



Matrix Concepts Holdings Berhad

(5236 | MCH MK) Main | Property

Maintain BUY

Visit to Menara Syariah

Unchanged Target Price: RM1.86

KEY INVESTMENT HIGHLIGHTS

- **Visit to Menara Syariah**
- **Menara Syariah towers to be completed by end of this year**
- **PIK 2 The New Jakarta City**
- **Expect better earnings in 2QFY24**
- **Earnings forecast maintained**
- **Maintain BUY with unchanged TP of RM1.86**

We recently visited Matrix Concepts Holdings Berhad ("Matrix Concepts") Menara Syariah towers in PIK 2, Indonesia. The visit was organised by Matrix Concepts to allow investment communities to gain more understanding on its Indonesian venture. We came away the visit feeling reassured on the stable prospect of its Indonesian venture.

Menara Syariah towers to be completed by end of this year. Matrix Concepts expanded its property reach to Indonesia in 2019. Matrix Concepts is developing Menara Syariah Twin Towers located at Islamic financial district of Pantai Indah Kapuk 2 (PIK 2). The project is developed by PT Fin Centerindo Satu, a joint venture company between Matrix Concepts and Indonesian companies which are Agung Sedayu Group, Salim Group whereby Matrix Concepts hold 30% in the JV company. The GDV of Menara Syariah Twin Towers is RM1b. Construction progress is more than 95% and is expected to fully complete by end of this year. Matrix Concepts is planning either to sell or keep Menara Syariah as investment properties.

PIK 2 The New Jakarta City. PIK 2 has development area of 6,000 ha and is located 7 minutes from Soekarno-Hatta International Airport. PIK 2 is planned as an integrated city with various development such as shopping centre, central business district, residential area, white sand beach, green belt, jetty, education city, stadium and convention centre. With the massive size of the project, we gather that development period for PIK 2 could be more than 20 years. Meanwhile, Matrix Concepts has remaining land of 5.5 acres in PIK 2. We see good potential to the land value as land value as appreciated from IDR22m per square meter in 2019 to latest land value of IDR60m per square meter.

Expect better earnings in 2QFY24. Matrix Concepts is scheduled to release its 2QFY24 earnings by end of this month. We expect 2QFY24 earnings to be stronger on yearly basis due to pick up in construction progress at project site. We are forecasting FY24 earnings to come in at RM256m which represents growth of 15.8%yoy. On the other hand, new sales are also expected to be stable on quarterly basis which should be on track to hit management new sales target of RM1.3b as demand for landed house in Bandar Sri Sendayan remains resilient. Besides, we also expect dividend payout in 2QFY24 which should on track to meet our dividend payout projection of 9.8sen per share for FY24. That translates into attractive dividend yield of 6%.

RETURN STATISTICS

Price @ 21 st Nov 2023 (RM)	1.60
Expected share price return (%)	16.3%
Expected dividend yield (%)	6.1%
Expected total return (%)	22.4%

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	5.3	3.7
3 months	7.4	6.5
12 months	11.9	10.2

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	6.13%	6.72%	6.91%

KEY STATISTICS

FBM KLCI	1,463.40
Issue shares (m)	834.23
Estimated free float (%)	58.91
Market Capitalisation (RM'm)	2,002
52-wk price range	RM1.4–RM1.68
3-mth average daily volume (m)	2.51
3-mth average daily value (RM'm)	3.82
Top Shareholders (%)	
Shining Term Sdn Bhd	12.67
Lee Tian Hock	11.11

Analyst

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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 Indonesia project and landbank expansion in Labu, and (5) healthy balance sheet. Hence, we maintain our **BUY** call on Matrix Concepts. 

Figure 1: Menara Syariah



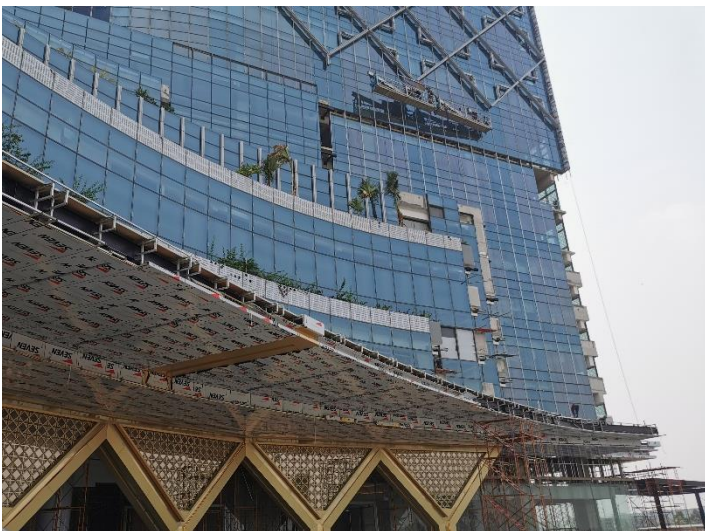
Source: MIDF Research

Figure 2: Menara Syariah



Source: MIDF Research

Figure 3: Menara Syariah



Source: MIDF Research

Figure 4: View from Menara Syariah



Source: MIDF Research

Figure 5: Master plan of PIK 2



Source: Company

Figure 5: Artist impression of PIK 2



Source: Company

RNAV table

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Domestic				
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
International				
Australia	100%	238	10%	114
Indonesia	30%	1000	10%	34
Unbilled sales		1400	10%	174
Total				972
Shareholder Funds				2048
Total RNAV				3020
Number of shares				1251
RNAV per share				2.41
Discount				23%
Target Price				1.86

Source: MIDF Research

FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024E	2025F	2026F
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)	6.2	9.1	7.8	7.1	6.9
NTA/share	2.28	1.59	1.63	1.68	1.71
P/NTA	0.70	1.01	0.98	0.95	0.94

FY March (RM m)	FY22	FY23	FY24F	FY25F	FY26F
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
Total Assets	2619	2638	2746	2852	2949
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
Equity + Liability	2619	2638	2746	2852	2949

FY March (RM m)	FY22	FY23	FY24F	FY25F	FY26F
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

Profitability Margins	2022A	2023A	2024E	2025F	2026F
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