Matrix Concepts Holdings Berhad

(5236 | MCH MK) Main | Property

Stable New Sales

Maintain **BUY**

Revised **Target Price: RM2.48**

(Previously RM2.22)

KEY INVESTMENT HIGHLIGHTS

- **1HFY25 earnings within expectations**
- **Better earnings outlook in 2HFY25**
- **Stable new sales**
- **Proposed 1 for 2 bonus issue**
- **Earnings forecast maintained**
- **Maintain BUY with a revised TP of RM2.48**

1HFY25 earnings within expectations. Matrix Concepts 1HFY25 core net earnings of RM116.6m deemed within expectations, making up 44% of our and consensus full year estimates as we expect higher progress billing in 2HFY25. Matrix Concepts announced dividend of 2.75sen per share for 2QFY25, bringing total dividend to 5.25sen per share.

Better earnings outlook in 2HFY25. Sequentially, 2QFY25 revenue was higher (+14.8%qoq), driven by higher progress billing of its project in Sendayan and Cheras. Nevertheless, 2QFY25 core net income eased to RM55.9m (-7.9%qoq), owing to higher selling and marketing expenses as well as higher finance cost. Note that we have excluded disposal gain of RM11.5m in our core net income calculations. On yearly basis, 2QFY25 core net income was lower (-12.7%yoy), bringing 1HFY25 core net income lower at RM116.6m (-9.4%yoy). The lower earnings in 1HFY25 were mainly due to slower progress billing of its projects and higher administrative and general expenses. Nevertheless, we expect earnings to pick up in 2HFY25 due to revenue recognition of Levia Residences in Cheras. Meanwhile, unbilled sales of RM1.3b provides one year earnings visibility.

Stable new sales. Matrix Concepts registered new property sales of RM341.7m in 2QFY25, higher than new property sales of RM321m in 1QFY25. That brought total new sales to RM663m in 1HFY25, on track to meet management new sales target of RM1.39b for FY25 as it makes up 48% of management sales target. Projects in Bandar Sri Sendayan contributed to 86% to total new sales. Looking ahead, we expect stable new sales from Bandar Sri Sendayan driven by resilient demand for landed properties. Besides, the landbank expansion at MVV2.0 with total acreage of 2,382 acres and GDV of RM12b will propel property sales and earnings growth beyond FY27.

Proposed 1 for 2 bonus issue. On a separate announcement, Matrix Concepts proposed to undertake an issuance of up to 625,673,858 bonus shares on the basis of 1 bonus share for every 2 existing Matrix Concepts shares. The proposed bonus issue is expected to complete by 1QCY2025. We view the bonus issue positively as the bonus issue is to reward shareholders and improve trading liquidity of Matrix Concepts shares.

RETURN STATISTICS	
Price @ 26 Nov 2024 (RM)	2.25
Expected share price return (%)	+10.2
Expected dividend yield (%)	+4.7
Expected total return (%)	**+14.9**

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	6.6	7.6
3 months	12.5	21.7
12 months	39.8	26.7

INVESTMENT STATISTICS

FYE March	2025E	2026F	2027F
Revenue	1,423	1,501	1,608
Operating Profit	353	386	433
Profit Before Tax	347	379	427
Core PATAMI	264	289	325
Core EPS	21.13	23.08	26.00
DPS	10.6	11.5	13.0
Dividend Yield	4.7%	5.1%	5.8%

KEY STATISTICS

FBM KLCI	1,603.15
Issue shares (m)	1251
Estimated free float (%)	61.70
Market Capitalisation (RM'm)	2,815
52-wk price range	RM1.–RM2.36
3-mth average daily volume (m)	5.37
3-mth average daily value (RM'm)	11.91
Top Shareholders (%)	
Shining Term Sdn Bhd	12.67
Lee Tian Hock	10.31
Lembaga Tabung Haji	5.76

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Maintain BUY with a revised TP of RM2.48. We make no changes to our earnings forecast for FY25F/26F/27F. We revise our **TP** for Matrix Concepts to **RM2.48** from RM2.22 as we narrow our RNAV discount to 22% from 30% in view of the strong earnings visibility from MVV 2.0 land. Groundbreaking of the MVV 2.0 land is scheduled in December 2024 and first property launch on MVV 2.0 land is expected in 2HFY26. Meanwhile, dividend yield of Matrix Concepts remains attractive at 4.7%. Hence, we maintain our **BUY** call on Matrix Concepts.

Matrix Concepts: 2QFY25 RESULTS SUMMARY

FYE March (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY25	%YoY	%QoQ	FY25	%YoY
Revenue	321.04	-10.7%	14.8%	600.76	-13.0%
Gross Profit	159.90	2.0%	13.9%	300.28	-2.8%
Operating Profit	95.38	8.1%	15.9%	177.65	0.7%
Profit Before Tax	90.08	7.5%	11.1%	171.17	0.1%
Net Income	67.42	5.3%	11.1%	128.11	-0.4%
Core Net Income	55.90	-12.7%	-7.9%	116.59	-9.4%
Dividend	2.75	10.0%	10.0%	5.25	5.0%
EPS (sen)	5.39	5.3%	11.1%	10.24	-0.4%
Core EPS (sen)	4.47	-12.7%	-7.9%	9.32	-9.4%
Operating Profit Margin (%)	0.30	21%	1.0%	0.30	15.8%
NTA/share	1.75	5%	1.1%	1.75	5.5%
Net Gearing	0.08x	N/A	N/A	0.08x	N/A

RNAV table

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Domestic				
Sendayan	100%	5744	10%	492
BSI	100%	1926	10%	179
Other N.S.	100%	128	10%	14
Klang Valley	100%	1138	10%	115
MVV land	85%	12000	10%	808
International				
Australia	100%	268	10%	32
Indonesia	30%	2000	10%	63
Unbilled sales		1200	10%	139
Total				**1843**
Shareholder Funds				2130
Total RNAV				3973
Number of shares				1251
RNAV per share				3.18
Discount				22%
Target Price				**2.48**

Source: MIDF Research

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025F	2026F	2027F
Revenue	1,113	1,340	1,423	1,501	1,608
EBIT	268	339	353	386	433
PBT	261	334	347	379	427
Net Income	207	246	264	289	325
Core Net Income	221	237	264	289	325
Core EPS (sen)	17.6	19.0	21.1	23.1	26.0
Core PER (x)	12.8	11.9	10.6	9.7	8.7
NTA/share	1.59	1.69	1.74	1.77	1.81
P/NTA	1.42	1.33	1.29	1.27	1.24

FY March (RM m)	2023A	2024A	2025F	2026F	2027F
Property, plant and equipment	211	204	212	214	216
Inventories	774	640	556	545	534
Total non-current assets	1203	1072	1113	1138	1163
Trade receivables and contract assets	618	795	820	828	837
Inventories	398	542	569	581	594
Deposits, Cash and bank balances	250	335	263	269	278
Other current assets	169	0	83	127	179
Total Assets	**2638**	**2743**	**2848**	**2943**	**3051**
Long-term borrowings	77.6	85.7	90.0	96.3	103.0
Short-term borrowings	168.3	145.1	60.1	63.1	63.7
Other Liabilities	405	396	521	564	615
Total Liability	651	627	671	724	781
Share capital	961	961	961	961	961
Other Equity	1027	1155	1216	1258	1308
Total Equity	1988	2117	2177	2219	2270
Equity + Liability	**2638**	**2743**	**2848**	**2943**	**3051**

FY March (RM m)	2023A	2024A	2025F	2026F	2027F
Cash flows from operating activities					
Net income before taxation	261	334	347	379	427
Net cash from operating activities	211	327	332	336	343
Cash flows from investing activities					
Purchase of PPE	-2	-2	-1	-1	-1
Net cash used in investing activities	19	-2	-2	-1	-1
Cash flows from financing activities					
Repayment of term loan	-55	-110	-108	-114	-103
Net cash from/(used in) financing activities	-171	-239	-249	-274	-291
Net increase/(decrease) in cash and cash equivalents	60	86	81	61	51
Cash and cash equivalent at 1 April	150	200	289	370	430
Cash and cash equivalent at 31 March	150	200	289	370	430

Profitability Margins	2023A	2024A	2025F	2026F	2027F
EBIT margin	24.1%	25.3%	24.8%	25.7%	27.0%
PBT margin	23.4%	24.9%	24.4%	25.3%	26.6%
PAT margin	18.2%	18.5%	18.3%	18.9%	19.9%
Core PATAMI margin	19.8%	17.7%	18.6%	19.2%	20.2%
ROE	11.1%	11.2%	12.1%	13.0%	14.3%
ROA	8.4%	8.6%	9.3%	9.8%	10.7%

Source: Bloomberg, 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