

01 March 2018 | 4QFY17 Results Review

## Mah Sing Group Berhad

*Achieved new sales target*


### INVESTMENT HIGHLIGHTS

- **FY17 earnings within expectations**
- **Earnings driven by projects in Klang Valley**
- **FY17 new sales at RM1.8b**
- **Maintain BUY with unchanged TP of RM1.68**

**FY17 earnings within expectations.** Mah Sing Group Berhad (Mah Sing) FY17 core net earnings of RM356.3m is within expectations, making up 95% and 102% of our and consensus full year estimates. Dividend of 6.5sen was announced, translating into attractive dividend yield of 5.4%.

**Earnings driven by projects in Klang Valley.** Mah Sing FY17 core net income was marginally lower at RM356.3m (-4%yoy) in line with lower topline (-1%yoy) as some development phases in Southville City were at tail end. In FY17, earnings of Mah Sing were mainly underpinned by projects in Greater KL and Klang Valley. Meanwhile, unbilled sales decreased slightly to RM2.7b from RM2.83b in 3QFY17, providing 1 year of earnings visibility.

**FY17 new sales at RM1.8b.** Mah Sing recorded new property sales of RM547m in 4QFY17, higher than new sales of RM440.7m in 3QFY17. The strong property sales in 4QFY17 were partly driven by launches of M Centura in Sentul. That brought total new sales in FY17 to RM1.8b (FY16: RM1.78b), in line with management and our sales target of RM1.8b. In FY17, 63% of the total new sales were contributed by projects in greater KL, 19% from projects in Johor, 14% from projects in Penang, and remaining 3% from project in Sabah. Looking ahead, management has set new sales target of RM1.8b for FY18 on the back of target launch with GDV of RM2.2b. Launches planned for 1HFY18 include new block of M Centura, new block of M Vertica, Southville City's new Sensa Residence, M Aruna 2-storey link homes and M-Parc.

**Maintain BUY with unchanged TP of RM1.68.** We maintain our earnings forecast for FY18. We maintain our TP of RM1.68, based on 20% discount to RNAV. We like the company's strategy of launching mass-market residential projects in strategic locations. Besides, the healthy balance sheet of Mah Sing will provide opportunities to pursue more land banks. 

**Maintain BUY**

**Unchanged Target Price (TP): RM1.68**

RETURN STATS	
Price (28 Feb 2018)	RM1.20
Target Price	RM1.68
Expected Share Price Return	40.0%
Expected Dividend Yield	5.5%
<b>Expected Total Return</b>	<b>45.5%</b>

STOCK INFO	
KLCI	1,856.20
Bursa / Bloomberg	8583 / MSGB MK
Board / Sector	Main / Properties
Syariah Compliant	Yes
Issued shares (mil)	2,427.65
Market cap. (RM'm)	2,913.18
Price over NA	1.05
52-wk price Range	RM1.2–RM1.64
Beta (against KLCI)	0.93
3-mth Avg Daily Vol	1.11m
3-mth Avg Daily Value	RM1.51m

Major Shareholders	
Mayang Teratai Sdn Bhd	26.90%
EPF	9.27%
Mayang Teratai Limited	7.41%
Bank of Singapore	7.41%
Lembaga Tabung Haji	5.81%

## INVESTMENT STATISTICS

FYE Dec (RM m)	FY14A	FY15A	FY16A	FY17A	FY18F
Revenue	2905	3109	2958	2916	3437
EBIT	470	500	478	477	526
PBT	472	504	483	472	529
Net Income	356	387	361	362	397
Core Net Income	356	357	373	356	397
EPS (sen)	18.35	15.26	13.47	6.74	16.54
Core EPS (sen)	18.35	14.53	13.89	6.64	16.54
Net DPS (sen)	6.50	6.50	6.50	6.50	6.62
Net Dvd Yield	5.4%	5.4%	5.4%	5.4%	5.5%
PER	6.5	7.9	8.9	17.8	7.3
NTA/share (RM)	1.53	1.36	1.36	1.42	1.52
P/NTA	0.78	0.88	0.88	0.84	0.79
ROE	15.6%	11.4%	11.3%	10.3%	10.7%
ROA	6.7%	5.4%	6.0%	5.0%	5.4%

Source: Company, MIDF Research Estimates

## Mah Sing: 4QFY17 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY17	%YoY	%QoQ	FY17	%YoY
Revenue	760.8	3%	8%	2,915.8	-1%
EBIT	116.9	6%	0%	476.5	0%
PBT	113.1	0%	-5%	472.3	-2%
Net Income	88.8	4%	-4%	361.9	0%
Core Net Income	90.7	17%	7%	356.3	-4%
EPS (sen)	3.75	6%	0%	6.74	-50%
Core EPS (sen)	3.83	20%	12%	6.64	-52%
Net DPS (sen)	6.50	NA	NA	6.50	NA
NTA/share (RM)	1.42	5%	2%	1.42	5%
Net Gearing (x)	Net Cash	NA	NA	Net Cash	NA
EBIT Margin	15.4%	NA	NA	16.3%	NA
PBT Margin	14.9%	NA	NA	16.2%	NA

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)
<b>Johor</b>								
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 Tebrau, Johor Bahru,	53.0	2,309,987	2.1	0.91	28.0	100%	64.7
Austin Perdana	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
<b>Kuala Lumpur/Selangor</b>								
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
M Vertica	Cheras, Kuala Lumpur	11.2	DCF					239.6
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
<b>Penang</b>								
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
Batu Mertajam	Mainland Penang	10.9	DCF					16.3
<b>Sabah</b>								
Sutera Avenue	Kota Kinabalu, Sabah	1.5	66,211	47.8	721.34	722.0	100%	47.8
<b>Recently Acquired Landbank</b>								
Sentul Land	Kuala Lumpur	8.5	370,260	95.0	256.58	300.0	78%	86.6
<b>Total Landbank Value</b>								5805.3
Fixed Assets								109.5

Investment Properties	194.8
Cash	1358.7
Total Liabilities (excl. deferred tax & construction related payables)	-
<b>Total RNAV</b>	<b>2444.7</b>
	<b>502</b>
	<b>3.6</b>
No of shares (m)	2409.4
<b>RNAV per share</b>	<b>2.08</b>
Warrants (Old), Exercise Price RM1.80	149.0
Warrants (New), Exercise Price RM2.63	132.9
Fully Diluted No Of Shares	2691.2
<b>FD RNAV Per Share</b>	<b>2.10</b>
Discount	20%
<b>Target Price</b>	<b>1.68</b>

Source: MIDF Research Estimates

## DAILY PRICE CHART



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Source: Bloomberg

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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.