



Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

Maintain BUY

Strong Sales Prospect for M Nova

Unchanged Target Price: RM0.78

KEY INVESTMENT HIGHLIGHTS

- Visit to M Nova sales gallery
- Third project in Kepong
- Strong sales prospect for M Nova
- Earnings forecast maintained
- Maintain BUY with an unchanged TP of RM0.78

Visit to M Nova sales gallery. We visited M Nova sales gallery and met with management of Mah Sing Group (Mah Sing) recently. We came away from the visit and meeting feeling reaffirmed on the positive prospect for M-series of affordable projects. Key takeaways from the visit as below:

Third project in Kepong. M Nova is the latest project of Mah Sing in Kepong. Previous projects of Mah Sing in Kepong include Lakeville Residence and M Luna. Lakeville Residence is a completed project while M Luna is under construction with construction progress of ~54%. M Nova is sitting on 8.09 acres of land in Taman Wahyu, Kepong which was acquired in November 2021. M Nova consists of three blocks of serviced apartments with total of 1,248 units. Built-up is ranging from 700sf to 1000sf. It also comprises of 11 units of retail shop lots and one retail drive through. The project has total GDV of RM790m with affordable selling price starts from RM318k for 700sf built-up.

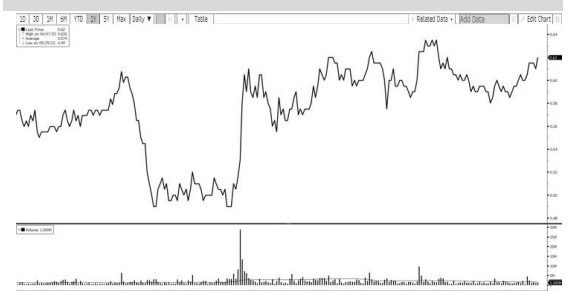
Strong sales prospect for M Nova. M Nova is expected to be officially launched in 3QCY23 upon getting Advertising Permit and Developer's License (APDL). Nevertheless, Mah Sing has opened registration of interest for one block of M Nova with 624 units. We gather that registration of interest thus far was overwhelming with 9k registered interest. Hence, we expect strong sales prospect for M Nova upon official launch as we think Mah Sing should be able to convert the strong booking into property sales fast due to the overwhelming response from buyers. The expected strong sales from M Nova should underpin new sales outlook for Mah Sing. Note that Mah Sing targets to achieve higher new property sales of RM2.2b in FY23 against new property sales of RM2b in FY22.

On acquisition trail. We gather that Mah Sing remains on acquisition trail despite the recent few land acquisitions. Recall that Mah Sing announced three land acquisitions since the beginning of this year which are lands in Puchong, Johor, and Semenyih. Nevertheless, Mah Sing remains on the lookout for land particularly in Klang Valley as its balance sheet remains healthy. Balance sheet of Mah Sing is expected to remain below 0.3x despite the recent few land acquisitions as cash flow from the delivery of ongoing projects is expected to be strong. In a nutshell, we expect the active acquisition of Mah Sing to underpin new property sales and earnings outlook.

RETURN STATISTICS

Price @ 27 June 2023 (RM)	0.62
Expected share price return (%)	25.8
Expected dividend yield (%)	5.5
Expected total return (%)	31.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	6.0	7.2
3 months	5.1	6.8
12 months	4.2	9.3

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	5.5%	6.2%	7.1%

KEY STATISTICS

FBM KLCI	1,386.74
Issue shares (m)	2427.69
Estimated free float (%)	49.63
Market Capitalisation (RM'm)	1,505.17
52-wk price range	RM0.48-RM0.65
3-mth average daily volume (m)	1.78
3-mth average daily value (RM'm)	1.08
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

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Maintain BUY with an unchanged TP of RM0.78. Post visit, we make no changes to our earnings forecast for FY23F/24F/25F as new sales contribution from M Nova is expected to underpin management new sales target of RM2.2b for FY23. Our **TP** is unchanged at **RM0.78**, based on 65% discount to RNAV. We maintain our **BUY** call on Mah Sing as new sales prospects is strong, underpinning by launches of M-Series affordable home. Besides, the active land acquisition of Mah Sing will continue to support new property sales outlook and earnings visibility in the near-term.

Figure 1: Location of M Nova



Source: Company

Figure 2: M Nova scale model



Source: MIDFR

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%	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
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

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
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
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)	14.2	9.5	7.3	6.4	5.6
NTA/share	1.43	1.46	1.50	1.53	1.56
P/NTA	0.43	0.42	0.41	0.40	0.40

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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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