



MATRIX CONCEPTS HOLDINGS

Neutral

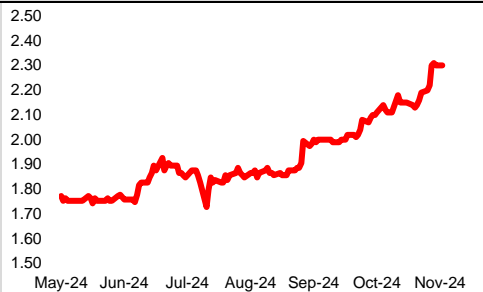
DESCRIPTION

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

12-Month Target Price	RM2.00
Current Price	RM2.24
Expected Return	-11%
Previous Target Price	RM1.80

Market	Main
Sector	Property
Bursa Code	5236
Bloomberg Ticker	MCH MK
Shariah-Compliant	Yes

SHARE PRICE CHART



52 Week Range (RM)	1.60 – 2.36
3-Month Average Vol ('000)	1,676.1

SHARE PRICE PERFORMANCE

	1M	3M	12M
Absolute Returns	10.0	23.9	50.0
Relative Returns	11.0	26.6	30.6

KEY STOCK DATA

Market Capitalisation (RMm)	2,352.4
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) reported 2QFY25 net profit of RM67.4m (+5.3% YoY, +11.1% QoQ), which is within our and consensus expectations. For 1HFY25, Group net profit of RM128.1m (-0.4% YoY) constituted about 51% and 49% of respective full year estimates. Progress billings in 2QFY25 were slower, leading to its revenue dropping by 10.7% YoY to RM321m, mainly due to lower contributions from the Group's flagship Sendayan Developments. Pre-sales are still good however, with new property sales totaling RM341.7m secured in 2QFY25, largely driven by Sendayan Developments, which contributed RM294.8m or 86.3% of total pre-sales. As of 30 September 2024, the Group's unbilled sales stood at RM1.3bn, providing revenue visibility for the next 15–18 months. All told, no change to our earnings estimates. Maintain **Neutral** with higher target price (TP) of RM2.00 (from RM1.80 previously) or pegged at 10% premium to its book value, which we believe is justifiable, given its consistency in delivering earnings and its decent dividend yields of about 4.5%. Separately, it announced a 2.75sen dividend in 2QFY25.

§ **2QFY25 revenue dropped by 10.7% YoY** to RM321m, primarily due to a reduction in revenue from the property development segment, especially from its flagship Sendayan Developments, which contributed RM285.8m during the quarter (-16.1% YoY). However, revenue contributions from the Group's developments in the Klang Valley and Johor experienced a notable increase, rising 71.4% YoY to RM16.8m, driven by the recognition of Levia Residences, the Group's second high-rise development in Kuala Lumpur. Additionally, the healthcare segment contributed RM5.1m in revenue, derived primarily from Mawar Medical Centre, which began contributing in 2HFY24.

§ **FY25 launch target worth RM1.8bn** largely includes new phases within its flagship Sendayan Developments. Elsewhere, the Group's Indonesian development, Menara Syariah in Pantai Indah Kapuk 2, Jakarta, Indonesia has also been successfully completed end-2023. As reported earlier, MCH is looking to either dispose one block or keep both for recurring income. We understand that MCH had initially expected at least 20% margins if it disposes the two towers outright. Now, we believe the value could be higher, given the land value alone is already transacted at 3x its original cost (MCH's initial investment of USD31.75m for a 30% stake). Pre-sales secured in 1HFY25 totalled about RM663m, which is on track to meet its FY25 sales target of RM1.3bn.

KEY FINANCIAL SUMMARY

FYE Mar (RM m)	2023A	2024A	2025F	2026F	2027F	CAGR
Revenue	1,113.1	1,339.9	1,351.0	1,379.3	1,388.2	4.5%
Gross Profit	488.8	644.4	658.9	663.3	679.2	6.8%
Pre-tax Profit	260.7	334.1	331.2	320.7	319.8	4.2%
Net Profit	207.2	246.5	251.7	243.7	243.1	3.2%
EPS (Sen)	16.6	19.7	20.1	19.5	19.4	3.2%
P/E (x)	13.5	11.4	11.1	11.5	11.5	
DPS (Sen)	10.0	10.0	10.0	10.0	10.0	
Dividend Yield (%)	4.5	4.5	4.5	4.5	4.5	

Source: Company, PublicInvest Research estimates

Table 1: Results Review

<u>FY Mar (RMm)</u>	<u>2QFY25</u>	<u>2QFY24</u>	<u>1QFY25</u>	<u>YoY</u> <u>chg</u> <u>(%)</u>	<u>QoQ</u> <u>shg</u> <u>(%)</u>	<u>YTD</u> <u>FY24</u>	<u>YTD</u> <u>FY23</u>	<u>YTD</u> <u>yoy</u>
Revenue	321.0	359.4	279.7	-10.7	14.8	600.8	690.8	-13.0
Gross profit	159.9	156.7	140.4	2.0	13.9	300.3	308.9	-2.8
EBIT	95.4	86.9	82.3	9.8	15.9	177.7	175.1	1.5
Pretax profit	90.1	83.8	81.1	7.5	11.1	171.2	171.0	0.1
Net profit	67.4	64.0	60.7	5.3	11.1	128.1	128.6	-0.4
Margins:								
Gross Profit Margin	49.8	43.6	50.2			50.0	44.7	
EBIT	29.7	24.2	29.4			29.6	25.3	
Net Profit Margin	21.0	17.8	21.7			21.3	18.6	

Source: Company, PublicInvest Research estimates

KEY FINANCIAL DATA

INCOME STATEMENT DATA

FYE Mar (RM m)	2023A	2024A	2025F	2026F	2027F
Revenue	1,113.1	1,339.9	1,351.0	1,379.3	1,388.2
Gross Profit	488.8	644.4	658.9	663.3	679.2
Operating expenses	-250.2	-347.9	-365.3	-387.2	-410.4
Operating Profit	238.5	296.5	293.6	276.1	268.8
Other Gains / (Losses)	26.6	42.7	37.8	44.8	51.3
Finance Costs	-6.2	-4.8	-0.2	-0.2	-0.2
Pre-tax Profit	260.7	334.1	331.2	320.7	319.8
Income Tax	-57.9	-85.9	-79.5	-77.0	-76.8
Effective Tax Rate (%)	-22%	-26%	-24%	-24%	-24%
Minorities	4.4	-1.6	0.0	0.0	0.0
Net Profit	207.2	246.5	251.7	243.7	243.1
Growth					
Revenue (%)	-1.3	20.4	0.8	2.1	0.6
Operating Profit (%)	-13.5	31.8	2.2	0.7	2.4
Net Profit (%)	-18.1	18.9	2.1	-3.2	-0.3

Source: Company (actual), PublicInvest Research estimates

BALANCE SHEET DATA

FYE Mar (RM m)	2023A	2024A	2025F	2026F	2027F
Property, Plant & Equipment	1,142.3	1,336.5	1,397.2	1,455.8	1,520.3
Land Held for Property Development	821.7	639.6	607.6	577.3	548.4
Cash and Cash Equivalents	0.0	0.0	0.0	0.0	0.0
Receivables	245.8	335.4	419.0	518.5	613.3
Other Assets	427.3	431.9	431.9	432.9	432.9
Total Assets	2,637.2	2,743.4	2,855.7	2,984.5	3,114.9
Payables	354.8	446.6	451.0	455.5	460.1
Borrowings	1.4	4.7	4.7	4.7	4.7
Provisions	0.0	0.0	0.0	0.0	0.0
Other Liabilities	291.5	175.3	179.6	180.6	180.6
Total Liabilities	647.7	626.6	635.3	640.8	645.4
Shareholders' Equity	1,989.5	2,116.8	2,220.4	2,343.6	2,469.5
Total Equity and Liabilities	2,637.2	2,743.4	2,855.7	2,984.5	3,114.9

Source: Company (actual), PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Mar (RM m)	2022A	2023A	2024F	2025F	2026F
Book Value Per Share	1.4	1.5	1.6	1.6	1.6
NTA Per Share	1.4	1.5	1.6	1.6	1.6
EPS (Sen)	4.6	6.0	7.4	6.7	6.9
DPS (Sen)	2.0	2.5	2.5	2.5	2.5
Payout Ratio (%)	43.1	41.7	33.9	37.4	36.2
ROA (%)	2.1	2.6	3.0	2.7	2.8
ROE (%)	3.3	4.0	4.7	4.1	4.3

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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