



Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

Land Acquisition in Semenyih


KEY INVESTMENT HIGHLIGHTS

- Land acquisition in Semenyih
- Third land acquisition in 2023
- Higher net gearing
- Earnings forecast maintained
- Maintain BUY with a revised TP of RM0.78

Land acquisition in Semenyih. Mah Sing Group (Mah Sing) announced that its wholly-owned subsidiary had entered into 3 inter-conditional agreements for the purchase of 500 acres of freehold land in Semenyih for RM392m. The land is located to the south of Eco Forest and to the east of Bandar Tasik Kesuma. The proposed land acquisition is expected to be completed in 2QCY24

Third land acquisition in 2023. This land acquisition is Mah Sing's third land acquisition in 2023. Note that Mah Sing acquired a piece of land in Puchong in January 2023 and recently announced land acquisition in Johor. Mah Sing is planning a new township named Glengowrie Estate on the land which is Mah Sing's largest integrated township development in Klang Valley. The integrated township will be developed with double storey landed homes with indicative selling price starts from RM446.8k. The estimated GDV for the township is RM3.3b and that translates into attractive land cost to GDV of 11.8%. The land acquisition is in line with Mah Sing's strategy of quick turnaround as registration of interest is expected to be in 2024.

Higher net gearing. Mah Sing intends to fund the land acquisition through a combination of internally generated funds and bank borrowings. Post the land acquisition, we estimate net gearing to increase to 0.31x from 0.2x in 1QFY23. Meanwhile, we see limited earnings impact in the near-term as project is expected to launch in 2024. Hence, we make no changes to our earnings forecast.

Maintain BUY with a revised TP of RM0.78. We revise our TP for Mah Sing to **RM0.78** from RM0.75 after incorporating RNAV contribution from the latest land acquisitions. Our TP is based on unchanged 65% discount to RNAV. We maintain our **BUY** call on Mah Sing as we think that the active land acquisition of Mah Sing would support new property sales outlook and earnings visibility in the near-term. In addition, dividend yield is also attractive at 5.7%. 

Maintain BUY

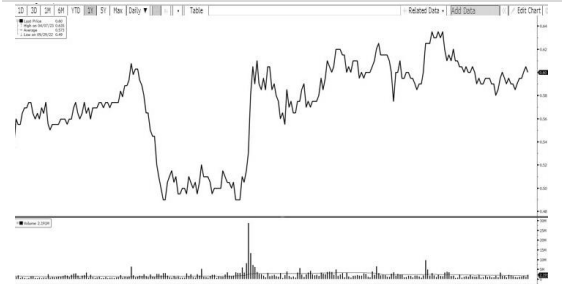
Revised Target Price: RM0.78

Previously RM0.75

RETURN STATISTICS

Price @ 19 June 2023 (RM)	0.60
Expected share price return (%)	30.0
Expected dividend yield (%)	5.7
Expected total return (%)	35.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.9	4.1
3 months	1.0	4.7
12 months	-1.5	5.8

INVESTMENT STATISTICS

FYE Dec	2023E	2024F	2025F
Revenue	2,168	2,277	2,344
Operating Profit	304	341	382
Profit Before Tax	274	312	355
Core PATAMI	207	235	268
Core EPS	8.50	9.67	11.00
DPS	3.40	3.87	4.40
Dividend Yield	5.67%	6.45%	7.33%

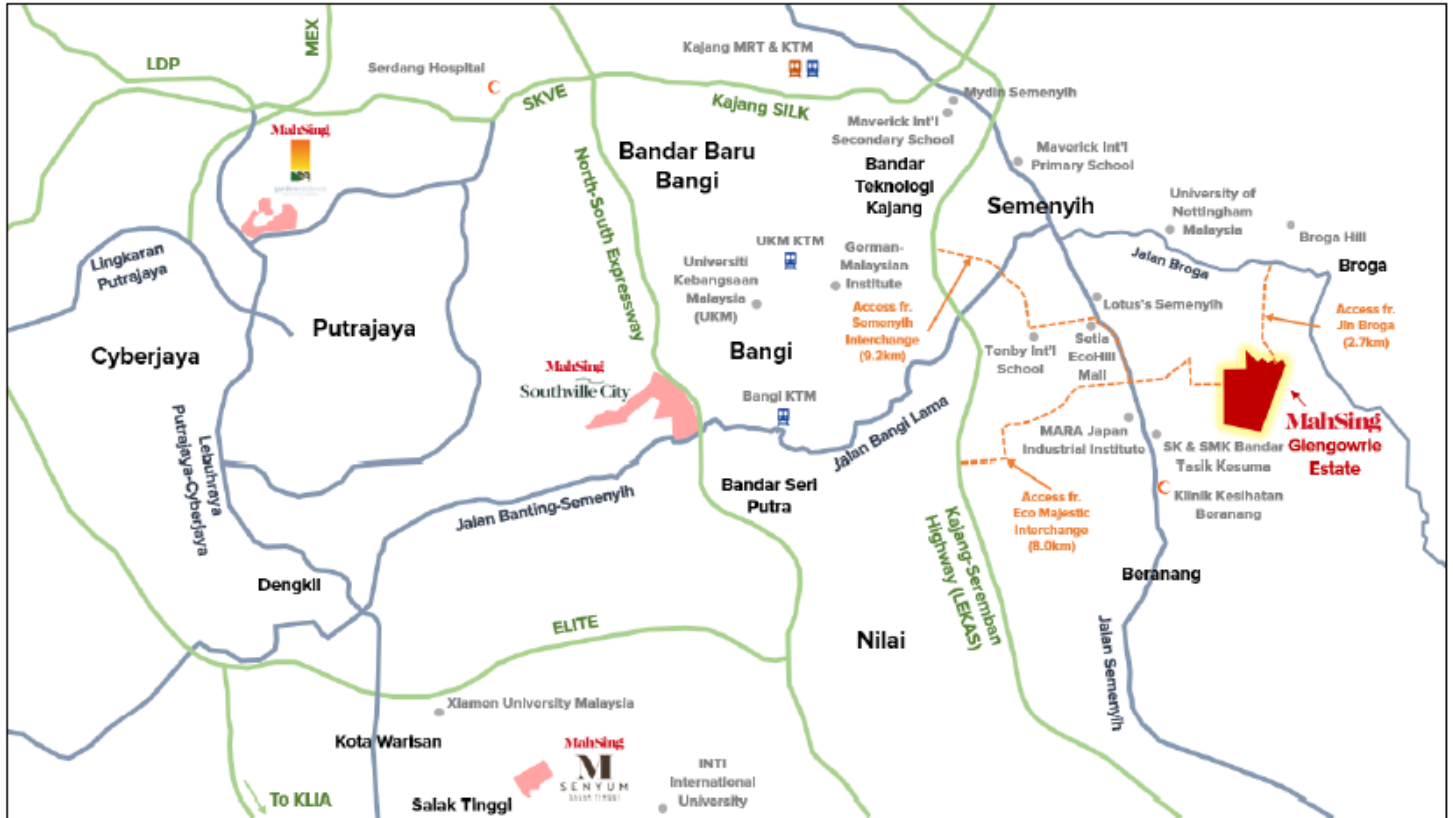
KEY STATISTICS

FBM KLCI	1,387.33
Issue shares (m)	2427.69
Estimated free float (%)	49.63
Market Capitalisation (RM'm)	1457
52-wk price range	RM0.48-RM0.65
3-mth average daily volume (m)	1.85
3-mth average daily value (RM'm)	1.12
Top Shareholders (%)	
Mayang Teratai Sdn Bhd	26.90
Amanah Saham Nasional Bhd	12.15
Bank of Singapore Limited	7.45
Mayang Teratai Limited	7.41

Analyst

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Location of land:



Source: Company

Mah Sing Group RNAV

Mah Sing RNAV	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Greater KL Projects				
Southgate	100%	2	10%	2
Star Avenue	100%	88	10%	7
Hijauan Residence	100%	226	10%	17
Aman Perdana	100%	74	10%	6
Garden Residence	100%	76	10%	6
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%	16	10%	1
Garden Plaza, Cyberjaya	100%	31	10%	3
Clover @ Garden Residence	100%	0	10%	0

Mah Sing RNAV				
	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
M City, Jalan Ampang	100%	2	10%	0
M Residence 1 @ Rawang	100%	282	10%	22
M Residence 2 @ Rawang	100%	38	10%	3
Southville City @ KL South, Bangi	100%	8647	10%	519
Icon City, PJ	100%	1901	10%	147
D'sara Sentral	100%	51	10%	4
Lakeville Residence	100%	1	10%	0
M Aruna Rawang	100%	182	10%	15
M Centura, M Arisa, Sentul	78%	0	10%	0
M Vertica, Cheras	100%	421	10%	33
M Oscar	100%	61	10%	5
M Luna	100%	24	10%	2
M Adora	100%	21	10%	2
M Senyum	100%	329	10%	24
M Astra	100%	299	10%	22
M Nova	100%	790	10%	59
M Terra & M Hana	100%	726	10%	54
Glengowrie Estate	100%	3300	10%	198
Johor Projects				
Sierra Perdana	100%	175	10%	14
Meridin @ Medini	100%	252	10%	20
Meridin East	100%	4182	10%	232
Mah Sing i-Parc	100%	105	10%	9
M Minori	100%	469	10%	35
M Tiara	100%	480	10%	36

Mah Sing RNAV				
	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Penang Projects				
Ferringhi Residence	100%	392	10%	32
Southbay City	100%	1421	10%	93
Unbilled sales		2260		174
Total				1796
Shareholder Funds				3609
Total RNAV				5405
Number of shares				2428
RNAV per share				2.23
Discount				65%
Target Price				0.78

Source: MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2021A	2022A	2023E	2024F	2025F
Revenue	1,754	2,317	2,168	2,277	2,344
EBIT	261	320	304	341	382
PBT	219	264	274	312	355
Net Income	161	180	207	234	266
Core Net Income	106	158	207	235	268
Core EPS (sen)	4.4	6.5	8.5	9.7	11.0
Core PER (x)	13.8	9.2	7.1	6.2	5.5
NTA/share	1.43	1.46	1.50	1.53	1.56
P/NTA	0.42	0.41	0.40	0.39	0.39

Balance Sheet (RM'm)	2021A	2022A	2023E	2024F	2025F
Property, plant and equipment	378	392	398	414	418
Land held for property development	1871	1839	1880	1635	1602
Total non-current assets	2698	2685	2819	2929	2993
Property development costs	1449	1017	1040	1074	1085
Inventories	729	674	688	722	738
Cash and bank balances	1016	580	682	759	776
Other assets	1150	1434	1392	1449	1596
Total Assets	7042	6390	6621	6933	7188
Medium Term Notes	999.1	1001.1	1091.2	1145.8	1226.0
LT Term Loans	447.7	254.6	260.2	281.0	287.2
Other Liabilities	1458	1547	1619	1773	1879
Total Liability	2905	2803	2970	3200	3392
Share capital	1776	1776	1776	1776	1776
Other Equity	2361	1811	1874	1957	2020
Total Equity	4137	3587	3651	3733	3796
Equity + Liability	7042	6390	6621	6933	7188

Cash Flow (RM'm)	2021A	2022A	2023E	2024F	2025F
Cash flows from operating activities					
Net income before taxation	219	264	274	312	355
Net cash from operating activities	164	716	709	717	703
Cash flows from investing activities					
Addition to land held for property development	-35	-50	-50	-38	-33
Net cash used in investing activities	-302	-209	-213	-189	-144
Cash flows from financing activities					
Net proceeds from issuance of Medium Term Notes	299	0	0	0	0
Net cash from/(used in) financing activities	-456	-540	-498	-520	-509
Net increase/(decrease) in cash and cash equivalents	-595	-33	-3	8	50
Cash and cash equivalent at 1 January	1107	512	480	478	486
Cash and cash equivalent at 1 December	512	480	478	486	536

Key Metrics	2021A	2022A	2023E	2024F	2025F
EBIT margin	14.9%	13.8%	14.0%	15.0%	16.3%
PBT margin	12.5%	11.4%	12.6%	13.7%	15.1%
PAT margin	9.2%	7.8%	9.5%	10.3%	11.3%
Core PATAMI margin	6.0%	6.8%	9.5%	10.3%	11.4%
ROE	3.1%	4.4%	5.7%	6.3%	7.0%

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Source: Bloomberg, MIDFR

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.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology