



Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

Land Acquisition in Johor for M Tiara 3 Project

Maintain BUY

Revised Target Price: RM2.04

(Previously RM2.03)


KEY INVESTMENT HIGHLIGHTS

- Land acquisition in Johor for M Tiara 3 project
- Growing contribution from Johor projects
- Marginally higher net gearing
- Earnings forecast maintained
- **Maintain BUY with a revised TP of RM2.04**

Land acquisition in Johor for M Tiara 3 project. Mah Sing Group (Mah Sing) announced that Loyal Sierra Development Sdn Bhd, a wholly owned subsidiary of Mah Sing had entered into Sale and Purchase Agreements with vendors for the proposed acquisition of 59.12 acres of freehold lands in Mukim Pulai, Johor Bahru for total purchase consideration of RM62.98m. The land will be developed into M Tiara 3 township. The land acquisition is expected to be completed in 1HCY25.

Growing contribution from Johor projects. We view the land acquisition positively as it will strengthen Mah Sing's presence in Johor. Currently Mah Sing has a few ongoing projects in Johor namely Meridin East, M Minori and M Tiara. The land acquisition allows Mah Sing to ride on the strong demand for landed house in Johor. Note that contribution from Johor projects to total new sales increased to 41% in 9MFY24 from 26% in FY23. The land acquisition is the second land acquisition of Mah Sing in Johor in 2024. Note that Mah Sing acquired 100.4 acres of land in Mukim Pulai, Johor in April 2024 for purchase consideration of RM103.7m which is for M Tiara 2 project. The purchase consideration of land for M Tiara 3 of RM24.50psf is in line with price tag of RM23.70psf for M Tiara 2 land.

Marginally higher net gearing. Proposed developments on M Tiara 3 are super-lined homes with indicative selling price starts from RM780k, offering larger landed residential units. Estimated GDV for M Tiara 3 is RM463m which translates into attractive land cost to GDV ratio of 13.6%. Meanwhile, M Tiara 3 will commence as a continuation of M Tiara 2. Mah Sing intends to fund the land acquisition via a combination of internally generated funds and bank borrowings. Net gearing is expected to increase to 0.24x from 0.22x in 3QFY24.

Maintain BUY with a revised TP of RM2.04. We make no changes to our earnings forecast for FY24F/25F/26F. We revise our **TP** for Mah Sing to **RM2.04** from RM2.03 as we include RNAV contribution from M Tiara 3. Our TP is based on 13% discount to RNAV. We remain positive on Mah Sing as the landbank expansion in Johor will further drive new sales growth. Hence, we maintain our **BUY** call on Mah Sing. 

RETURN STATISTICS

Price @ 3 Dec 2024 (RM)	1.74
Expected share price return (%)	+17.2
Expected dividend yield (%)	+2.9
Expected total return (%)	+20.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.1	-0.6
3 months	1.2	8.3
12 months	124.5	102.7

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	5.10	5.50	6.00
Dividend Yield	2.9%	3.2%	3.5%

KEY STATISTICS

FBM KLCI	1,606.96
Issue shares (m)	2427
Estimated free float (%)	58.15
Market Capitalisation (RM'm)	4,454
52-wk price range	RM0.76-RM1.97
3-mth average daily volume (m)	6.80
3-mth average daily value (RM'm)	11.67
Top Shareholders (%)	
Mayang Teratai Sdn Bhd	25.51
Amanah Saham Nasional Bhd	11.52
Mayang Teratai Limited	7.03
Bank Of Singapore Limited	6.05

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Figure 1: Location of M Tiara 3



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%	8,465	10%	508
Icon City, PJ	100%	1,901	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

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
M Luna	100%	18	10%	1
M Adora	100%	9	10%	1
M Senyum	100%	134	10%	10
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%	3,300	10%	198
M Zenya	100%	500	10%	37
M Azura, Setapak	100%	508	10%	39
Mah Sing Businss Park	56%	728	10%	32
M Aspira	100%	1,010	10%	75
M Aurora	100%	660	10%	44
Johor Projects				
Sierra Perdana	100%	140	10%	11
Meridin @ Medini	100%	227	10%	18
Meridin East	100%	3,536	10%	196
Mah Sing i-Parc	100%	0	10%	0
M Minori	100%	369	10%	27
M Tiara	100%	480	10%	36
M Tiara 2	100%	1,450	10%	103
M Tiara 3	100%	463	10%	37
Penang Projects				
Ferringhi Residence	100%	378	10%	31
Southbay City	100%	1,418	10%	92
Unbilled sales		2,330		179
Total				2,021
Shareholder Funds				3,701
Total RNAV				5,722
Number of shares				2,438
RNAV per share (RM)				2.35
Discount				13%
Target Price (RM)				2.04

Source: MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024F	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)	26.8	19.5	17.7	15.5	13.7
NTA/share	1.46	1.54	1.57	1.60	1.62
P/NTA	1.19	1.13	1.11	1.09	1.07
Balance Sheet (RM'm)	2022A	2023A	2024F	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	2024F	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	2024F	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%

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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