Corporate Update

Matrix Concepts Holdings Berhad

(8236 | MCH MK) Main | Property

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM1.55**

4QFY26 Earnings Review
Softer Margins Drag Earnings

FY26 earnings below expectations. Matrix Concepts FY26 core net income of RM215.4m came in below expectations, making up 90% and 88% of our and consensus full year estimates respectively. The negative deviation could be attributed to the lower-than-expected progress billing and lower than expected margin. Matrix Concepts announced dividend of 1.25sen for 4QFY26, bringing total dividend to 6.10sen in FY26 and translating into dividend yield of 4.8%.

Margin recovery came in weaker than expected. On a quarter-on-quarter basis, 4QFY26 core net income was lower at RM34.9m (-30.3%qoq), in tandem with the lower revenue (-16.5%qoq). The lower sequential earnings were due to seasonally lower progress billing in 4Q and higher administrative and general expenses. Gross profit margin expanded slightly 37.1% in 4QFY26 from 36.6% in 3QFY26. Recall that gross profit margin in 3QFY26 was dragged by recognition of lower margin products and reclassification of certain expenses to cost of sales. Yet the margin recovery in 4QFY26 was lower than expected which we think could be due to the rising cost in March 2026.

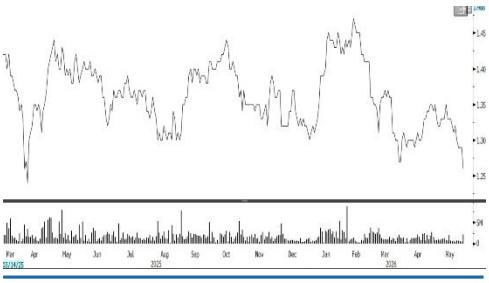
Earnings weighed by margin contraction. On a yearly basis, 4QFY26 core net income was lower at RM34.9m (-18.3%yoy) despite the marginally higher topline (+1.2%yoy), mainly due to lower margin and higher tax rate in 4QFY26. Gross profit margin narrowed significantly to 37.1% in 4QFY26 from 51.9% in 4QFY25 while tax rate was higher at 25% in 4QFY26 from 15% in 4QFY25. Cumulatively, FY26 core net income was moderately higher at RM215.4m (+6.2%yoy). Earnings growth in FY26 came in weaker than expected, dragging mainly by the lower margin because of recognition of lower margin products and recognition of high-rise project which typically commands lower margin. Gross profit margin contracted to 39% in FY26 from 44% in FY25. Besides, the higher expenses also weighed on earnings.

New sales slightly below target. Matrix Concepts recorded new property sales of RM355m in 4QFY26, lower than new sales of RM368m in 3QFY26. That brought total new sales to RM1.5b in FY26 which is slight below management sales target of RM1.6b for FY26. Meanwhile, unbilled sales were flattish at RM1.5b in 4QFY26, providing >1 year earnings visibility. On the other hand, net gearing increased to 0.37x in 4QFY26 from 0.19x in 3QFY26 due to higher borrowings for MVV land acquisition.

Maintain BUY with an unchanged target price at RM1.55. We maintain our earnings forecast for FY27/28 pending analyst briefing. Our **TP** for Matrix Concepts is also maintained at **RM1.55**, based on 30% discount to RNAV. The MVV City development remains the near-term catalyst to Matrix Concepts while contribution from Sendayan developments and Klang Valley developments will keep earnings growth stable. Hence, we maintain our **BUY** call on Matrix Concepts.

RETURN STATISTICS	
Price @ 28th May 2026 (RM)	1.26
Expected share price return (%)	+23.0
Expected dividend yield (%)	+4.8
Expected total return (%)	+27.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-6.7	-4.2
3months	-0.8	-9.0
12 months	-8.7	-17.4

INVESTMENT STATISTICS			
FYE March	2026A	2027F	2028F
Revenue	1,360	1,523	1,730
Operating Profit	312	377	442
Profit Before Tax	269	353	418
Core PATAMI	215	269	319
Core EPS	11.47	14.36	16.98
DPS	6.1	7.2	8.8
Dividend Yield	4.71%	5.56%	6.8%

KEY STATISTICS	
FBM KLCI	1,684.93
Issue shares (m)	1877.02
Estimated free float (%)	60.72
Market Capitalisation (RM'm)	2,365
52-wk price range	RM1.22 – RM1.48
3-mth average daily volume (m)	1.39
3-mth average daily value (RM'm)	1.84
Top Shareholders (%)	
Shining Term Sdn Bhd	12.67
Lee Tian Hock	9.51
Lembaga Tabung Haji	6.86

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Matrix Concepts: 4QFY26 RESULTS SUMMARY

FYE March (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY26	%YoY	%QoQ	FY26	%YoY
Revenue	308.91	1.2%	-16.5%	1359.61	14.6%
Gross Profit	114.58	-27.7%	-15.4%	532.38	-12.0%
Operating Profit	55.25	4.1%	-30.1%	312.34	7.9%
Profit Before Tax	53.67	9.2%	-24.5%	297.52	8.1%
Net Income	38.70	-9.3%	-22.6%	219.18	2.4%
Core Net Income	34.88	-18.3%	-30.3%	215.35	6.2%
Dividend	1.25	-7.4%	-7.4%	6.10	-23.3%
EPS (sen)	2.06	-28.4%	-22.6%	11.68	-29.6%
Core EPS (sen)	1.86	-35.5%	-30.3%	11.47	-26.7%
Operating Profit Margin (%)	17.9%	3%	N/A	23.0%	N/A
NTA/share	1.24	-18%	0.8%	1.24	-17.7%
Net Gearing	0.37	N/A	N/A	0.37	N/A

Source: Company, MBSB Research

Matrix Concepts RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Domestic				
Sendayan	100%	3881	10%	333
BSI	100%	1852	10%	172
Klang Valley	100%	1130	10%	114
MVV land	85%	15000	10%	1010
HLL Group	70%	845	10%	63
International				
Indonesia	30%	2000	10%	63
Unbilled sales		1500	10%	173
Total				**1929**
Shareholder Funds				2225
Total RNAV				4154
Number of shares				1877
RNAV per share				2.21
Discount				30%
Target Price				**1.55**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026A	2027F	2028F
Revenue	1,340	1,187	1,360	1,523	1,730
EBIT	339	289	312	377	442
PBT	334	275	269	353	418
Net Income	246	214	219	269	319
Core Net Income	237	203	215	269	319
Core EPS (sen)	19.0	10.8	11.5	14.4	17.0
Core PER (x)	6.6	11.7	11.0	8.8	7.4
NTA/share	1.70	1.18	1.25	1.23	1.26
P/NTA	0.74	1.07	1.01	1.02	1.00

Balance Sheet (RM'm)	2024A	2025A	2026A	2027F	2028F
Property, plant and equipment	204	189	194	196	198
Inventories	721	1098	1748	1713	1679
Total non-current assets	1131	1589	2210	2237	2308
Trade receivables and contract assets	710	713	732	739	747
Inventories	464	731	860	879	898
Deposits, Cash and bank balances	376	187	182	188	195
Other current assets	0	0	0	7	13
Total Assets	**2681**	**3220**	**3984**	**4050**	**4161**
Long-term borrowings	85.1	444.4	827.2	885.1	947.0
Short-term borrowings	145.1	60.3	97.5	220.8	223.0
Other Liabilities	328	503	720	637	630
Total Liability	558	1008	1645	1743	1800
Share capital	961	961	961	961	961
Other Equity	1161	1251	1378	1346	1400
Total Equity	2122	2212	2339	2307	2361
Equity + Liability	**2681**	**3220**	**3984**	**4050**	**4161**

Cash Flow (RM'm)	2024A	2025A	2026A	2027F	2028F
Cash flows from operating activities					
Net income before taxation	332	275	298	353	418
Net cash from operating activities	331	-473	-220	-187	-191
Cash flows from investing activities					
Purchase of PPE	-2	-4	-10	-8	-7
Net cash used in investing activities	-3	9	-74	-56	-43
Cash flows from financing activities					
Repayment of term loan	-111	-47	-119	-107	-96
Net cash from/(used in) financing activities	-210	257	220	216	230
Net increase/(decrease) in cash and cash equivalents	119	-206	-74	-27	-4
Cash and cash equivalent at 1 April	200	328	120	39	11
Cash and cash equivalent at 31 March					

Profitability Ratios (%)	2024A	2025A	2026A	2027F	2028F
EBIT margin	25.3%	24.4%	23.0%	24.8%	25.6%
PBT margin	24.9%	23.2%	19.8%	23.2%	24.2%
PAT margin	18.5%	17.4%	14.9%	17.4%	18.1%
Core PATAMI margin	17.7%	17.1%	15.8%	17.7%	18.4%
ROE	11.2%	9.2%	9.2%	11.7%	13.5%
ROA	8.9%	6.3%	5.4%	6.7%	7.7%

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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