



# Matrix Concepts Holdings Berhad

(5236 | MCH MK) Main | Property

## Positive Prospect

### KEY INVESTMENT HIGHLIGHTS

- **Matrix Concepts FY24 results briefing**
- **Positive earnings growth expected in FY25**
- **New sales target of RM1.39b for FY25**
- **Earnings forecast maintained**
- **Maintain BUY with an unchanged TP of RM2.00**

**We attended Matrix Concepts FY24 results briefing.** We came away the briefing feeling reaffirmed on the long-term positive prospect of Matrix Concepts. Key highlights from the briefing as below:

**Positive earnings growth expected in FY25.** Recall, Matrix Concepts reported higher core net earnings of RM237m (+8.2%yoy) in FY24. Note that we have excluded mainly reversals of impairment in our core net income calculations. The higher earnings in FY24 were supported by resilient contribution from its property projects in Bandar Sri Sendayan township. Looking ahead, management is targeting to achieve higher earnings of RM260m in FY25 on the back of stable contribution from its township. Besides, management expects better earnings contribution from its healthcare segment in FY25 on the back of improved performance of the segment. The earnings target of RM260m is in line with our earnings forecast of RM264m for FY25.

**New sales target of RM1.39b for FY25.** Matrix Concepts recorded new property sales of RM1.25b in FY24 while management sets new sales target higher at RM1.39b for FY25. New sales momentum is expected to sustain mainly by its projects in Bandar Sri Sendayan and high-rise project in Cheras. Management targets to launch new projects with total GDV of RM1.65b in FY25 whereby 80% of new launch will be projects in Bandar Sri Sendayan. Property launches in Bandar Sri Sendayan will be mainly terrace houses with affordable prices in the range of RM500k-RM600k.

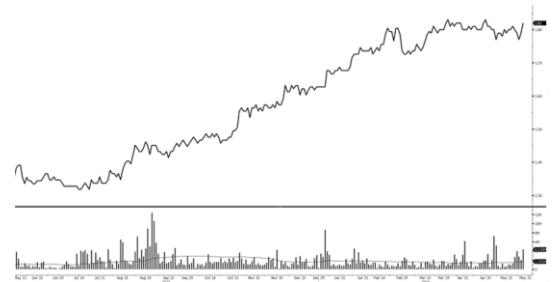
**Indonesian venture.** Construction of Matrix Concepts' Menara Syariah in Indonesia was completed in December 2023. Menara Syariah is 29-storey 2 blocks of office towers located in Islamic Financial District at Pantai Indah Kapuk 2. Total GDV for the two towers is USD250m. Matrix Concepts intends to sell one block and lease the other block. We gather that the company is in advanced discussions with prospective buyers and tenants. Price tag for one block could be in the range of USD140m while the sale may conclude in FY25 as the company is actively looking for buyer. Meanwhile, close to half of the net gain from the sale (based on 30% associate stake) may be distributed as dividend to shareholders.

**Maintain BUY****Unchanged Target Price: RM2.00**

### RETURN STATISTICS

Price @ 28 May 2024 (RM)	1.82
Expected share price return (%)	+9.9
Expected dividend yield (%)	+5.5
<b>Expected total return (%)</b>	<b>+15.4</b>

### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.0	-2.1
3 months	1.1	-0.7
12 months	26.4	9.9

### INVESTMENT STATISTICS


FYE March	2025E	2026F	2027F
Revenue	1,423	1,476	1,526
Operating Profit	353	374	394
Profit Before Tax	347	367	388
Core PATAMI	264	280	296
Core EPS	21.13	22.37	23.65
DPS	10.6	11.2	11.8
Dividend Yield	5.8%	6.2%	6.5%

### KEY STATISTICS

FBM KLCI	1,615.82
Issue shares (m)	1251
Estimated free float (%)	56.9
Market Capitalisation (RM'm)	2,277
52-wk price range	RM1.4–RM1.85
3-mth average daily volume (m)	1.70
3-mth average daily value (RM'm)	3.06
Top Shareholders (%)	
Shining Term Sdn Bhd	12.67
Lee Tian Hock	10.31
Lembaga Tabung Haii	5.58

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**Maintain BUY with an unchanged TP of RM2.00.** Post results briefing, we maintain our earnings forecast for FY25F/26F/27F as earnings growth target is in line with our expectation. We maintain our **TP** for Matrix Concepts at **RM2.00**, based on 21% discount to RNAV. We continue to see positive prospect for Matrix Concepts as new sales from its Bandar Sri Sendayan remains resilient, driven by healthy demand for affordable landed homes. Besides, its land acquisition in Labu is expected to complete in October will further drive earnings growth beyond FY27. Meanwhile, dividend yield of Matrix Concepts is attractive at 5.5% while balance sheet is healthy at net cash position. Hence, we maintain our **BUY** call on Matrix Concepts. 

## RNAV table

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
<b>Domestic</b>				
Sendayan	100%	5,744	10%	492
BSI	100%	1,926	10%	179
Other N.S.	100%	128	10%	14
Klang Valley	100%	1,138	10%	115
<b>International</b>				
Australia	100%	268	10%	32
Indonesia	30%	2,000	10%	63
Unbilled sales		1,200	10%	139
<b>Total</b>				<b>1,035</b>
Shareholder Funds				2,130
Total RNAV				3,165
Number of shares				1,251
RNAV per share				2.53
Discount				21%
<b>Target Price</b>				<b>2.00</b>

Source: MIDF Research

**FINANCIAL SUMMARY**

<b>Income Statement (RM'm)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Revenue	1,113	1,340	1,423	1,476	1,526
EBIT	268	339	353	374	394
PBT	261	334	347	367	388
Net Income	207	246	264	280	296
Core Net Income	221	237	264	280	296
Core EPS (sen)	17.6	19.0	21.1	22.4	23.6
Core PER (x)	10.3	9.6	8.6	8.1	7.7
NTA/share	1.59	1.69	1.74	1.77	1.80
P/NTA	1.15	1.08	1.05	1.03	1.01

<b>FY March (RM m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Property, plant and equipment	211	204	212	214	216
Inventories	774	640	556	545	534
Total non-current assets	1203	1072	1113	1138	1163
Trade receivables and contract assets	618	795	820	828	837
Inventories	398	542	569	581	594
Deposits, Cash and bank balances	250	335	263	268	274
Other current assets	169	0	83	124	169
<b>Total Assets</b>	<b>2638</b>	<b>2743</b>	<b>2848</b>	<b>2940</b>	<b>3037</b>
Long-term borrowings	77.6	85.7	90.0	96.3	103.0
Short-term borrowings	168.3	145.1	60.1	63.1	63.7
Other Liabilities	405	396	521	564	615
Total Liability	651	627	671	724	781
Share capital	961	961	961	961	961
Other Equity	1027	1155	1216	1254	1295
Total Equity	1988	2117	2177	2216	2256
<b>Equity + Liability</b>	<b>2638</b>	<b>2743</b>	<b>2848</b>	<b>2940</b>	<b>3037</b>

<b>FY March (RM m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Cash flows from operating activities					
Net income before taxation	261	334	367	367	388
Net cash from operating activities	211	327	331	324	317
Cash flows from investing activities					
Purchase of PPE	-2	-2	-1	-1	-1
Net cash used in investing activities	19	-2	-2	-1	-1
Cash flows from financing activities					
Repayment of term loan	-55	-110	-108	-114	-103
Net cash from/(used in) financing activities	-171	-239	-249	-274	-291
Net increase/(decrease) in cash and cash equivalents	60	86	80	49	25
Cash and cash equivalent at 1 April	150	200	289	369	418
Cash and cash equivalent at 31 March	150	200	289	369	418

<b>Profitability Margins</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
EBIT margin	24.1%	25.3%	24.8%	25.3%	25.8%
PBT margin	23.4%	24.9%	24.4%	24.9%	25.5%
PAT margin	18.2%	18.5%	18.3%	18.7%	19.1%
Core PATAMI margin	19.8%	17.7%	18.6%	19.0%	19.4%
ROE	11.1%	11.2%	12.1%	12.6%	13.1%
ROA	8.4%	8.6%	9.3%	9.5%	9.7%

Source: Bloomberg, MIDFR

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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	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
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	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

#### 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