

Results Snapshot



Refer to important disclosures at the end of this report

AllianceDBS Research, Malaysia Equity

24 February 2022

Latest Results				
Company	Date	vs. Expect.	Results Highlights	Our Views & Catalysts
Property development				
Matrix Concepts	23-Feb-22	In line (3Q22)	<ul style="list-style-type: none"> Matrix Concepts (MCH) reported a relatively decent 3QFY22 earnings of RM60.5m (+17% q-o-q, -20% y-o-y), taking 9MFY22 earnings to RM144m or 63% of our FY22 earnings projection. This is deemed within expectations. We believe MCH will be able to deliver a much stronger result in 4QFY22 as construction activities are expected to be accelerated. MCH's 3FY22 EBIT margin was much higher at 35.1%, compared to 29.4% in 2QFY22 and 28.7% in 3QFY21. This is mainly due to favourable product mix from residential products. MCH declared its third interim DPS of 3.75 sen, implying a high 52% dividend payout which is higher than its payout of 33% in 3QFY21. Balance sheet was healthy with a mere 4% net gearing. 3QFY22 property sales were quite encouraging at RM357m (+35% y-o-y, +5% q-o-q), mainly driven by its Bandar Sri Sendayan projects. This takes 9MFY22 property sales to RM998m (+7% y-o-y). Meanwhile, unbilled sales came in at RM1.27bn (+32% y-o-y, +13% q-o-q) which is the highest in recent years. 	<ul style="list-style-type: none"> Given the robust property sales in 9MFY22, MCH is likely to achieve its internal sales target of RM1.2bn. We believe that its flagship projects in Bandar Sri Sendayan will continue to enjoy decent sales momentum. Nevertheless, we believe its growth prospects over the next two years may be more subdued in view of Malaysia's challenging property market outlook that has been exacerbated by the core issues of affordability and supply glut. We reiterate our HOLD rating with a TP of RM2.30, based on a 40% discount to our RNAV. We continue to like MCH for its impeccable track record in township developments, but there is limited upside potential due to the stagnating property market that could persist for some time. <p style="text-align: right;">Analyst QUAH He Wei, CFA +603 2604 3966 hewei@alliancedbs.com</p>

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DISCLOSURE

Stock rating definitions

STRONG BUY	-	> 20% total return over the next 3 months, with identifiable share price catalysts within this time frame
BUY	-	> 15% total return over the next 12 months for small caps, >10% for large caps
HOLD	-	-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps
FULLY VALUED	-	negative total return > -10% over the next 12 months
SELL	-	negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame

Commonly used abbreviations

Adex = advertising expenditure
bn = billion
BV = book value
CF = cash flow
CAGR = compounded annual growth rate
Capex = capital expenditure
CY = calendar year
Div yld = dividend yield
DCF = discounted cash flow
DDM = dividend discount model
DPS = dividend per share
EBIT = earnings before interest & tax
EBITDA = EBIT before depreciation and amortisation

EPS = earnings per share
EV = enterprise value
FCF = free cash flow
FV = fair value
FY = financial year
m = million
M-o-m = month-on-month
NAV = net assets value
NM = not meaningful
NTA = net tangible assets
NR = not rated
p.a. = per annum
PAT = profit after tax

PBT = profit before tax
P/B = price / book ratio
P/E = price / earnings ratio
PEG = P/E ratio to growth ratio
q-o-q = quarter-on-quarter
RM = Ringgit
ROA = return on assets
ROE = return on equity
TP = target price
trn = trillion
WACC = weighted average cost of capital
y-o-y = year-on-year

YTD = year-to-date

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