



Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

Positive Outlook Intact

KEY INVESTMENT HIGHLIGHTS

- Meeting with Mah Sing and visit to Southville City
- Affordable high-rise projects in Southville City
- M Sinar to be launched in 1QFY24
- Better prospect
- Earnings forecast maintained
- Maintain BUY with an unchanged TP of RM0.99

We recently met with Mah Sing Group's management and visited Southville City township. We came away the visit feeling reaffirmed on the positive outlook for new sales which will be continue driven by M series affordable homes.

Affordable high-rise projects. Southville City is a 428 acres of mixed township development with total GDV of RM11.1b. The township is located at Bangi which is along KL-Seremban Highway. The township has good connectivity with Southville City interchange on the KL-Seremban Highway. The township is mainly offering affordable high-rise projects. Projects that were built and sold out are Savanna Executive Suites, Cerrado Suites and Sensory Residence. Selling prices for the projects are affordable with selling price starts at ~RM300k. The strategy of selling affordable high-rise projects is in line with government's direction to increase homeownership.

Upcoming project at Southville City. With good response from the past projects, Mah Sing is targeting to launch M Sinar which is a 33-storey service apartment with 999 units in Southville City in 1QCY24. Indicative built-up is from 550sf to 868 sf with indicative selling price from RM342k. We expect take-up rate to be good as demand for affordable home remains strong. Besides, we understand that rental demand in Southville City is buoyant as the township is located around 10km away from Universiti Kebangsaan Malaysia (UKM).

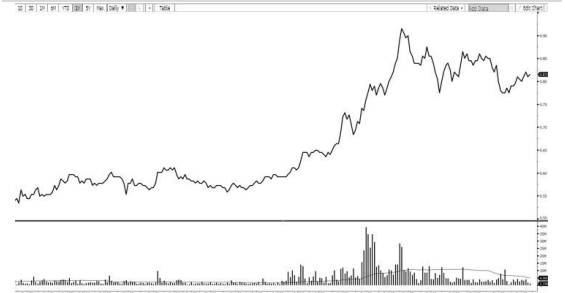
Better prospect. Mah Sing recorded total new sales of RM1.8b in 9MFY23 which is well on track to surpass management new sales target of RM2.2b for FY23. Looking ahead, new sales prospect is expected to be stronger from FY24 onwards due to slew of launches and active land acquisition of Mah Sing. Recall that Mah Sing Group acquired five pieces of land to date in FY23 to expand its M series affordable home. Meanwhile, management also see good potential of its recent industrial venture. Note that Mah Sing had on August 2023 formed JV for industrial real estate property developments to ride on the growing demand for industrial property in Malaysia from buyers in China.

Maintain BUY**Unchanged Target Price: RM0.99**

RETURN STATISTICS

Price @ 21 st Dec 2023 (RM)	0.815
Expected share price return (%)	21.5
Expected dividend yield (%)	4.2
Expected total return (%)	25.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-3.6	-3.2
3 months	-9.4	-4.7
12 months	45.5	46.1

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	4.17%	4.75%	5.40%

KEY STATISTICS

FBM KLCI	1,455.58
Issue shares (m)	2427.69
Estimated free float (%)	49.63
Market Capitalisation (RM'm)	2,027
52-wk price range	RM0.55-RM0.92
3-mth average daily volume (m)	6.02
3-mth average daily value (RM'm)	5.08
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 RM0.99. We make no changes to our earnings forecast for FY23F/24F/25F. Our **TP** is unchanged at **RM0.99**, based on 55% discount to RNAV. We continue to like Mah Sing for its strategy of focusing projects in affordable price range which will drive new property sales growth. Besides, balance sheet of Mah Sing is healthy with net gearing of 0.13x in 3QFY23 which will give Mah Sing financial flexibility for future landbanking exercise. Hence, we maintain our **BUY** call on Mah Sing.

Figure 1: Southville City township



Source: Company

Figure 2: M Sinar



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%	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%	12	10%	1
Garden Plaza, Cyberjaya	100%	31	10%	3
M City, Jalan Ampang	100%	2	10%	0
M Residence 1 @ Rawang	100%	200	10%	15
M Residence 2 @ Rawang	100%	33	10%	3
Southville City @ KL South, Bangi	100%	8535	10%	512
Icon City, PJ	100%	1901	10%	147
D'sara Sentral	100%	51	10%	4
Lakeville Residence	100%	1	10%	0
M Aruna Rawang	100%	171	10%	14
M Centura, M Arisa, Sentul	78%	9	10%	1
M Vertica, Cheras	100%	252	10%	20
M Oscar	100%	30	10%	2
M Luna	100%	18	10%	1
M Adora	100%	9	10%	1
M Senyum	100%	222	10%	16
M Astra	100%	19	10%	1
M Nova	100%	617	10%	46

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
M Terra & M Hana	100%	726	10%	54
Glengowrie Estate	100%	3300	10%	198
M Zenya	100%	500	10%	37
Johor Projects				
Sierra Perdana	100%	140	10%	11
Meridin @ Medini	100%	227	10%	18
Meridin East	100%	3628	10%	201
Mah Sing i-Parc	100%	19	10%	2
M Minori	100%	469	10%	35
M Tiara	100%	480	10%	36
Penang Projects				
Ferringhi Residence	100%	382	10%	31
Southbay City	100%	1418	10%	92
Unbilled sales		2418		186
Total				1730
Shareholder Funds				3637
Total RNAV				5366
Number of shares				2428
RNAV per share (RM)				2.21
Discount				55%
Target Price (RM)				0.99

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)	18.7	12.5	9.6	8.4	7.4
NTA/share	1.43	1.46	1.50	1.53	1.56
P/NTA	0.57	0.56	0.54	0.53	0.52

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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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