

31 July 2018 | Visit Note

Mah Sing Group Berhad

Stable new sales outlook

Maintain BUY

Unchanged Price (TP): RM1.60

INVESTMENT HIGHLIGHTS

- **Take up rate for tower A & B of MVertica at 70%**
- **Property launches plan for FY18 intact**
- **Sales target maintained at RM1.8b**
- **Maintain BUY with unchanged TP of RM1.60**

We recently met up with Mah Sing Group Berhad (Mah Sing) management. We have also visited sales gallery of M Vertica in Cheras. We came away feeling affirmed on the prospect of Mah Sing. The key takeaways from the visit are as below:

Take up rate for tower A & B of MVertica at 70%. Mah Sing officially launched M Vertica in February 2018. Note that M Vertica is a mixed development project in Cheras with a total GDV of RM2.2b. M Vertica is one of Mah Sing's key affordable homes projects in Klang Valley. The project comprised 3,684 units of serviced apartments spread over five high-rise towers. The units have built-up areas for 850sf to 1000sf with selling prices start from RM450,000. Mah Sing launched two towers (tower A&B) out of five towers while take up rate is estimated at 85%. Looking forward, Mah Sing plans to launch third tower in Oct/Nov. On another note, M Centura in Sentul, which is another key affordable home project of Mah Sing recorded take up rate of 71%.


Property launches plan for FY18 intact. Mah Sing maintains its property launches plan of RM2.2b for FY18. Note that Mah Sing launched projects with total GDV of RM760m in 1QFY18 while there were no new project launches in 2QFY18. Nevertheless, Mah Sing is looking to speed up property launches in 3Q and 4Q to catch up with its total launches target of RM2.2b GDV. Key upcoming launches in 2018 include M Centura, M Vertica, Sensa Residence and Cerrado Residential Suites in Southville City.

Sales target maintained at RM1.8b. Mah Sing is maintaining its new property sales target of RM1.8b for FY18. Note that Mah Sing recorded new property sales of RM470m in 1QFY18 which made up 26% of our and management sales target of RM1.8b. New sales in 2QFY18 are expected to be supported by its marketing campaign "Desire" which was launched in May 2018. The campaign offers a variety of packages for buyers looking for ready-to-move-in homes with hassle free home ownership. The campaign was offered only for a selection of completed homes and commercial projects.

RETURN STATS	
Price (30 July 2018)	RM1.29
Target Price	RM1.60
Expected Share Price Return	24.0%
Expected Dividend Yield	5.0%
Expected Total Return	29.0%

STOCK INFO	
KLCI	1,770.26
Bursa / Bloomberg	8583 / MSGB MK
Board / Sector	Main / Properties
Syariah Compliant	Yes
Issued shares (mil)	2,427.65
Market cap. (RM'm)	3,131.72
Price over NA	0.76
52-wk price Range	RM0.98–RM1.6
Beta (against KLCI)	1.06
3-mth Avg Daily Vol	2.24m
3-mth Avg Daily Value	RM2.50m

Major Shareholders	
Mayang Teratai Sdn Bhd	26.90%
EPF	9.07%
Mayang Teratai Limited	7.41%
Bank of Singapore	7.41%
Lembaga Tabung Haji	5.81%
KWAP	5.02%

Maintain BUY with an unchanged TP of RM1.60. Post visit, we make no changes to our earnings forecast for FY18/19 as there is no change to new sales outlook. We maintain our TP for Mah Sing at RM1.60, based on 30% discount to RNAV. We maintain our BUY call on Mah Sing as stable outlook for new property sales remains intact. Meanwhile, valuation of Mah Sing remains attractive by trading at 10% discount to NTA per share of RM1.44 while dividend yield is decent at 5.0%. 

INVESTMENT STATISTICS

FYE Dec	FY15A	FY16A	FY17A	FY18F	FY19F
Revenue	3108.5	2957.6	2915.8	2432.3	2639.1
EBIT	500.0	477.6	476.5	415.4	467.5
PBT	503.7	482.9	472.3	412.5	466.1
Net Income	386.7	361.4	361.9	317.8	358.9
Core Net Income	357.2	372.7	356.3	317.8	358.9
EPS (sen)	16.5	15.0	15.0	13.1	14.8
Core EPS (sen)	15.3	15.5	14.8	13.1	14.8
Net DPS (sen)	6.5	6.5	6.5	6.5	6.5
Net Dvd Yield	5.0%	5.0%	5.0%	5.0%	5.0%
Core PER	8.45	8.34	8.74	9.85	8.73
NTA/share (RM)	1.34	1.36	1.43	1.49	1.57
P/NTA	0.96	0.95	0.90	0.86	0.82
ROE	11.4%	11.3%	10.3%	8.8%	9.4%
ROA	5.4%	6.0%	5.0%	4.3%	4.8%

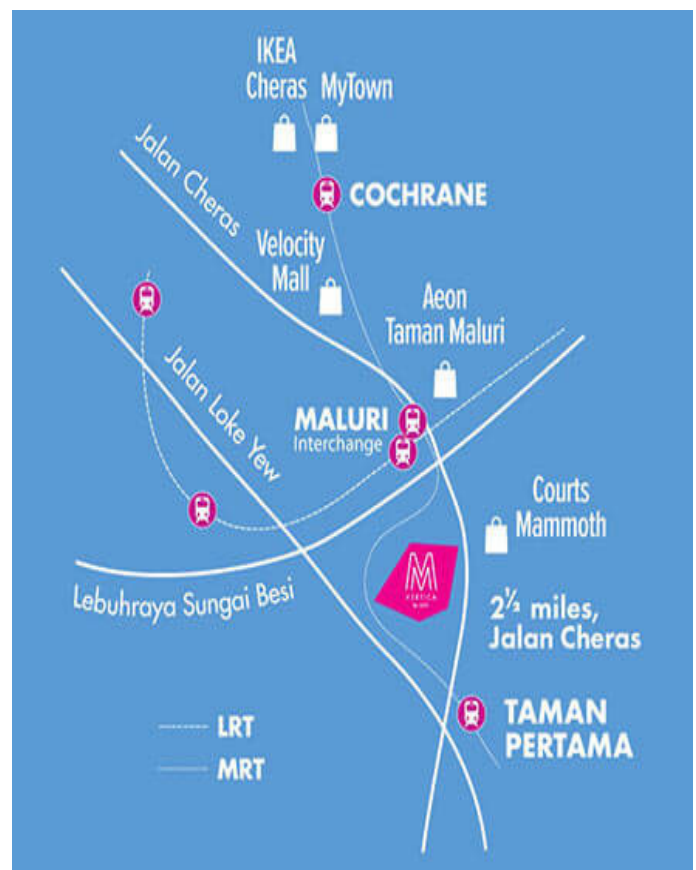
Source: Company, MIDF Research Estimates

Figure 1: M Vertica artist impression



Source: Company

Figure 1: M Vertica location map



Source: Company

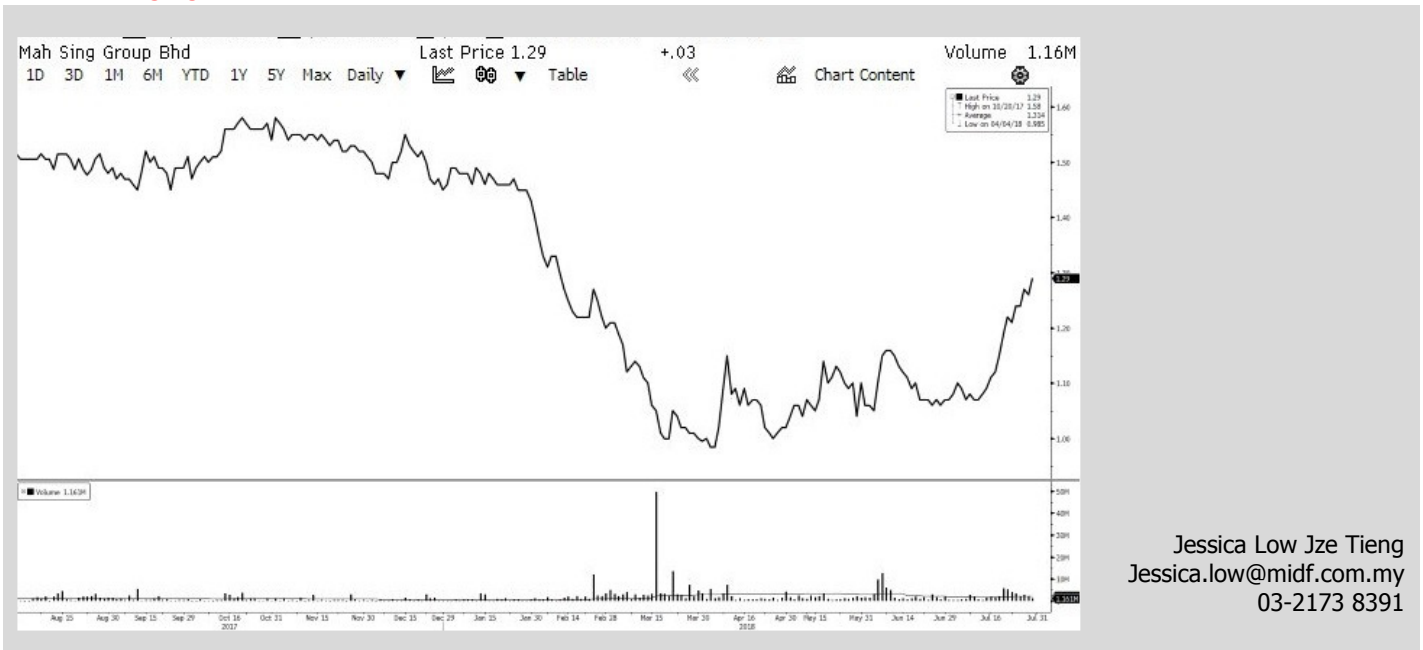
RNAV

Mah Sing Fully Diluted RNAV				
	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Greater KL Projects				
Southgate	100%	2	10%	2
Star Avenue	100%	88	10%	9
Hijauan Residence	100%	226	10%	20
Aman Perdana	100%	79	10%	8
Garden Residence	100%	79	10%	7
Perdana Residence 2	100%	13	10%	1
M Suites @ Jalan Ampang	100%	6	10%	1
Bayu Sekamat	100%	7	10%	1
Icon Residence Mont' Kiara	100%	42	10%	4
Garden Plaza, Cyberjaya	100%	32	10%	3
Clover @ Garden Residence	100%	24	10%	2
M City, Jalan Ampang	100%	154	10%	14
M Residence 1 @ Rawang	100%	436	10%	39
M Residence 2 @ Rawang	100%	73	10%	7
Southville City @ KL South, Bangi	100%	9067	10%	627
Star Residence, Subang	100%	155	10%	14
Icon City, PJ	100%	1919	10%	171
D'sara Sentral	100%	152	10%	15
Lakeville Residence	100%	96	10%	9
M Residence 3 @ Rawang	100%	520	10%	48
M Centura, Sentul	78%	1123	10%	75
M Vertica, Cheras	100%	2200	10%	188
Johor Projects				
Sri Pulai Perdana	100%	40	10%	4
Austin Perdana	100%	83	10%	8
Sierra Perdana	100%	411	10%	37
Meridin @ Medini	100%	345	10%	32
Meridin East	100%	4643	10%	297
Mah Sing i-Parc	100%	191	10%	18
Penang Projects				
Legenda @ Southbay	100%	55	10%	5
Icon Residence, Georgetown	100%	280	10%	26
Ferringhi Residence	100%	587	10%	55
Southbay City	100%	1525	10%	114
Permatang	100%	150	10%	14
KK, Sabah Projects				

Sutera Avenue	100%	107	10%	10
Unbilled sales		2708		240
Total				2125
Shareholder Funds				3456
Total RNAV				5581
Number of shares				2428
RNAV per share				2.30
Warrants, Exercise Price @ RM2.10				349
Fully Diluted Number of Shares				2594
FD RNAV per share				2.29
Discount				30%
Target Price				1.60

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.