | 486 | 322 | 116 | -204 | 13 |
| Cash and cash equivalent at 1 January | 1848 | 2351 | 2682 | 2802 | 2601 |
| Cash and cash equivalent at 1 December | 2351 | 2682 | 2802 | 2601 | 2620 |

| Profitability Margins | 2022A | 2023E | 2024F | 2025F | 2025F |
|-----------------------|-------|-------|-------|-------|-------|
| EBIT margin | 40.1% | 49.2% | 32.3% | 33.5% | 34.4% |
| PBT margin | 42.6% | 33.4% | 35.2% | 36.1% | 36.6% |
| PAT margin | 26.5% | 53.7% | 25.9% | 26.5% | 26.9% |
| Core PATAMI margin | 27.6% | 24.7% | 25.9% | 26.5% | 26.9% |
| ROE | 3.5% | 3.0% | 3.0% | 3.3% | 4.0% |
| ROA | 1.8% | 1.5% | 1.5% | 1.7% | 2.0% |

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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 <i>rise</i> 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 <i>fall</i> 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