



### MATRIX CONCEPTS HOLDINGS

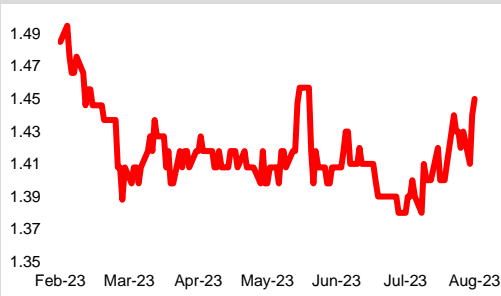
### Outperform

#### DESCRIPTION

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

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

#### SHARE PRICE CHART



52 Week Range (RM)	1.37 – 1.68
3-Month Average Vol ('000)	1,712.4

#### SHARE PRICE PERFORMANCE

	1M	3M	12M
Absolute Returns	4.3	3.0	-3.7
Relative Returns	1.5	-1.9	-3.7

#### 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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### Good Quarter

Matrix Concepts Holdings (MCH) started its financial year with a 1QFY24 net profit of RM64.6m (+37.3% YoY, +14.2% QoQ), which came in largely within our estimate and consensus estimates at c.26% and 27% of full year estimates respectively. The Group secured RM305.3m pre-sales in 1QFY24 (with average take-up rate of 88.9%), while unbilled sales stood steady at RM1.4bn. It has, in the pipeline, projects worth RM1.9bn (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). So far, it has launched projects worth about RM200m, while eyeing further launches worth some RM500m in 2QFY24. All told, we maintain our **Outperform** call, and a book-value based target price (TP) of RM1.80.

§ **1QFY24 revenue rose 44.6% YoY to RM331.4m**, mainly driven by higher contribution from the Group's property development division, which benefited from improved speed of construction activity, as labour shortage issues plaguing the industry has largely been resolved. Again, the main revenue driver is from its flagship Sendayan Developments, at RM300m while the Group's Bandar Seri Impian township in Kluang recorded RM8m in revenue and the remaining RM13m combined is from The Chambers and M. Greenvale. Group gross profit margin declined marginally to 45.9% (from 47.7% a quarter ago) mainly due to product mix.

§ **FY24 sales target of RM1.36bn**, or about +13% YoY from its FY23 pre-sales, underpinned by pipeline launches worth RM1.9bn. MCH 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 now targeted for completion in 3QFY24, with construction progress now at 94.8%. Elsewhere, MCH also has 2,223 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)	9.3	9.0	7.6	7.4	7.6	
DPS (Sen)	8.0	10.0	11.0	11.0	11.0	
Dividend Yield (%)	5.4	6.7	7.4	7.4	7.4	

Source: Company, PublicInvest Research estimates

**Table 1: Results Review**

<u>FY Mar (RMm)</u>	<u>1QFY24</u>	<u>1QFY23</u>	<u>4QFY23</u>	<u>YoY chg (%)</u>	<u>QoQ shg (%)</u>	<u>YTD FY24</u>	<u>YTD FY23</u>	<u>YTD yoy</u>
<b>Revenue</b>	331.43	229.256	302.21	44.6	9.7	331.4	229.3	44.6
<b>Gross profit</b>	152.22	109.271	144.23	39.3	5.5	152.2	109.3	39.3
<b>EBIT</b>	88.209	64.631	71.626	36.5	23.2	88.2	64.6	36.5
<b>Pretax profit</b>	87.222	63.812	69.473	36.7	25.5	87.2	63.8	36.7
<b>Net profit</b>	64.602	47.038	56.555	37.3	14.2	64.6	47.0	37.3
<b>Margins:</b>								
<b>Gross Profit Margin</b>	45.9	47.7	47.7			45.9	47.7	
<b>EBIT</b>	26.6	28.2	23.7			26.6	28.2	
<b>Net Profit Margin</b>	19.5	20.5	18.7			19.5	20.5	

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
<b>Growth</b>					
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
<b>Total Assets</b>	<b>2,619.4</b>	<b>2,637.2</b>	<b>2,770.8</b>	<b>2,913.8</b>	<b>3,082.4</b>
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
<b>Total Liabilities</b>	<b>720.5</b>	<b>647.7</b>	<b>680.9</b>	<b>719.9</b>	<b>765.9</b>
Shareholders' Equity	1,898.9	1,989.5	2,089.9	2,193.9	2,316.5
<b>Total Equity and Liabilities</b>	<b>2,619.4</b>	<b>2,637.2</b>	<b>2,770.8</b>	<b>2,913.8</b>	<b>3,082.4</b>

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

<b>OUTPERFORM</b>	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
<b>NEUTRAL</b>	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
<b>UNDERPERFORM</b>	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
<b>TRADING BUY</b>	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.
<b>TRADING SELL</b>	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
<b>NOT RATED</b>	The stock is not within regular research coverage.

### SECTOR

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

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