



Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

Maintain BUY

Second Land Acquisition in 2023

Unchanged Target Price: RM0.75

KEY INVESTMENT HIGHLIGHTS

- **Acquisition of landbank in Johor**
- **Expanding M-Series in Johor**
- **Muted impact on balance sheet**
- **Earnings forecast maintained**
- **Maintain BUY with an unchanged TP of RM0.75**

Acquisition of landbank in Johor. Mah Sing Group (Mah Sing) announced that its wholly-owned subsidiary had entered into two sale and purchase agreement for the proposed acquisition of two parcels of land in Johor for total consideration of RM76m. The lands are measuring 75.7 acres in total and is located between townships of Mutiara Rini and Lima Kedai. The proposed land acquisition is expected to be completed in 1H2024.

Expanding M-Series in Johor. This land acquisition is Mah Sing's second land acquisition in 2023. Note that Mah Sing announced land acquisition in Puchong in January 2023. We view the land acquisition positively as it allows Mah Sing to continue expanding its M-series of affordable projects. The development on the land to be named M Tiara will be a landed residential development consisting of double storey terrace and double storey cluster homes. The project GDV is estimated at RM480m with affordable indicative selling price starts from RM625k. Meanwhile, land cost to GDV is deemed attractive at 16% of GDV. The land acquisition is in line with Mah Sing's strategy of quick turnaround as registration of interest is expected to be in 1H2024.

Muted impact on balance sheet. Mah Sing intends to fund the land acquisition through a combination of internally generated funds, bank borrowings and/or net proceeds from its recent disposal of undeveloped land. Impact on balance sheet is expected to be limited. Post-acquisition, we estimate net gearing to increase marginally to 0.22x from 0.2x in 1QFY23. Meanwhile, we do not foresee earnings impact in the near-term as project is expected to launch in 1HCY24. Hence, we make no changes to our earnings forecast.

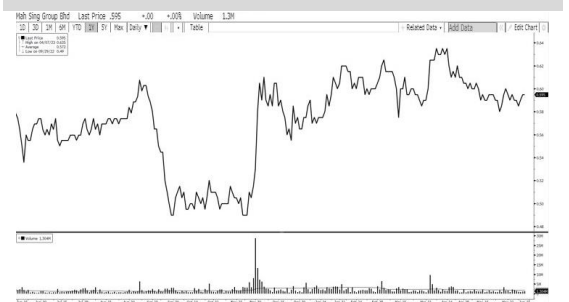
Maintain BUY with unchanged TP of RM0.75. We maintain our **TP** of **RM0.75**, based on 65% discount to RNAV. We remain positive on Mah Sing as we think that new sales outlook for Mah Sing will be driven by launches of properties within affordable price range. Besides, dividend yield is also attractive at 5.7%. Hence, we maintain our **BUY** call on Mah Sing.



RETURN STATISTICS

Price @ 13 June 2023 (RM)	0.595
Expected share price return (%)	26.1
Expected dividend yield (%)	5.7
Expected total return (%)	31.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.8	3.9
3 months	0.8	4.5
12 months	-1.7	5.5

INVESTMENT STATISTICS

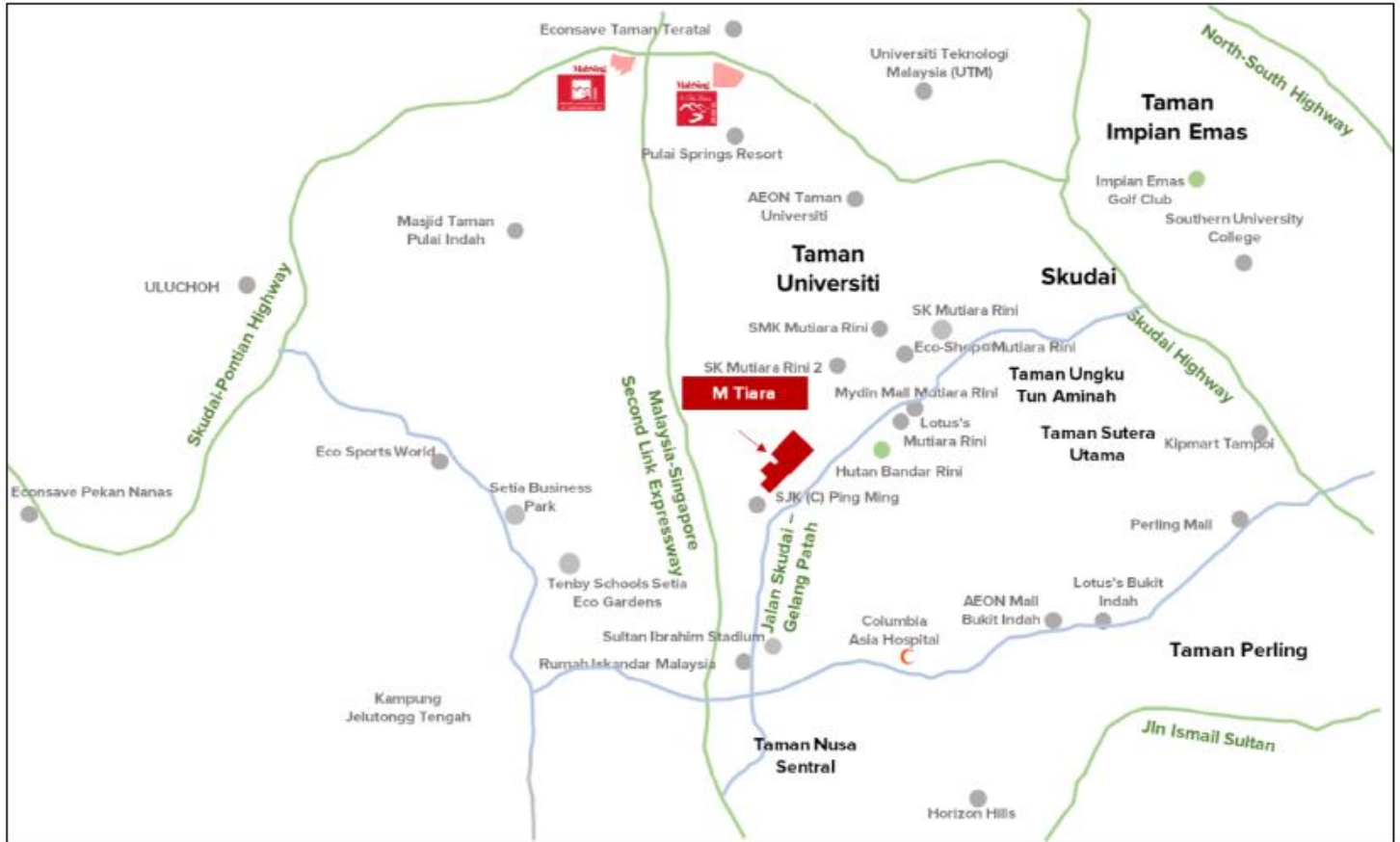
FYE Dec	2023E	2024F	2025F
Revenue	2,168	2,277	2,344
Operating Profit	304	341	382
Profit Before Tax	274	312	355
Core PATAMI	207	235	268
Core EPS	8.50	9.67	11.00
DPS	3.40	3.87	4.40
Dividend Yield	5.72%	6.50%	7.40%

KEY STATISTICS

FBM KLCI	1,380.61
Issue shares (m)	2427.69
Estimated free float (%)	49.63
Market Capitalisation (RM'm)	1444.47
52-wk price range	RM0.48-RM0.65
3-mth average daily volume (m)	1.83
3-mth average daily value (RM'm)	1.11
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

AnalystJessica Low Jze Tieng
jessica.low@midf.com.my

Location of land:



Source: Company

Mah Sing Group 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%	78	10%	7
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
M City, Jalan Ampang	100%	2	10%	0
M Residence 1 @ Rawang	100%	432	10%	33
M Residence 2 @ Rawang	100%	38	10%	3
Southville City @ KL South, Bangi	100%	8847	10%	531
Icon City, PJ	100%	1914	10%	148
D'sara Sentral	100%	72	10%	6
Lakeville Residence	100%	1	10%	0
M Aruna Rawang	100%	284	10%	23
M Centura, M Arisa, Sentul	78%	206	10%	13
M Vertica, Cheras	100%	713	10%	55
M Oscar	100%	192	10%	16
M Luna	100%	169	10%	13
M Adora	100%	135	10%	10
M Senyum	100%	656	10%	49
M Astra	100%	618	10%	46
M Nova	100%	790	10%	59
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 Terra & M Hana	100%	726	10%	54
Penang Projects				
Ferringhi Residence	100%	453	10%	37
Southbay City	100%	1441	10%	94

Permatang	100%	150	10%	12
Unbilled sales		1900		146
Total				1702
Shareholder Funds				3470
Total RNAV				5172
Number of shares				2428
RNAV per share				2.13
Discount				65%
Target Price				0.75

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)	13.6	9.1	7.0	6.2	5.4
NTA/share	1.43	1.46	1.50	1.53	1.56
P/NTA	0.42	0.41	0.40	0.39	0.38

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%

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad (197501002077 (23878 – X)).
(Bank Pelaburan)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (197501002077 (23878 – X)) for distribution to and use by its clients to the extent permitted by applicable law or regulation.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that MIDF Investment believes are reliable at the time of publication. All information, opinions and estimates contained in this report are subject to change at any time without notice. Any update to this report will be solely at the discretion of MIDF Investment.

MIDF Investment makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. MIDF Investment and its affiliates and related BNM and each of their respective directors, officers, employees, connected parties, associates and agents (collectively, "Representatives") shall not be liable for any direct, indirect or consequential loss, loss of profits and/or damages arising from the use or reliance by anyone upon this report and/or further communications given in relation to this report.

This report is not, and should not at any time be construed as, an offer, invitation or solicitation to buy or sell any securities, investments or financial instruments. The price or value of such securities, investments or financial instruments may rise or fall. Further, the analyses contained herein are based on numerous assumptions. This report does not take into account the specific investment objectives, the financial situation, risk profile and the particular needs of any person who may receive or read this report. You should therefore independently evaluate the information contained in this report and seek financial, legal and other advice regarding the appropriateness of any transaction in securities, investments or financial instruments mentioned or the strategies discussed or recommended in this report.

The Representatives may have interest in any of the securities, investments or financial instruments and may provide services or products to any company and affiliates of such BNM mentioned herein and may benefit from the information herein.

This document may not be reproduced, copied, distributed or republished in whole or in part in any form or for any purpose without MIDF Investment's prior written consent. This report is not directed or intended for distribution to or use by any person or entity where such distribution or use would be contrary to any applicable law or regulation in any jurisdiction concerning the person or entity.

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