



## Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

### Venture Into Data Centre

#### KEY INVESTMENT HIGHLIGHTS

- **1QFY24 earnings within expectations**
- **New property sales on track**
- **Venture into data centre**
- **Earnings forecast maintained**
- **Maintain BUY with a revised TP of RM1.83**

**1QFY24 earnings within expectations.** Mah Sing Group 1QFY24 core net income of RM56.7m came in within expectations, making up 24% our and consensus full year estimates. Its 1QFY24 revenue was lower at RM558m (-13.2%yoy) as some of the projects were at initial stage of construction. Nevertheless, core net income was higher (+13.6%yoy) mainly due to improved margin. Gross profit margin in 1QFY24 improved to 26% from 22% in 1QFY23 due to recognition of cost savings from the finalisation of construction costs. Meanwhile, manufacturing division returned to the black in 1QFY24 by registering operating profit of RM652k against operating loss of RM3.7m in 1QFY23 mainly due to narrower losses of gloves operation amid ongoing cost optimisations.

**New property sales on track.** Mah Sing recorded new property sales of RM992m for the first five months of FY24, on track to meet management new sales target of RM2.5b for FY24. Looking ahead, new sales prospect remains positive which will be driven by upcoming project launches namely M Azura in Setapak, M Tiara in Johor Bahru, M Sinar in Southville Bangi, M Terra in Puchong and M Legasi in Semenyih. We expect demand for its M-series affordable home to remain strong. Besides, new sales outlook is also underpinned by new industrial development, MSS Business Park in Sepang. Meanwhile, unbilled sales of RM2.32b provides earnings visibility of close to one year.

**Venture into data centre.** In a separate announcement, Mah Sing announced that it has entered into a collaboration agreement with Bridge Data Centres (BDC) for the joint venture development of data centre facilities and infrastructure on 17.55 acres of land in Southville City township. Meanwhile, Mah Sing earmarked 150 acres of land bank at Southville City with planned capacity of up to 500MW while the collaboration with BDC is on the initial 17.55 acres of land for a data centre with planned capacity of up to 100MW. The data centre is named Mah Sing DC Hub @ Southville City, envisioned to be a holistic digital infrastructure ecosystem with reliable power supply, water and fiber connectivity. We view the diversification into data centre positively as it will increase recurring income of Mah Sing. Besides, the venture into data centre is timely considering the growing demand of data centre in Malaysia. Meanwhile, we expect recurring income from data centre to contribute positively from FY26 onwards.

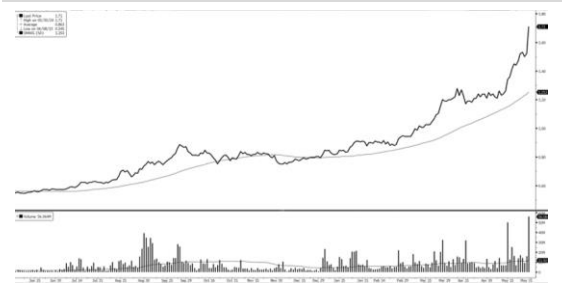
**Maintain BUY**

**Revised Target Price: RM1.83**  
(Previously RM1.42)

#### RETURN STATISTICS

Price @ 30 <sup>th</sup> May 2024 (RM)	1.71
Expected share price return (%)	+7.0
Expected dividend yield (%)	+3.0
<b>Expected total return (%)</b>	<b>+10.0</b>

#### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	36.8	34.4
3 months	39.0	68.7
12 months	185.0	148.2

#### 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	5.10	5.50	6.00
Dividend Yield	3.0%	3.2%	3.5%

#### KEY STATISTICS

FBM KLCI	1,604.26
Issue shares (m)	2427
Estimated free float (%)	58.15
Market Capitalisation (RM'm)	4,377
52-wk price range	RM0.58-RM1.75
3-mth average daily volume (m)	11.15
3-mth average daily value (RM'm)	13.88
Top Shareholders (%)	
Mayang Teratai Sdn Bhd	25.51
Amanah Saham Nasional Bhd	11.52
Bank of Singapore Limited	7.03
Mayang Teratai Limited	6.05

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**Maintain BUY with a revised TP of RM1.83.** We maintain our earnings forecast for FY24F/25F/26F pending more information on the income from data centre. We revise our **TP** for Mah Sing to **RM1.83** from RM1.42 as we narrow RNAV discount to 20% from 38% in view of the stable new sales prospect and better recurring income visibility from data centre. We remain sanguine on long term outlook for Mah Sing on the back of its strong exposure to affordable residential segment. Besides, the entry into data centre will spur earnings growth in the long-term. Meanwhile, balance sheet of Mah Sing is strong with low net gearing of 0.06x. Hence, we maintain our **BUY** call on Mah Sing. 

## Mah Sing Group: 1QFY24 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	1QFY24	%YoY	%QoQ	FY24	%YoY
Revenue	558.2	-13.2%	-16.8%	558.2	-13.2%
EBIT	94.8	7%	-16.9%	94.8	6.6%
PBT	82.1	8%	-18.4%	82.1	8.4%
Net Income	60.0	20%	-7.3%	60.0	20.0%
Core Net Income	56.7	13.6%	-18.2%	56.7	13.6%
EPS (sen)	2.47	20%	-7.4%	2.5	19.8%
Core EPS (sen)	2.33	13%	-18.4%	2.3	13.4%
Net DPS (sen)	0.00	NA	NA	0.0	NA
NTA/share (RM)	1.52	3%	0.1%	1.5	3%
Net Gearing (x)	0.06	NA	NA	0.1	NA
EBIT Margin	17.0%	NA	NA	17.0%	NA
PBT Margin	14.7%	NA	NA	14.7%	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%	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%	8,465	10%	508
Icon City, PJ	100%	1,901	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%	3,300	10%	198
M Zenya	100%	500	10%	37
M Azura, Setapak	100%	508	10%	39
Mah Sing Business Park	56%	728	10%	32
<b>Johor Projects</b>				
Sierra Perdana	100%	140	10%	11
Meridin @ Medini	100%	227	10%	18
Meridin East	100%	3,536	10%	196
Mah Sing i-Parc	100%	0	10%	0
M Minori	100%	369	10%	27
M Tiara	100%	480	10%	36
M Tiara 2	100%	1,450	10%	103
<b>Penang Projects</b>				
Ferringhi Residence	100%	378	10%	31
Southbay City	100%	1,418	10%	92
Unbilled sales		2,330		179
<b>Total</b>				<b>,1864</b>
Shareholder Funds				3,701
Total RNAV				5,565
Number of shares				2,438
RNAV per share (RM)				2.28
Discount				20%
<b>Target Price (RM)</b>				<b>1.83</b>

Source: MIDFR

**FINANCIAL SUMMARY**

<b>Income Statement (RM'm)</b>	<b>2022A</b>	<b>2023A</b>	<b>2024F</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)	26.3	19.2	17.4	15.2	14.3
NTA/share	1.46	1.54	1.57	1.60	1.62
P/NTA	1.17	1.11	1.09	1.07	1.05

<b>Balance Sheet (RM'm)</b>	<b>2022A</b>	<b>2023A</b>	<b>2024F</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>2024F</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>2024F</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%

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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