



# Matrix Concepts Holdings Berhad

(5236 | MCH MK) Main | Property

## Visit to Bandar Sri Sendayan

### KEY INVESTMENT HIGHLIGHTS

- Visit to Bandar Sri Sendayan in Seremban
- An established township in Seremban
- Affordable landed properties
- MVV land to spur long term growth
- Earnings forecast maintained
- Maintain BUY with unchanged TP of RM1.86

We visited Matrix Concepts Holdings Berhad (“Matrix Concepts”) Bandar Sri Sendayan township in Seremban. We came away the visit feeling positive on the prospect of the township and new sales prospect of Matrix Concepts. Key takeaways from the visit as below:

**An established township in Seremban.** Bandar Sri Sendayan is a self-sustaining township with size of 13,287 acres. More than 7,000 acres has been completed under the township while there are 6,172 acres for ongoing and future developments. Bandar Seri Sendayan has developed into a matured township complete with primary schools, secondary school and commercial areas to cater to needs of its residents. The township also has Matrix Global Schools which comprise of Matrix Private School, Matrix International School and Matrix International Preschool located in one campus. Besides, the township also has d’Tempat Country Club which caters to needs of residents and guests for leisure, sporting and dining facilities.

**Affordable landed properties.** The township is mainly offering landed house amid strong demand from property buyers in Klang Valley. Selling prices of landed properties in Bandar Sri Sendayan remains affordable compared to high prices of landed properties in Klang Valley. New launch of intermediate double-storey house with layout of 20’ x 70’ at Izara @ Bayu Sutera is selling from RM600k which is around half of the price for landed properties in KL. With strong demand for properties in Bandar Sri Sendayan, population has grown to estimated 50k to 60k.

**MVV land to spur long term growth.** Matrix Concepts is on expansion mode as it is the midst of acquiring 1382 acres of land located within the Malaysia Vision Valley (MVV) corridor. The land acquisition is expected to complete in FY24 while first project launch is anticipated in FY26. The MVV land is located near to Bandar Sri Sendayan which we see Matrix Concepts would be able to replicate the success of Bandar Sri Sendayan at MVV land. Meanwhile, the upcoming projects at MVV land will be running parallel with Bandar Sri Sendayan and hence spur earnings growth further from FY26 onwards.

**Maintain BUY****Unchanged Target Price: RM1.86**

### RETURN STATISTICS

Price @ 6 <sup>th</sup> Oct 2023 (RM)	1.50
Expected share price return (%)	24.0%
Expected dividend yield (%)	6.5%
Expected total return (%)	+30.5%

### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.0	2.7
3 months	0.7	4.9
12 months	4.2	3.4

### INVESTMENT STATISTICS


FYE March	2024E	2025F	2026F
Revenue	1,190	1,250	1,266
Operating Profit	344	377	388
Profit Before Tax	335	367	378
Core PATAMI	256	280	288
Core EPS	20.42	22.40	23.04
DPS	9.80	10.75	11.06
Dividend Yield	6.53%	7.17%	7.37%

### KEY STATISTICS

FBM KLCI	1,416.88
Issue shares (m)	834.23
Estimated free float (%)	58.91
Market Capitalisation (RM'm)	1,877
52-wk price range	RM1.4–RM1.68
3-mth average daily volume (m)	2.81
3-mth average daily value (RM'm)	4.12
Top Shareholders (%)	
Shining Term Sdn Bhd	12.67
Lee Tian Hock	11.47

**Analyst**

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

**Maintain BUY with unchanged TP of RM1.86.** Post visit, we make no changes to our earnings forecast. We maintain our **TP** for Matrix Concepts at **RM1.86**, based on 23% discount to RNAV. We are positive on Matrix Concepts for (1) its status as an established township developer in Seremban that focus on affordable home, (2) good track record of dividend payout, (3) Better earnings prospect from FY24 onwards, (4) near-term catalyst from landbank expansion in Labu, and (5) healthy balance sheet. Hence, we maintain our **BUY** call on Matrix Concepts. 

### RNAV table

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
<b>Domestic</b>				
Sendayan	100%	3187	10%	294
BSI	100%	1935	10%	194
Other N.S.	100%	153	10%	18
Klang Valley	100%	1,332.0	10%	145
<b>International</b>				
Australia	100%	238	10%	114
Indonesia	30%	1000	10%	34
Unbilled sales		1400	10%	174
<b>Total</b>				<b>972</b>
Shareholder Funds				2048
Total RNAV				3020
Number of shares				1251
RNAV per share				2.41
Discount				23%
<b>Target Price</b>				<b>1.86</b>

Source: MIDF Research

**FINANCIAL SUMMARY**

<b>Income Statement (RM'm)</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025F</b>	<b>2026F</b>
Revenue	892	1,113	1,190	1,250	1,266
EBIT	276	268	344	377	388
PBT	268	261	335	367	378
Net Income	205	207	256	280	288
Core Net Income	216	221	256	280	288
Core EPS (sen)	25.9	17.6	20.4	22.4	23.0
Core PER (x)	5.8	8.5	7.3	6.7	6.5
NTA/share	2.28	1.59	1.63	1.68	1.71
P/NTA	0.66	0.94	0.92	0.89	0.88

<b>FY March (RM m)</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24F</b>	<b>FY25F</b>	<b>FY26F</b>
Property, plant and equipment	219	211	214	222	225
Inventories	803	774	791	688	674
Total non-current assets	1227	1203	1230	1278	1306
Trade receivables and contract assets	618	618	632	652	659
Inventories	463	398	406	426	435
Deposits, Cash and bank balances	202	250	294	249	254
Other current assets	110	169	184	247	294
<b>Total Assets</b>	<b>2619</b>	<b>2638</b>	<b>2746</b>	<b>2852</b>	<b>2949</b>
Long-term borrowings	114.6	77.6	79.2	83.1	89.0
Short-term borrowings	139.8	168.3	145.1	148.4	155.9
Other Liabilities	466	405	478	520	567
Total Liability	720	651	702	751	812
Share capital	961	961	961	961	961
Other Equity	938	1027	1083	1139	1176
Total Equity	1899	1988	2044	2101	2137
<b>Equity + Liability</b>	<b>2619</b>	<b>2638</b>	<b>2746</b>	<b>2852</b>	<b>2949</b>

<b>FY March (RM m)</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24F</b>	<b>FY25F</b>	<b>FY26F</b>
Cash flows from operating activities					
Net income before taxation	268	261	274	312	355
Net cash from operating activities	108	211	209	212	207
Cash flows from investing activities					
Purchase of PPE	-2	-2	-2	-2	-2
Net cash used in investing activities	-3	19	20	18	13
Cash flows from financing activities					
Repayment of term loan	-16	-55	-47	-32	-29
Net cash from/(used in) financing activities	-140	-171	-155	-162	-159
Net increase/(decrease) in cash and cash equivalents	186	60	74	67	62
Cash and cash equivalent at 1 April	186	150	200	274	341
Cash and cash equivalent at 31 March	186	150	200	274	341

<b>Profitability Margins</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025F</b>	<b>2026F</b>
EBIT margin	31.0%	24.1%	28.9%	30.2%	30.6%
PBT margin	30.1%	23.4%	28.1%	29.4%	29.8%
PAT margin	22.5%	18.2%	21.1%	22.0%	22.4%
Core PATAMI margin	24.2%	19.8%	21.5%	22.4%	22.8%
ROE	11.4%	11.1%	12.5%	13.3%	13.5%
ROA	8.2%	8.4%	9.3%	9.8%	9.8%

Source: Bloomberg, MIDFR

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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