



MATRIX CONCEPTS HOLDINGS

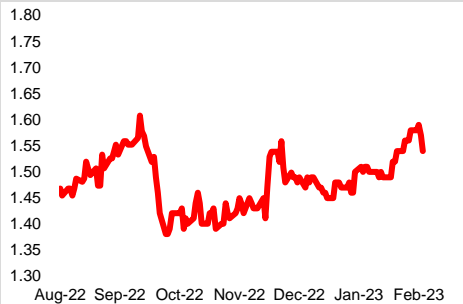
Outperform

DESCRIPTION

Matrix Concepts Holdings is a township developer with flagship development based in Seremban, Negeri Sembilan.

12-Month Target Price	RM1.80
Current Price	RM1.49
Expected Return	+21%
Market	Main
Sector	Property
Bursa Code	5236
Bloomberg Ticker	MCH MK
Shariah-Compliant	Yes

SHARE PRICE CHART



52 Week Range (RM)	1.78 – 2.00
3-Month Average Vol ('000)	763.1

SHARE PRICE PERFORMANCE

	1M	3M	12M
Absolute Returns	4.5	4.7	3.9
Relative Returns	2.1	-5.9	-4.9

KEY STOCK DATA

Market Capitalisation (RMm)	1,864.4
No. of Shares (m)	1,251.3

MAJOR SHAREHOLDERS

	%
Shining Term	12.7
Lee Tian Hock	12.0
EPF	8.2

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No Surprises

Matrix Concepts Holdings' (MCH) 3QFY23 net profit came in at RM54.4m (-10.1% YoY, +7.5% QoQ), in line with our expectations but below consensus. YTD, Group net profit of RM152.0m (+5.6% YoY) constituted c.73% and c.66% of our and consensus full year estimates. Pre-sales secured YTD amounted to RM1bn (or 83% of FY23 sales target of RM1.2bn), with unbilled sales at RM1.5bn. YTD, the Group launched c.RM934m in new projects with average take-up rate of 92.7%. All told, we maintain our **Outperform** call, and a book-valued based target price (TP) of RM1.80.

§ **3QFY23 revenue rose 56.1% YoY** to RM363.8m, mainly due to the recognition of its recent project completions, namely The Chambers in Klang Valley and M. Greenvale in Melbourne, Australia. Meanwhile, revenue from the Group's flagship Sendayan Developments amounted to RM219.3m (+9.3% YoY) while the Group's Kluang township, Bandar Seri Impian, saw its revenue jump 55% YoY to RM14.8m. Group gross profit improved 10.7% YoY to RM150.7m in 3QFY23 due to lower gross margin recorded (41.4% in 3QFY22 from 58.4% a year ago).

§ **Sold RM340m in 3QFY23**, bringing YTD pre-sales to c.RM1bn. Group sales, we understand, continued to be driven by healthy demand from its new launches at Sendayan Developments. Sendayan Developments is again its top sales generator, with c.RM900m new sales secured YTD. Unbilled sales as at 3QFY23 stands at RM1.5bn, ensuring earnings visibility over the next 15-18 months. Elsewhere, MCH also has c. 2,158 acres of landbank with estimated GDV in excess of RM15bn.

KEY FINANCIAL SUMMARY

FYE Mar (RM m)	2021A	2022A	2023F	2024F	2025F	CAGR
Revenue	1,127.6	892.4	1,004.0	1,148.0	1,201.0	1.3%
Gross Profit	565.2	490.4	486.8	552.9	572.6	0.3%
Pre-tax Profit	349.9	272.7	273.6	322.7	331.3	-1.1%
Net Profit	253.1	200.9	207.9	245.2	251.8	-0.1%
EPS (Sen)	20.2	16.1	16.6	19.6	20.1	-0.1%
P/E (x)	7.4	9.3	9.0	7.6	7.4	
DPS (Sen)	8.0	8.0	10.0	11.0	11.0	
Dividend Yield (%)	5.4	5.4	6.7	7.4	7.4	

Source: Company, PublicInvest Research estimates

Table 1: Results Review

FY Dec (RMm)	3QFY3	3QFY22	2QFY22	YoY chg (%)	QoQ chg (%)	YTD FY23	YTD FY22	YTD YoY (%)
Revenue	363.8	233.1	222.4	56.1	63.6	815.4	636.0	28.2
Gross profit	150.7	136.2	113.6	10.7	32.8	373.6	330.6	13.0
EBIT	74.9	81.9	67.4	-8.5	11.1	206.9	195.1	6.0
Pretax profit	73.5	82.6	66.5	-11.0	10.4	203.8	195.6	4.2
Net profit	54.4	60.5	50.6	-10.1	7.5	152.0	143.9	5.6
Margins:								
Gross Profit Margin	41.4	58.4	51.1	-17.0	-9.6	45.8	52.0	-6.2
EBIT	20.6	35.1	30.3	-14.5	-9.7	25.4	30.7	-5.3
Net Profit Margin	14.9	25.9	22.7	-11.0	-7.8	18.6	22.6	-4.0

Source: Company, PublicInvest Research estimates

KEY FINANCIAL DATA
INCOME STATEMENT DATA

FYE Mar (RM m)	2021A	2022A	2023F	2024F	2025F
Revenue	1,127.6	892.4	1,004.0	1,148.0	1,201.0
Gross Profit	565.2	490.4	479.8	552.9	572.6
Operating expenses	-242.9	-241.1	-253.2	-265.9	-279.2
Operating Profit	322.4	249.3	226.6	287.0	293.4
Other Gains / (Losses)	48.7	31.5	40.1	35.8	37.9
Finance Costs	-26.2	-11.5	-0.1	-0.1	-0.1
Pre-tax Profit	349.9	272.7	266.6	322.7	331.3
Income Tax	-87.7	-67.5	-64.0	-77.4	-79.5
Effective Tax Rate (%)	-25%	-25%	-24%	-24%	-24%
Minorities	-9.1	-4.3	0.0	0.0	0.0
Net Profit	253.1	200.9	207.9	245.2	251.8
Growth					
Revenue (%)	115.9	-20.9	-11.0	14.3	4.6
Operating Profit (%)	-4.5	-13.2	-15.1	15.2	3.6
Net Profit (%)	36.1	-20.6	-20.0	21.0	2.7

Source: Company (actual), PublicInvest Research estimates

BALANCE SHEET DATA

FYE Mar (RM m)	2021A	2022A	2023F	2024F	2025F
Property, Plant & Equipment	1,161.1	1,080.7	1,150.2	1,234.7	1,336.3
Land Held for Property Development	685.1	803.0	786.9	747.6	710.2
Cash and Cash Equivalents	0.0	0.0	0.0	0.0	0.0
Receivables	229.4	202.2	438.8	512.8	570.5
Other Assets	534.6	533.6	533.6	533.6	533.6
Total Assets	2,610.2	2,619.4	2,909.4	3,028.6	3,150.5
Payables	456.0	412.3	425.3	444.1	464.7
Borrowings	2.4	2.2	2.2	2.2	2.2
Provisions	0.0	1.0	0.0	0.0	0.0
Other Liabilities	355.2	305.0	329.7	329.7	329.7
Total Liabilities	813.7	720.5	757.2	776.0	796.6
Shareholders' Equity	1,796.5	1,898.9	2,152.2	2,252.7	2,353.9
Total Equity and Liabilities	2,610.2	2,619.4	2,909.4	3,028.6	3,150.5

Source: Company (actual), PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Mar (RM m)	2021A	2022A	2023F	2024F	2025F
Book Value Per Share	1.4	1.5	1.7	1.8	1.9
NTA Per Share	1.4	1.5	1.7	1.8	1.9
EPS (Sen)	20.2	16.1	16.2	19.6	20.1
DPS (Sen)	8.0	8.0	10.0	11.0	11.0
Payout Ratio (%)	39.6	49.8	61.8	56.1	54.7
ROA (%)	9.7	7.7	7.0	8.1	8.0
ROE (%)	14.1	10.6	9.4	10.9	10.7

Source: Company (actual), PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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