

18 May 2017 | Corporate Update

Mah Sing Group Berhad

Acquiring Titiwangsa Land for RM60m

Maintain NEUTRAL
Adjusted Target Price: **RM1.59**
(from RM1.57)

INVESTMENT HIGHLIGHTS


- **Acquiring Titiwangsa land for RM60m**
- **Valuation is fair in our view**
- **Positive on the news**
- **Earnings estimate maintained**
- **Maintain NEUTRAL with higher TP of RM1.59**

Acquiring Titiwangsa land for RM60m. Mah Sing Group Berhad (MAHSING) has entered into agreement to acquire 3.56 acres of freehold land in Titiwangsa, KL (along Jalan Beserah off Jalan Tun Razak). We gather that MAHSING plans to develop condominiums with indicative built up from 850sqft (priced from RM485,000) with total GDV of up to RM650m.

Fair valuation. Valuation works out to be RM387 per sq ft which is fair in our view as it is within the surrounding area value of above RM400 per sq ft. The land is located 3.7km away from Kuala Lumpur City Centre and the Petronas Twin Towers. It is zoned for residential development and fronts Titiwangsa Lake Garden. The land is ~250m away from the upcoming Hospital KL MRT Station and 1.8km away from the existing Titiwangsa LRT, monorail and MRT interchange.

Positive on the news. We are positive on the news as we believe that the strategic location of the landbank with price at an affordable price (from RM485,000 onwards) should translate into good take up rate. The land purchase is estimated to be RNAV accretive and hence should result in enhancement of shareholder value.

Earnings estimate maintained. As we expect the project launch only in FY2018, we expect earnings to start to kick in only from FY19 onwards. Hence, we maintain our earnings forecast for FY17 and FY18.

Maintain NEUTRAL with higher TP of RM1.59: Our Target Price has been increased to RM1.59 (from RM1.57) after including Titiwangsa land into our RNAV. Valuation method is unchanged based on 25% discount to RNAV 

RETURN STATS	
Price (17 th May 2017)	RM1.53
Target Price	RM1.59
Expected Share Price Return	+3.9%
Expected Dividend Yield	+4.2%
Expected Total Return	+8.1%

STOCK INFO	
KLCI	1775.65
Bursa / Bloomberg	8583 / MSGB MK
Board / Sector	Main / Properties
Syariah Compliant	Yes
Issued shares (mil)	2409.42
Par Value (RM)	1.00
Market cap. (RM'm)	3,686.42
Price over NA	1.12
52-wk price Range	RM1.34 - RM1.7
Beta (against KLCI)	0.70
3-mth Avg Daily Vol	1.57m
3-mth Avg Daily Value	RM2.32m
Major Shareholders	
Mayang Teratai S/B	27.10%
EPF	9.61%
Mayang Teratai Limited	7.47%
Skim ASB	5.64%
KWAP	5.41%

INVESTMENT STATISTICS

FYE Dec (RM'm, unless otherwise stated)	FY14A	FY15A	FY16A	FY17F	FY18F
Revenue	2905	3109	2958	3257	3437
EBIT	470	500	478	498	526
PBT	472	504	483	502	529
Net Income	356	387	361	376	397
Core Net Income	356	357	373	376	397
EPS (sen)	18.35	15.26	13.47	15.67	16.54
Core EPS (sen)	18.35	14.53	13.89	15.67	16.54
Net DPS (sen)	6.50	6.50	6.50	5.80	6.12
Net Dvd Yield	4.2%	4.2%	4.2%	3.8%	4.0%
PER	8.4	10.1	11.4	9.8	9.3
NTA/share (RM)	1.53	1.36	1.36	1.46	1.57
P/NTA	1.01	1.13	1.13	1.05	0.98
ROE	15.6%	11.4%	11.3%	10.7%	10.5%
ROA	6.7%	5.4%	6.0%	5.8%	5.9%

Source: Company, MIDF Research Forecast

Location of Titiwangsa Land

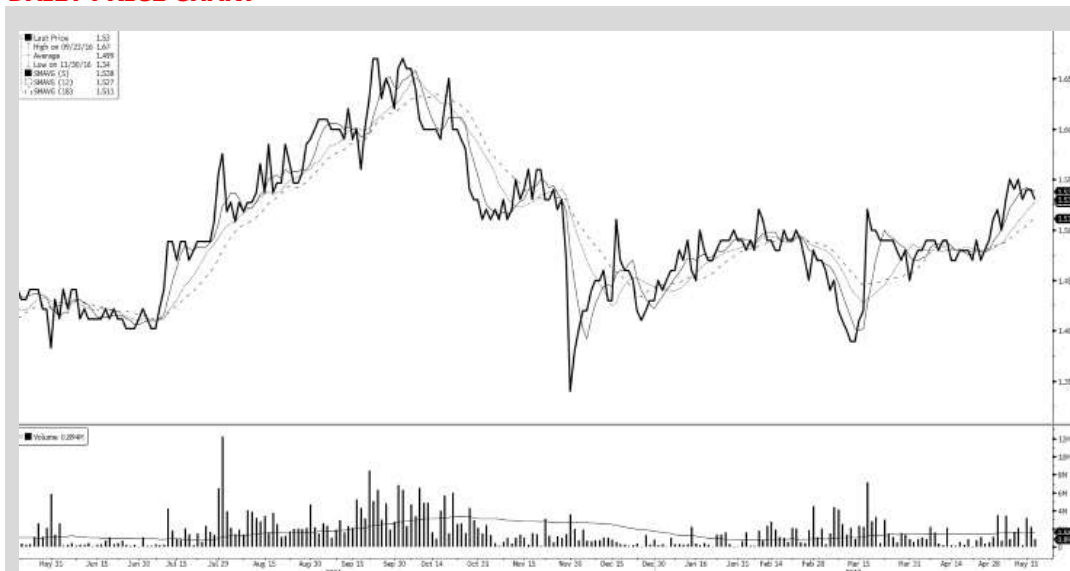
Source: Company

RNAV

Landbank	Location	Size (Ac)	Size (Sq ft)	Book Value (RM m)	Implied BV Valuation (RM/sqft)	Price (RM/sqft)	Stake	Value (RM m)
Johor								
Sierra Perdana	Plentong, Johor Bahru, Johor	105.7	4,602,114	51.6	11.21	34.2	100%	157.4
Sri Pulai Perdana	Pulai, Johor Bahru, Johor	53.0	2,309,987	2.1	0.91	28.0	100%	64.7
Austin Perdana	Tebrau, Johor Bahru, Johor	27.8	1,212,275	35.0	28.83	30.4	100%	36.9
Sri Pulai Perdana 2	Kangkar Pulai, Kulaijaya, Johor	11.1	483,080	22.5	46.67	50.0	100%	24.2
Mah Sing i-Parc	Tg. Kupang, Johor Bahru, Johor	86.0	3,746,160	140.8	37.59	40.5	100%	151.7
Bandar Meridin East	Iskandar Malaysia, Johor	1351.8	58,884,408	429.8	7.30	31.2	100%	1834.8
Medini	Iskandar Malaysia, Johor	NA	DCF					141.0
Kuala Lumpur/Selangor								
Star Avenue	Subang, Selangor	NA	DCF					15.1
Icon Residence	Mont' Kiara, Kuala Lumpur	NA	DCF					20.5
Garden Plaza	Cyberjaya	NA	DCF					17.8
M City	Jalan Ampang, Kuala Lumpur	NA	DCF					120.1
Star Residence	Subang, Selangor	3.0	130,680	0.0	0.00	210	100%	27.4
Mah Sing Integrated Industrial Park	Shah Alam, Selangor	3.2	138,521	3.8	27.10	52.5	100%	7.3
Aman Perdana	Kapar, Klang, Selangor	54.0	2,353,982	36.7	15.58	26.0	100%	61.2
Hijauan Residence & Bayu Sekamat	Cheras, Hulu Langat, Selangor	25.0	1,089,000	37.3	34.28	72.3	100%	78.7
Garden Residence	Cyberjaya	12.8	558,439	103.6	185.48	190.0	100%	106.1
Perdana Residence 2	Selayang, Selangor	3.7	162,479	4.7	28.92	83.6	100%	13.6
PJ Commercial Hub	SS9, Petaling Jaya, Selangor	10.3	447,361	4.7	10.50	261.0	100%	116.8
Kinrara Residence	Bandar Kinrara, Selangor	13.8	601,999	108.6	180.48	237.5	100%	143.0
M Residence @ Rawang	Rawang, Selangor	147.7	6,435,554	134.4	20.88	66.5	100%	428.0
M Residence 2@ Rawang	Rawang, Selangor	111.5	4,856,069	68.9	14.19	66.5	100%	322.9
Southville City	Dengkil, Sepang, Selangor	424.8	18,506,030	462.9	25.02	30.0	100%	555.2
Damansara Sentral	Damansara, Selangor	6.6	285,318	99	345.43	405.0	100%	115.6
Lakeville Residence	Batu, Kuala Lumpur	12.6	548,420	108.4	197.67	200.0	100%	109.7
M Residence 3@ Rawang	Rawang, Selangor	96.7	4,212,688	68.9	16.36	66.5	100%	280.1
Penang								
Southbay Penang	Southwest Penang	26.0	1,132,560	235.5	207.93	180.0	100%	203.9
Icon Residence, Penang	Georgetown, Penang	3.4	147,233	50.2	340.76	350.0	100%	51.5
Ferringhi Residence, Penang	Batu Ferringhi, Penang	46.6	2,027,718	191.3	94.32	95.0	100%	192.6
Legenda @ Southbay	Southwest Penang	7.0	DCF					17.2
Sabah								

Sutera Avenue	Kota Kinabalu, Sabah	1.5	66,211	47.8	721.34	722.0	100%	47.8
Kota Kinabalu Convention City	Kota Kinabalu, Sabah	8.0	348,480	23.3	66.86	115.0	51%	20.4
Recently Acquired Landbank								
SSAAS Golf Course	Shah Alam, Selangor	85.4	3,720,024	327.5	88.03	88.0	100%	327.5
Titiwangsa Land	Kuala Lumpur	3.6	155,074	60.0	386.91	400.0	100%	62.0
Total Landbank Value								
								5872.6
Fixed Assets								109.5
Investment Properties								194.8
Cash								1358.7
Total Liabilities (excl. deferred tax & construction related payables)								-
Total RNAV								2444.7
								509
								1.0
No of shares (m)								2409.4
RNAV per share								2.11
Warrants (Old), Exercise Price RM1.80								149.0
Warrants (New), Exercise Price RM2.63								132.9
Fully Diluted No Of Shares								2691.2
FD RNAV Per Share								2.12
Discount								25%
Target Price								1.59

DAILY PRICE CHART



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Source: MIDFR, Company

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >15% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -15% and +15% over the next 12 months.
SELL	<i>Negative</i> total return is expected to be -15% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >15% 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.