Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM2.09**

Corporate Update

4QFY24 Results Review
Earnings Lifted by Cost Savings

Maintain BUY on Mah Sing Group with an unchanged TP of RM2.09. Mah Sing Group (Mah Sing) FY24 core earnings met expectations. Mah Sing recorded earnings growth of 9.8%yoy in FY24 mainly due to cost savings from finalization of construction costs. Mah Sing set new sales target of RM2.65b for FY25, higher than new sales of RM2.41b in FY24. We maintain our BUY call on Mah Sing as new sales prospect is positive while venture into data centre provides recurring income.

FY24 earnings within expectations. Mah Sing FY24 core net income of RM237.3m came in within expectations, making up 99% of our and consensus estimates. Mah Sing announced dividend for 4.5sen for FY24 which translates into dividend yield of 3.5%.

Lower sequential earnings due to higher cost. Sequentially, 4QFY24 core net income was lower at RM57.7m (-8.8%qoq) despite higher topline (+16.4%qoq) due to higher cost of sales which dragged gross profit margin narrowed from 26% to 23%. Besides, the lower earnings were also due to higher finance cost following loan drawdown for Semenyih land acquisition.

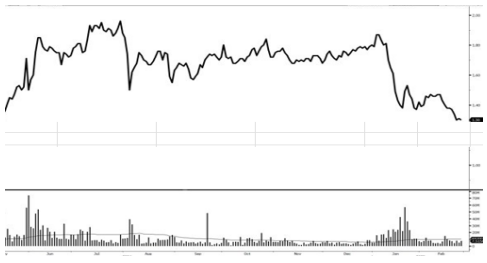
FY24 earnings lifted by cost savings. On yearly basis, 4QFY24 core net income was lower (-16.8%yoy) mainly due to higher cost of sales and higher finance cost. That brought FY24 core net earnings at RM237.3m (+9.8%yoy) while topline was marginally lower (-3.2%yoy). The higher earnings were mainly supported by cost savings from finalization of construction costs for construction contracts. That has more than enough to offset the higher administrative expenses and higher finance cost.

Higher new sales target of RM2.65b set for FY25. Mah Sing secured new property sales of RM560m in 4QFY24, bringing total new sales to RM2.41b in FY24 which is a tad lower than sales target of RM2.5b. Looking forward, Mah Sing is targeting to achieve new sales of RM2.65b for FY25, on the back of resilient demand for its M Series affordable projects and middle range products. On the other hand, unbilled sales are flattish at RM2.7b in 4QFY24, providing one year earnings visibility.

Target price maintained at RM2.09. We fine tune our FY25F/26F earnings forecast by -4.7%/-5.1% post release of FY24 full year figures. We also introduce our earnings forecast for FY27F. We maintain our TP for Mah Sing at RM2.09, based on 13% discount to RNAV. We remain positive on Mah Sing as new sales prospect is positive which is underpinned by resilient demand for affordable residential projects while Mah Sing DC Hub @ Southville City will provide recurring income in the near-term.

RETURN STATISTICS	
Price @ 27th Feb 2025 (RM)	1.30
Expected share price return (%)	+60.8
Expected dividend yield (%)	+3.5
Expected total return (%)	+64.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-5.8	-7.4
3months	-27.8	-24.0
12 months	36.1	33.8

INVESTMENT STATISTICS			
FYE Dec	2025E	2026F	2027F
Revenue	2,664	2,719	2,754
Operating Profit	389	444	486
Profit Before Tax	345	393	426
Core PATAMI	260	294	318
Core EPS	10.17	11.49	12.43
DPS	5.50	6.00	6.00
Dividend Yield	4.2%	4.6%	4.6%

KEY STATISTICS	
FBM KLCI	1,586.60
Issue shares (m)	2427.69
Estimated free float (%)	45.71
Market Capitalisation (RM'm)	3,328
52-wk price range	RM0.90– RM1.97
3-mth average daily volume (m)	10.28
3-mth average daily value (RM'm)	16.03
Top Shareholders (%)	
Mayang Teratai Sdn Bhd	25.51
Amanah Saham Nasional Bhd	11.52
Mayang Teratai Limited	7.03

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Mah Sing Group: 4QFY24 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY24	%YoY	%QoQ	FY24	%YoY
Revenue	744.4	10.90%	16.4%	2,520.3	-3.2%
EBIT	105.4	-7.60%	7.3%	391.6	3.3%
PBT	88.1	-12.42%	3.8%	337.1	3.0%
Net Income	60.4	-6.64%	0.6%	240.7	11.8%
Core Net Income	57.7	-16.8%	-8.8%	237.3	9.8%
EPS (sen)	2.36	-11%	0.6%	9.5	7.7%
Core EPS (sen)	2.25	-21%	-8.8%	9.4	4.7%
Net DPS (sen)	4.50	13%	NA	4.5	12.5%
NTA/share (RM)	1.54	1%	4.0%	1.5	1%
Net Gearing (x)	0.16	NA	NA	0.2	NA
EBIT Margin	14.2%	NA	NA	15.5%	NA
PBT Margin	11.8%	NA	NA	13.4%	NA

Source: Company, MIDF Research

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
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
M Aspira	100%	1010	10%	75
M Aurora	100%	660	10%	44
M Aria	100%	283	10%	21
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
M Tiara 2	100%	1450	10%	103
M Tiara 3	100%	463	10%	37
M Grand Minori	100%	1500	10%	111
Penang Projects				
Ferringhi Residence	100%	378	10%	31
Southbay City	100%	1418	10%	92
Unbilled sales		2330		179
Total				2153
Shareholder Funds				3701
Total RNAV				5854
Number of shares				2438
RNAV per share (RM)				2.40
Discount				13%
Target Price (RM)				**2.09**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	2,603	2,520	2,664	2,719	2,754
EBIT	379	392	389	444	486
PBT	327	337	345	393	426
Net Income	215	241	258	294	318
Core Net Income	216	237	260	294	318
Core EPS (sen)	8.9	9.3	10.2	11.5	12.4
Core PER (x)	14.6	14.0	12.8	11.3	10.5
NTA/share	1.54	1.55	1.57	1.60	1.63
P/NTA	0.85	0.84	0.83	0.81	0.80

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
Property, plant and equipment	408	467	472	477	482
Land held for property development	1,766	2,362	2,315	2,268	2,223
Total non-current assets	2,627	3,291	3,364	3,438	3,513
Property development costs	1,000	1,032	1,043	1,053	1,063
Inventories	530	539	551	563	575
Cash and bank balances	981	1,347	969	1,173	1,199
Other assets	1,279	1,344	1,929	1,951	2,172
Total Assets	**6,417**	**7,553**	**7,855**	**8,178**	**8,523**
Medium Term Notes	1,003	552	591	632	676
LT Term Loans	266	804	822	840	858
Other Liabilities	1,411	2,222	2,400	2,594	2,805
Total Liability	2,680	3,578	3,813	4,066	4,339
Share capital	1,776	1,876	1,876	1,876	1,876
Other Equity	1,961	2,099	2,166	2,236	2,307
Total Equity	3,737	3,975	4,042	4,112	4,183
Equity + Liability	**6,417**	**7,553**	**7,855**	**8,178**	**8,523**

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Cash flows from operating activities					
Net income before taxation	327	337	345	393	426
Net cash from operating activities	1090	579	568	556	545
Cash flows from investing activities					
Addition to land held for property development	-46	-122	-105	-90	-78
Net cash used in investing activities	-496	-867	-928	-705	-536
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	-298	580	141	360	250
Net increase/(decrease) in cash and cash equivalents	296	292	-220	211	260
Cash and cash equivalent at 1 January	480	781	1074	854	1065
Cash and cash equivalent at 1 December	781	1074	854	1065	1325

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
EBIT margin	14.6%	15.5%	14.6%	16.3%	17.6%
PBT margin	12.6%	13.4%	13.0%	14.5%	15.5%
PAT margin	8.3%	9.6%	9.7%	10.8%	11.6%
Core PATAMI margin	8.3%	9.4%	9.8%	10.8%	11.6%
ROE	5.8%	6.0%	6.4%	7.2%	7.6%
ROA	3.4%	3.1%	3.3%	3.6%	3.7%

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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	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
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	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

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