



## Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

### Stronger New Sales Outlook

#### KEY INVESTMENT HIGHLIGHTS

- **FY23 earnings within our expectation**
- **Higher sequential earnings on better margin**
- **Ended FY23 on a stronger note**
- **Stronger new sales outlook**
- **Maintain BUY with a revised TP of RM1.12**

**FY23 earnings within our expectation.** Mah Sing Group (Mah Sing) FY23 core net income of RM216.2m came in within our expectation but above consensus estimates, making up 104% and 110% of our and consensus forecast respectively. Meanwhile, Mah Sing declared dividend of 4sen per share (ex-date: 9<sup>th</sup> May 2024) for FY23, which is higher than 3sen dividend in FY22. That translates into a dividend yield of 4.2%.

**Higher sequential earnings on better margin.** Sequentially, 4QFY23 core net profit jumped to RM69.3m (+42.4%qoq) despite topline grew marginally (+4.2%qoq) mainly due to better margin. Gross profit margin improved to 26.4% in 4QFY23 from 21.7% in 3QFY23. We understand that the improving margin was due to realisation of cost savings upon finalisation of certain construction contracts. That has offset the impact of higher selling & marketing and administrative expenses in 4QFY23.

**Ended FY23 on a stronger note.** On yearly basis, 4QFY23 core net income was higher (+30.7%yoy), bringing full year earnings in FY23 higher at RM216.2m (+36.9%yoy). The higher earnings were contributed by higher earnings recognition from its ongoing projects which saw operating profit of property segment increased by +8.8%yoy. Similarly, manufacturing division saw improved performance as segment operating loss narrowed significantly to operating loss of RM5m in FY23 from operating loss of RM23m in FY22 due to better cost management and cost optimisation measures which improved efficiency of gloves operation. Meanwhile, unbilled sales eased marginally to RM2.33b in 4QFY23 from RM2.41b in 3QFY23, providing less than one-year earnings visibility.

**Stronger new sales outlook.** Mah Sing achieved new sales of RM460m in 4QFY23, bringing total new sales to RM2.26b in FY23 which met management new sales target of RM2.2b for FY23. Meanwhile, management set higher new sales target of RM2.5b for FY24. New sales momentum is expected to sustain by its ongoing projects and new lands that were acquired in FY23 for residential developments namely M Terra and M Hana in Puchong, M Tiara in Johor, M Legasi in Semenyih, M Zenya in Kepong, and M Azura in Setapak. Besides, its growing exposure to industrial property development through its recent land acquisition in Sepang will further support new sales outlook.

### Maintain BUY

**Revised Target Price: RM1.12**  
(Previously RM1.05)

#### RETURN STATISTICS

Price @ 27 <sup>th</sup> Feb 2024 (RM)	0.955
Expected share price return (%)	+17.3
Expected dividend yield (%)	+4.2
<b>Expected total return (%)</b>	<b>+21.5</b>

#### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.6	-1.8
3 months	15.1	8.2
12 months	57.9	47.3

#### INVESTMENT STATISTICS


FYE Dec	2024E	2025F	2026F
Revenue	2,630	2,664	2,719
Operating Profit	345	389	420
Profit Before Tax	317	362	389
Core PATAMI	239	273	291
Core EPS	9.82	11.23	11.98
DPS	4.00	4.20	4.30
Dividend Yield	4.2%	4.4%	4.5%

#### KEY STATISTICS

FBM KLCI	1,558.80
Issue shares (m)	2427.69
Estimated free float (%)	49.62
Market Capitalisation (RM'm)	2,318
52-wk price range	RM0.57-RM0.97
3-mth average daily volume (m)	6.48
3-mth average daily value (RM'm)	5.71
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 a revised TP of RM1.12.** We fine-tuned our FY24F/25F earnings forecast by +1.3%/+1.8% post release of FY23 full year figures. We also introduce our FY26F earnings forecast. We revise our **TP** for Mah Sing to **RM1.12** from RM1.05 as we narrow our RNAV discount from 53% to 50% in view of the better new sales outlook. We maintain our **BUY** call on Mah Sing as the strong property sales and its quick turnaround strategy should drive earnings growth going forwards. Meanwhile, the better new property sales outlook for FY24 should translate into better earnings prospect. On the other hand, balance sheet of Mah Sing remains healthy with low net gearing of 0.08x as of 4QFY23 which will allow Mah Sing to have financial muscle for land banking. 

## Mah Sing Group: 4QFY23 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY23	%YoY	%QoQ	FY23	%YoY
Revenue	671.3	0.1%	4.2%	2,603.2	12.3%
EBIT	114.1	38%	28.7%	379.2	18.3%
PBT	100.6	48%	32.2%	327.4	24.0%
Net Income	64.7	38%	29.4%	215.3	19.6%
Core Net Income	69.3	30.7%	42.4%	216.2	36.9%
EPS (sen)	2.67	38%	29.4%	8.9	19.6%
Core EPS (sen)	2.85	31%	42.4%	9.0	45.2%
Net DPS (sen)	4.00	33%	NA	4.0	33.3%
NTA/share (RM)	1.52	4%	1.8%	1.5	4%
Net Gearing (x)	0.08	NA	NA	0.08	NA
EBIT Margin	17.0%	NA	NA	14.6%	NA
PBT Margin	15.0%	NA	NA	12.6%	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%	12	10%	1
Garden Plaza, Cyberjaya	100%	31	10%	3
M City, Jalan Ampang	100%	2	10%	0
M Residence 1 @ Rawang	100%	173	10%	13
M Residence 2 @ Rawang	100%	33	10%	3
Southville City @ KL South, Bangi	100%	8465	10%	508
Icon City, PJ	100%	1901	10%	147
D'sara Sentral	100%	51	10%	4
Lakeville Residence	100%	1	10%	0

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
M Aruna Rawang	100%	170	10%	14
M Centura, M Arisa, Sentul	78%	7	10%	0
M Vertica, Cheras	100%	217	10%	17
M Oscar	100%	28	10%	2
M Luna	100%	18	10%	1
M Adora	100%	9	10%	1
M Senyum	100%	134	10%	10
M Astra	100%	29	10%	2
M Nova	100%	578	10%	43
M Terra & M Hana	100%	726	10%	54
M Legasi (Glengowrie Estate) Semenyih	100%	3300	10%	198
M Zenya	100%	500	10%	37
M Azura, Setapak	100%	508	10%	39
Mah Sing Businss Park	56%	728	10%	32
<b>Johor Projects</b>				
Sierra Perdana	100%	140	10%	11
Meridin @ Medini	100%	227	10%	18
Meridin East	100%	3536	10%	196
Mah Sing i-Parc	100%	0	10%	0
M Minori	100%	369	10%	27
M Tiara	100%	480	10%	36
<b>Penang Projects</b>				
Ferringhi Residence	100%	378	10%	31
Southbay City	100%	1418	10%	92
Unbilled sales		2330		179
<b>Total</b>				<b>1761</b>
Shareholder Funds				3701
Total RNAV				5462
Number of shares				2438
RNAV per share (RM)				2.24
Discount				50%
<b>Target Price (RM)</b>				<b>1.12</b>

Source: MIDFR

**FINANCIAL SUMMARY**

<b>Income Statement (RM'm)</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025F</b>	<b>2026F</b>
Revenue	2,317	2,603	2,630	2,664	2,719
EBIT	320	379	345	389	420
PBT	264	327	317	362	389
Net Income	180	215	238	271	291
Core Net Income	158	216	239	273	291
Core EPS (sen)	6.5	8.9	9.8	11.2	12.0
Core PER (x)	14.7	10.7	9.7	8.5	8.0
NTA/share	1.46	1.54	1.57	1.60	1.62
P/NTA	0.65	0.62	0.61	0.60	0.59
<b>Balance Sheet (RM'm)</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025F</b>	<b>2026F</b>
Property, plant and equipment	392	408	424	428	433
Land held for property development	1,839	1,766	1,740	1,705	1,671
Total non-current assets	2,685	2,627	2,730	2,790	2,851
Property development costs	1,017	1,000	1,032	1,042	1,052
Inventories	674	530	556	568	581
Cash and bank balances	580	981	1,140	1,341	1,644
Other assets	1,434	1,279	1,254	1,206	1,068
<b>Total Assets</b>	<b>6,390</b>	<b>6,417</b>	<b>6,712</b>	<b>6,947</b>	<b>7,196</b>
Medium Term Notes	1,001	1,003	1,053	1,127	1,206
LT Term Loans	255	266	287	294	300
Other Liabilities	1,547	1,411	1,548	1,637	1,734
Total Liability	2,803	2,680	2,889	3,058	3,240
Share capital	1,776	1,776	1,776	1,776	1,776
Other Equity	1,811	1,961	2,047	2,113	2,180
Total Equity	3,587	3,737	3,823	3,889	3,956
<b>Equity + Liability</b>	<b>6,390</b>	<b>6,417</b>	<b>6,712</b>	<b>6,947</b>	<b>7,196</b>
<b>Cash Flow (RM'm)</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025F</b>	<b>2026F</b>
<b>Cash flows from operating activities</b>					
Net income before taxation	264	327	317	362	389
Net cash from operating activities	716	1090	1103	1081	1059
<b>Cash flows from investing activities</b>					
Addition to land held for property development	-50	-46	-35	-30	-26
Net cash used in investing activities	-209	-496	-543	-580	-441
<b>Cash flows from financing activities</b>					
Net proceeds from issuance of Medium-Term Notes	0	0	0	0	0
Net cash from/ (used in) financing activities	-540	-298	-311	-305	-308
Net increase/(decrease) in cash and cash equivalents	-33	296	249	196	310
Cash and cash equivalent at 1 January	512	480	781	1030	1226
Cash and cash equivalent at 1 December	480	781	1030	1226	1536
<b>Key Metrics</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025F</b>	<b>2026F</b>
EBIT margin	13.8%	14.6%	13.1%	14.6%	15.4%
PBT margin	11.4%	12.6%	12.0%	13.6%	14.3%
PAT margin	7.8%	8.3%	9.0%	10.2%	10.7%
Core PATAMI margin	6.8%	8.3%	9.1%	10.2%	10.7%
ROE	4.4%	5.8%	6.2%	7.0%	7.4%

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