

Matrix Concepts to sustain earnings growth

Firm's recent launches to maintain sales momentum

PROPERTY

PETALING JAYA: Analysts expect Matrix Concepts Holdings Bhd's sales momentum to be sustained by its Bandar Sri Sendayan development in Negri Sembilan, continuing to be the main contributor to sales.

Hong Leong Investment Bank Research (HLIB Research) said the property group enjoyed accelerated billings year-to-date as the labour shortage in the construction industry improved.

The issue had resulted in its unbilled sales easing 22.7% to RM1.17bil in the third quarter ended Dec 31, 2023 (3Q24) from its peak of RM1.51bil in 3Q23.

"Looking ahead, this impact should dissipate and we expect to see a normalised level of billings. Demand for the township is supported by buyers from the Klang Valley region as they look further away from the city centre for landed homes," added the research firm.

Matrix Concepts reported 3Q24 core profit after taxation and minority interests of RM57.2mil, which brought the sum to RM185.9mil for its first three quarters.

HLIB Research said the results were within its projections and consensus, forming 74.3% and 76.1% of full-year forecasts, respectively.

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Hong Leong Investment Bank Research

RM345.3mil, which brought sales to RM961.4mil for the company's first three quarters, making up 74% of its full year sales target of RM1.3bil.

During the quarter, it launched the Levia Residences project in Kuala Lumpur and the Bandar Sri Sendayan township, amounting to RM368.9mil in gross development value.

Unbilled sales, meanwhile, stood at RM1.17bil, representing 1.09 times cover of its FY23 property development revenue.

HLIB Research has a "buy" call on the stock with a target price of RM1.87 and notes that it has a good projected dividend yield of 5.6%.

Similarly, MIDF Research has maintained a "buy" on the stock with a target price of RM1.91.

The research firm said it is positive on Matrix Concepts as new sales remain encouraging which will sustain earnings growth. The group's expansion of its land bank in Labu will further buoy earnings growth.

"Meanwhile, the estimated dividend yield of Matrix Concepts is attractive at 5.5% while its balance sheet is healthy with a net cash position," said MIDF Research.

In another report, UOB Kay Hian Research (UOBKH Research) noted that the group's net profit margin had improved on changes in the company's product mix.

The research firm expects resilient performance going forward, backed by unbilled sales of RM1.2il and sales target of RM1.3bil. It added that the Levia Residences launch in October 2023 recorded encouraging pre-sales bookings of over 50%.

"We expect sales to increase moving forward as the Levia Residences is strategically located in Cheras and is near the future Circle Line MRT3 alignment stations.

"We understand that Levia Residence has not yet contributed sales as most buyers are still in the midst of signing sales and purchase agreements. Hence, progressive billings for Levia may only start next quarter or 1Q25," said UOBKH Research.