Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Maintain **BUY**

Revised Target Price **RM1.37** (from RM1.49)

Corporate Update

1QFY25 Results Review Attractive Upside

1QFY25 earnings within expectations. Mah Sing 1QFY25 core net income of RM63.6m came in within expectations, making up 24% and 23% of our and consensus full year expectations.

Higher sequential earnings on cost savings. Sequentially, 1QFY25 core net income was higher at RM63.6m (+10.2%qoq) despite lower topline (-12.7%qoq) mainly due to cost savings from finalisation of construction costs. Note that operating profit margin expanded to 16.7% in 1QFY25 from 14.2% in 4QFY25. Meanwhile, the lower revenue was due to earnings recognition of new projects which were in the initial stages of construction. Meanwhile earnings recognition is expected to accelerate as the projects progress.

Off to a good start in FY25. On yearly basis, 1QFY25 core net income grew to RM63.6m (+12.2%yoy), in tandem with the higher topline (+16.4%yoy). The higher earnings were mainly driven by higher progress billing of ongoing projects in Klang Valley and Johor. This was more than enough to offset the higher marketing and administrative expenses as well as the higher financing cost.

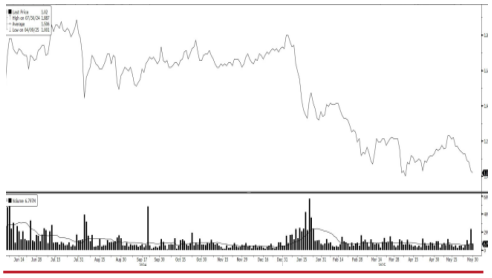
On track to meet new sales target. Mah Sing registered new property sales of RM1.01b in the first five months of FY25, which is on track to hit new sales target of RM2.65b for FY25. New sales momentum is expected to be supported by planned launch in 2HFY25 including M Legasi in Semenyih, Meridin East in Johor Bahru, M Tiara 2 & Tiara Hills in Johor Bahru, M Grand Minori in Johor Bahru, M Aurora in Old Klang Road, M Aria in Sentul, M Zenni in Southbay City Penang and Icon City 2 in Petaling Jaya. On the other hand, unbilled sales are flattish at RM2.73b in 1QFY25, providing one year earnings visibility.

Expiry of collaboration agreement with Bridge Data Centre. On a separate announcement, Mah Sing announced the collaboration agreement with Bridge Data Centres expired on 30 May 2025 as definitive agreement had not been signed. Moving forward, Mah Sing will open to talks with other data centre players on its Mah Sing DC Hub @ Southville City. Mah Sing earmarked 150 acres of landbank at Southville City as DC Hub with planned capacity of up to 500MW.

Maintain BUY with a revised target price of RM1.37. We maintain our earnings forecast for FY25/26/27 as 1QFY25 earnings came in within expectation while the expiry of collaboration agreement with Bridge Data Centre is not expected to impact earnings of Mah Sing as we have not input earnings contribution from Mah Sing DC Hub. Nevertheless, we revise our TP for Mah Sing to RM1.37 from RM1.49 as we update our RNAV figures and widen RNAV discount to 43% from 38% as recurring income from data centre is expected to take longer time to materialise. We remain positive on Mah Sing as new sales prospect is stable, underpinning by launches of affordable residential projects. Mah Sing share price declined -43%ytd which we think present buying opportunity.

RETURN STATISTICS	
Price @ 30th May 2025 (RM)	1.02
Expected share price return (%)	+34.3
Expected dividend yield (%)	+4.8
Expected total return (%)	+39.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	15.0	-13.1
3months	-19.0	-15.7
12 months	-32.0	-28.0

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	4.84	5.17	6.00
Dividend Yield	4.8%	5.0%	5.5%

KEY STATISTICS	
FBM KLCI	1,508.35
Issue shares (m)	2560.14
Estimated free float (%)	56.83
Market Capitalisation (RM'm)	2,611
52-wk price range	RM1.01– RM1.97
3-mth average daily volume (m)	7.58
3-mth average daily value (RM'm)	8.87
Top Shareholders (%)	
Mayang Teratai Sdn Bhd	25.51
Amanah Saham Nasional Bhd	7.53
Mayang Teratai Limited	7.03
Oversea-Chinese Banking Corp Ltd	6.05

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Mah Sing Group: 1QFY25 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	1QFY25	%YoY	%QoQ	FY25	%YoY
Revenue	649.7	16.39%	-12.7%	649.7	16.4%
EBIT	108.8	14.73%	3.2%	108.8	14.7%
PBT	91.4	11.38%	3.8%	91.4	11.4%
Net Income	66.0	9.98%	9.3%	66.0	10.0%
Core Net Income	63.6	12.2%	10.2%	63.6	12.2%
EPS (sen)	2.58	4%	9.3%	2.6	4.4%
Core EPS (sen)	2.48	7%	10.2%	2.5	6.6%
Net DPS (sen)	0.0	0.0%	NA	0.0	NA
NTA/share (RM)	1.52	-1%	-1.3%	1.52	-1%
Net Gearing (x)	0.17	NA	NA	0.17	NA
EBIT Margin	16.7%	NA	NA	16.7%	NA
PBT Margin	14.1%	NA	NA	14.1%	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%	72	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%	0.2
M Residence 1 @ Rawang	100%	59	10%	5
M Residence 2 @ Rawang	100%	33	10%	3
Southville City @ KL South, Bangi	100%	8364	10%	502
Icon City, PJ	100%	1901	10%	147
D'sara Sentral	100%	50	10%	4
Lakeville Residence	100%	1	10%	0
M Aruna Rawang	100%	152	10%	12
M Centura, M Arisa, Sentul	78%	4	10%	0.3
M Vertica, Cheras	100%	29	10%	2
M Oscar	100%	22	10%	2
M Luna	100%	18	10%	1
M Adora	100%	9	10%	1

M Senyum	100%	10	10%	1
M Astra	100%	11	10%	1
M Nova	100%	347	10%	26
M Terra & M Hana	100%	641	10%	47
M Legasi (Glengowrie Estate) Semenyih	100%	3300	10%	198
M Zenya	100%	199	10%	15
M Azura, Setapak	100%	371	10%	29
Mah Sing Businss Park	56%	728	10%	32
M Aspira	100%	572	10%	42
M Aurora	100%	660	10%	49
M Aria	100%	283	10%	21
Johor Projects				
Sierra Perdana	100%	140	10%	11
Meridin @ Medini	100%	227	10%	18
Meridin East	100%	3082	10%	171
Mah Sing i-Parc	100%	11	10%	1
M Tiara	100%	480	10%	13
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%	362	10%	29
Southbay City	100%	1415	10%	92
Unbilled sales		2730		210
Total				**1982**
Shareholder Funds				3882
Total RNAV				5864
Number of shares				2438
RNAV per share (RM)				2.41
Discount				43%
Target Price (RM)				1.37

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)	11.5	11.0	10.0	8.9	8.2
NTA/share	1.54	1.55	1.57	1.60	1.63
P/NTA	0.66	0.66	0.65	0.64	0.63

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