



MATRIX CONCEPTS HOLDINGS

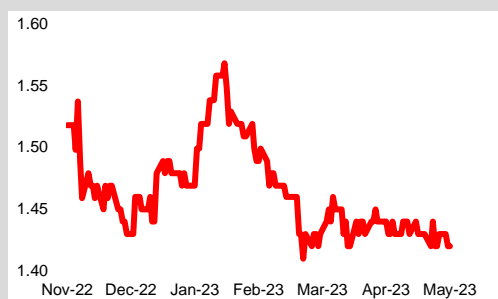
Outperform

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

Tan Siang Hing
T 603 2268 3000
F 603 2268 3014
E research@publicinvestbank.com.my

Still Steady

Matrix Concepts Holdings (MCH) ended its financial year with a net profit of RM56.6m (-7.4% YoY, +4.0% QoQ) in 4QFY23, which came in largely within our estimate but below consensus. For FY23, Group net profit of RM208.5m (+1.7% YoY) constituted c.100% and c.94% of our and consensus full year estimates. MCH sold RM202m in 4QFY23, bringing YTD Group pre-sales to meet its FY23 sales target of RM1.2bn. Average take-up rate for its projects is about 88.6%. Unbilled sales as at 4QFY23 stood at RM1.4bn, down slightly from RM1.5bn in 3QFY23. It has, in the pipeline, projects worth RM1.7bn (as compared to RM1.28bn launched in FY23) to be launched in FY24, with a sales target of RM1.36bn (vis-à-vis RM1.2bn in FY23). All told, we maintain our **Outperform** call, and a book-value based target price (TP) of RM1.80.

§ **FY23 revenue rose 25.2% YoY** to RM1.12bn, mainly due to increase in contribution from the Group's property development division as labour shortage issues eased during the financial year. Again, Sendayan Developments remains the Group's most significant revenue contributor at about 76% of total Group revenue (+10.6% YoY). The remaining revenue was contributed by the Group's Kluang township, Bandar Seri Impian and also 'The Chambers' condominium in Kuala Lumpur.

§ **FY24 sales target of RM1.36bn**, or about +13% YoY from its FY23 pre-sales, underpinned by pipeline launches worth RM1.7bn. It is launching projects worth RM1.2bn from its flagship township, Sendayan Developments and is also looking to unveil its serviced apartments project in Cheras (Levia Residences) that has estimated gross development value (GDV) of RM532m in 3QFY24. Meanwhile, the Group's Indonesian development, Menara Syariah in Pantai Indah Kapuk 2, Jakarta, Indonesia, is targeted for completion in 3QFY24. Elsewhere, MCH also has 2,158 acres of landbank with estimated GDV in excess of RM15bn.

KEY FINANCIAL SUMMARY

FYE Mar (RM m)	2022A	2023A	2024F	2025F	2026F	CAGR
Revenue	892.4	1,004.0	1,148.0	1,201.0	1,229.3	6.6%
Gross Profit	490.4	486.8	552.9	572.6	577.1	3.3%
Pre-tax Profit	272.7	273.6	322.7	331.3	320.8	3.3%
Net Profit	200.9	208.0	245.3	251.8	243.8	4.0%
EPS (Sen)	16.1	16.6	19.6	20.1	19.5	4.0%
P/E (x)	9.0	8.7	7.4	7.2	7.4	
DPS (Sen)	8.0	10.0	11.0	11.0	11.0	
Dividend Yield (%)	5.5	6.9	7.6	7.6	7.6	

Source: Company, PublicInvest Research estimates

Table 1: Results Review

<u>FY Mar (RMm)</u>	<u>4QFY23</u>	<u>4QFY22</u>	<u>3QFY23</u>	<u>YoY chg (%)</u>	<u>QoQ chg (%)</u>	<u>YTD FY23</u>	<u>YTD FY22</u>	<u>YTD YoY</u>
Revenue	302.2	250.8	363.8	20.5	-16.9	1,117.6	886.8	26.0
Gross profit	144.2	165.4	150.7	-12.8	-4.3	517.8	496.0	4.4
EBIT	71.6	86.0	74.9	-16.7	-4.4	278.5	281.1	-0.9
Pretax profit	69.5	75.1	73.5	-7.4	-5.5	273.3	270.7	1.0
Net profit	56.6	61.1	54.4	-7.4	4.0	208.5	205.0	1.7
Margins:								
Gross Profit Margin	47.7	66.0	41.4			46.3	55.9	
EBIT	23.7	34.3	20.6			24.9	31.7	
Net Profit Margin	18.7	24.4	15.0			18.7	23.1	

Source: Company, PublicInvest Research estimates

KEY FINANCIAL DATA

INCOME STATEMENT DATA

FYE Mar (RM m)	2022A	2023A	2024F	2025F	2026F
Revenue	892.4	1,004.0	1,148.0	1,201.0	1,229.3
Gross Profit	490.4	486.8	552.9	572.6	577.1
Operating expenses	-241.1	-253.2	-265.9	-279.2	-293.1
Operating Profit	249.3	233.6	287.0	293.4	284.0
Other Gains / (Losses)	31.5	40.1	35.8	37.9	36.9
Finance Costs	-11.5	-0.1	-0.1	-0.1	0.0
Pre-tax Profit	272.7	273.6	322.7	331.3	320.8
Income Tax	-67.5	-65.7	-77.4	-79.5	-77.0
Effective Tax Rate (%)	-25%	-24%	-24%	-24%	-24%
Minorities	-4.3	0.0	0.0	0.0	0.0
Net Profit	200.9	208.0	245.3	251.8	243.8
Growth					
Revenue (%)	-20.9	-11.0	14.3	4.6	2.4
Operating Profit (%)	-13.2	-13.9	13.6	3.6	0.8
Net Profit (%)	-20.6	-17.8	17.9	2.7	-3.2

Source: Company (actual), PublicInvest Research estimates

BALANCE SHEET DATA

FYE Mar (RM m)	2022A	2023A	2024F	2025F	2026F
Property, Plant & Equipment	1,080.7	1,142.3	1,211.3	1,273.1	1,333.4
Land Held for Property Development	803.0	821.7	780.6	741.6	704.5
Cash and Cash Equivalents	0.0	0.0	0.0	0.0	0.0
Receivables	202.2	245.8	351.6	471.8	616.2
Other Assets	533.6	427.3	427.3	427.3	428.3
Total Assets	2,619.4	2,637.2	2,770.8	2,913.8	3,082.4
Payables	412.3	354.8	390.3	429.4	472.3
Borrowings	2.2	1.4	1.4	1.4	1.4
Provisions	1.0	0.0	0.0	0.0	1.0
Other Liabilities	305.0	291.5	289.2	289.2	291.2
Total Liabilities	720.5	647.7	680.9	719.9	765.9
Shareholders' Equity	1,898.9	1,989.5	2,089.9	2,193.9	2,316.5
Total Equity and Liabilities	2,619.4	2,637.2	2,770.8	2,913.8	3,082.4

Source: Company (actual), PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Mar (RM m)	2022A	2023A	2024F	2025F	2026F
Book Value Per Share	1.5	1.6	1.7	1.8	1.9
NTA Per Share	1.5	1.6	1.7	1.8	1.9
EPS (Sen)	16.1	16.6	19.6	20.1	19.5
DPS (Sen)	8.0	10.0	11.0	11.0	11.0
Payout Ratio (%)	49.8	60.2	56.1	54.7	56.5
ROA (%)	7.7	7.9	8.9	8.6	7.9
ROE (%)	10.6	10.5	11.7	11.5	10.5

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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Published and printed by:
PUBLIC INVESTMENT BANK BERHAD (20027-W)
26th Floor, Menara Public Bank 2
78, Jalan Raja Chulan
50200 Kuala Lumpur
T 603 2268 3000
F 603 2268 3014