



## Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

### New Sales on Track


#### KEY INVESTMENT HIGHLIGHTS

- **1HFY23 earnings within expectations**
- **Higher progress billing of ongoing projects**
- **New sales on track**
- **Earnings forecast maintained**
- **Maintain BUY with an unchanged TP of RM0.83**

**1HFY23 earnings within expectations.** Mah Sing Group (Mah Sing) 1HFY23 core net income of RM100.2m came in within expectations, making up 48% and 52% of our and consensus full year estimates respectively.

**Higher progress billing of ongoing projects.** Sequentially, 2QFY23 core net income was little-changed at RM50.3m (+0.8%yoy), in line with flattish topline (+0.1%qq). On yearly basis, 2QFY23 core net income was higher (+191.4%yoy). Note that we have included distribution paid to holders of perpetual securities in 2QFY22 core net income calculations. That brought 1HFY23 core net income to RM100.2m (+75.4%yoy), in tandem with higher revenue (+32%yoy). The better earnings were mainly driven by higher revenue recognition from ongoing projects namely M Vertica in Cheras, M Arisa in Sentul, M Luna in Kepong, Meridin East in Johor Bahru, M Oscar in Sri Petaling, M Adora in Wangsa Melawati, M Senyum in Salak Tinggi and Southville City in Bangi. Meanwhile, unbilled sales increased marginally to RM2.34b in 2QFY23 from RM2.26b in 1QFY23, providing one-year earnings visibility.

**New sales on track.** New sales momentum in 2QFY23 was stable as Mah Sing recorded new sales of RM600m in 2QFY23, flattish against new sales of RM600m in 1QFY23. Total new sales of RM1.2b in 1HFY23 is well on track to hit management new sales target of RM2.2b for FY23. Moving forward, new sales in 2HFY23 are expected to be driven by upcoming new launches namely M Minori in Johor Bahru, future phases of M Senyum in Salak Tinggi, Meridin East in Johor Bahru, M Panora in Rawang and M Sinar, Southville City in Bangi.

**Maintain BUY with unchanged TP of RM0.83.** We maintain our earnings forecast for FY23F/24F/25F. We also maintain our **TP** of **RM0.83**, based on 63% discount to RNAV. We remain positive on new sales and earnings outlook for Mah Sing which will be driven by launches of projects in affordable price range. Besides, balance sheet of Mah Sing is healthy, improving to 0.12x in 2QFY23 from 0.2x in 1QFY23 due to cash flow from completions and vacant possession of properties. Hence, we maintain our **BUY** call on Mah Sing. 

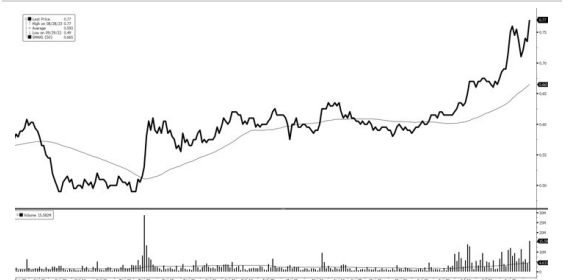
### Maintain BUY

### Unchanged Target Price: RM0.83

#### RETURN STATISTICS

Price @ 28 <sup>th</sup> Aug 2023 (RM)	0.77
Expected share price return (%)	+7.8
Expected dividend yield (%)	4.4
<b>Expected total return (%)</b>	<b>12.2</b>

#### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	14.1	14.6
3 months	25.2	27.9
12 months	28.3	33.3

#### 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	4.4%	5.0%	5.7%

#### KEY STATISTICS

FBM KLCI	1,444.06
Issue shares (m)	2427.69
Estimated free float (%)	49.63
Market Capitalisation (RM'm)	1869.32
52-wk price range	RM0.48-RM0.77
3-mth average daily volume (m)	4.23
3-mth average daily value (RM'm)	2.83
Top Shareholders (%)	
Mayang Teratai Sdn Bhd	26.90
Amanah Saham Nasional Bhd	12.15
Bank of Singapore Limited	7.45

Analyst

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

**Mah Sing Group: 2QFY23 RESULTS SUMMARY**

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY23	%YoY	%QoQ	FY23	%YoY
Revenue	644.2	18.9%	0.1%	1,287.7	32.0%
EBIT	87.5	19%	-1.6%	176.5	23.4%
PBT	75.0	26%	-1.0%	150.8	30.2%
Net Income	50.5	17%	0.8%	100.5	16.6%
Core Net Income	50.3	191.4%	0.8%	100.2	75.4%
EPS (sen)	2.08	17%	0.8%	4.1	16.6%
Core EPS (sen)	2.07	191%	0.8%	4.1	74.3%
Net DPS (sen)	0.00	NA	NA	0.0	NA
NTA/share (RM)	1.49	5%	0.3%	1.5	5%
Net Gearing (x)	0.12	NA	NA	0.1	NA
EBIT Margin	13.6%	NA	NA	13.7%	NA
PBT Margin	11.6%	NA	NA	11.7%	NA

Source: Company

**Mah Sing Group RNAV**

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
<b>Greater KL Projects</b>				
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
M Terra & M Hana	100%	726	10%	54
Glengowrie Estate	100%	3300	10%	198
M Zenya	100%	500	10%	37
<b>Johor Projects</b>				
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
<b>Penang Projects</b>				
Ferringhi Residence	100%	392	10%	32
Southbay City	100%	1421	10%	93

Unbilled sales	2260	174
<b>Total</b>		<b>1833</b>
Shareholder Funds		3609
Total RNAV		5442
Number of shares		2428
RNAV per share		2.24
Discount		63%
<b>Target Price</b>		<b>0.83</b>

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)	17.7	11.8	9.1	8.0	7.0
NTA/share	1.43	1.46	1.50	1.53	1.56
P/NTA	0.54	0.53	0.51	0.50	0.49

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
<b>Total Assets</b>	<b>7042</b>	<b>6390</b>	<b>6621</b>	<b>6933</b>	<b>7188</b>
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
<b>Equity + Liability</b>	<b>7042</b>	<b>6390</b>	<b>6621</b>	<b>6933</b>	<b>7188</b>

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