



Matrix Concepts Holdings Berhad

(5236 | MCH MK) Main | Property

Ended FY24 on A Positive Note

KEY INVESTMENT HIGHLIGHTS

- **FY24 earnings within consensus but below ours**
- **Ended FY24 on a positive note**
- **New property sales at RM1.25b**
- **Earnings forecast revised**
- **Maintain BUY with a revised TP of RM2.00**

FY24 earnings within consensus but below ours. Matrix Concepts FY24 core net income of RM237m came in slightly below our expectation but within consensus estimates, making up 93% and 96% of our and consensus estimates respectively. Note that we have excluded reversals of impairment in our core net income calculations. The negative earnings deviation could be attributed to the higher-than-expected expenses in 4QFY24. Meanwhile, Matrix Concepts announced forth interim dividend of 2.5sen per share, bringing total dividend to 10sen per share in FY24 which translates into attractive dividend yield of 5.6%.

Ended FY24 on a positive note. Matrix Concepts reported higher revenue of RM353m (+16.9%yoy) in 4QFY24 due to higher revenue recognition from its property projects which mainly contributed by landed homes in Bandar Sri Sendayan. Nevertheless, core net income was lower at RM52m (-25.1%yoy), mainly due to higher expenses which led by increase in selling and marketing expenses as well as administrative and general expenses. Cumulatively, full year earnings in FY24 were higher at RM237m (+8.2%yoy), in line with higher revenue (+20.4%yoy). Earnings growth in FY24 was mainly driven by pick up in progress billing of its property projects. Besides, the improved performance of its healthcare segment via the operations of Pusat Perubatan Mawar has partially helped the earnings growth in FY24.

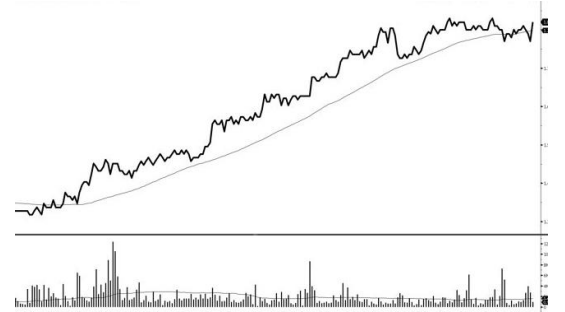
New property sales at RM1.25b. Matrix Concepts registered new property sales of RM287m in 4QFY24, lower than new property sales of RM354m in 3QFY24. That brought total new sales to RM1.25b in FY24, broadly in line with management new sales target of RM1.3b for FY24. Comparatively, new sales of RM1.25b in FY24 was slightly higher than new sales of RM1.2b in FY23 as new sales from Bandar Sri Sendayan remains resilient. Besides, its Levia Residence in Cheras which was launched in October 2023 has also contributed to the sales in FY24. Note that take up rate of the high-rise condominium stood at 55% as of FY24. Meanwhile, unbilled sales were flattish at RM1.2b, providing earnings visibility for more than one year.

Maintain BUY**Revised Target Price: RM2.00**
(Previously RM1.91)

RETURN STATISTICS

Price @ 27 May 2024 (RM)	1.79
Expected share price return (%)	+11.7
Expected dividend yield (%)	+5.6
Expected total return (%)	+17.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.1	-1.6
3 months	1.1	-4.2
12 months	27.3	10.3


INVESTMENT STATISTICS

FYE March	2025E	2026F	2027F
Revenue	1,423	1,476	1,526
Operating Profit	353	374	394
Profit Before Tax	347	367	388
Core PATAMI	264	280	296
Core EPS	21.13	22.37	23.65
DPS	10.6	11.2	11.8
Dividend Yield	5.9%	6.1%	6.1%

KEY STATISTICS

FBM KLCI	1,618.27
Issue shares (m)	1251
Estimated free float (%)	56.9
Market Capitalisation (RM'm)	2,240
52-wk price range	RM1.4–RM1.85
3-mth average daily volume (m)	1.63
3-mth average daily value (RM'm)	2.93
Top Shareholders (%)	
Shining Term Sdn Bhd	12.67
Lee Tian Hock	10.31
Lembaga Tabung Haii	5.62

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Maintain BUY with a revised TP of RM2.00. We revise our FY25F/26F earnings forecast by -5.6%/-2.9% to factor in the higher expenses. We also introduce our earnings forecast for FY27F. We revise our **TP** for Matrix Concepts to **RM2.00** from RM1.91 as we update our RNAV figures post release of FY24 figures. Our TP is based on unchanged 21% discount to RNAV. We remain positive on Matrix Concepts as its long-term earnings outlook should underpin by the stable new sales prospect from projects in Bandar Sri Sendayan. Besides, its landbank expansion in Labu will further drive earnings growth going forward. Meanwhile, dividend yield of Matrix Concepts is attractive at 5.6% while balance sheet is healthy at net cash position. Hence, we maintain our **BUY** call on Matrix Concepts. 

Matrix Concepts: 4Q24 RESULTS SUMMARY

FYE March (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY24	%YoY	%QoQ	FY24	%YoY
Revenue	353.14	16.9%	19.3%	1339.90	20.4%
Gross Profit	175.94	22.0%	10.3%	644.43	31.8%
Operating Profit	86.68	21.0%	11.9%	340.59	28.5%
Profit Before Tax	86.90	25.1%	14.1%	334.05	28.2%
Net Income	60.60	7.2%	5.9%	246.47	18.9%
Core Net Income	51.83	-25.1%	-9.5%	237.24	8.2%
Dividend	2.50	11.1%	0.0%	10.00	8.1%
EPS (sen)	4.84	7.2%	5.9%	19.70	18.9%
Core EPS (sen)	4.14	-25.1%	-9.5%	19.00	8.4%
Operating Profit Margin (%)	24.5%	4%	-6.2%	25.4%	3.6%
NTA/share	1.70	6%	1.1%	1.70	6.4%
Net Gearing	Net Cash	N/A	N/A	Net Cash	N/A

RNAV table

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Domestic				
Sendayan	100%	5744	10%	492
BSI	100%	1926	10%	179
Other N.S.	100%	128	10%	14
Klang Valley	100%	1138	10%	115
International				
Australia	100%	268	10%	32
Indonesia	30%	2000	10%	63
Unbilled sales		1200	10%	139
Total				1,035
Shareholder Funds				2,130
Total RNAV				3,165
Number of shares				1,251
RNAV per share				2.53
Discount				21%
Target Price				2.00

Source: MIDF Research

FINANCIAL SUMMARY

Income Statement (RM'm)	2023A	2024A	2025F	2026F	2027F
Revenue	1,113	1,340	1,423	1,476	1,526
EBIT	268	339	353	374	394
PBT	261	334	347	367	388
Net Income	207	246	264	280	296
Core Net Income	221	237	264	280	296
Core EPS (sen)	17.6	19.0	21.1	22.4	23.6
Core PER (x)	10.2	9.4	8.5	8.0	7.6
NTA/share	1.59	1.69	1.74	1.77	1.80
P/NTA	1.13	1.06	1.03	1.01	0.99

FY March (RM m)	2023A	2024A	2025F	2026F	2027F
Property, plant and equipment	211	204	212	214	216
Inventories	774	640	556	545	534
Total non-current assets	1203	1072	1113	1138	1163
Trade receivables and contract assets	618	795	820	828	837
Inventories	398	542	569	581	594
Deposits, Cash and bank balances	250	335	263	268	274
Other current assets	169	0	83	124	169
Total Assets	2638	2743	2848	2940	3037
Long-term borrowings	77.6	85.7	90.0	96.3	103.0
Short-term borrowings	168.3	145.1	60.1	63.1	63.7
Other Liabilities	405	396	521	564	615
Total Liability	651	627	671	724	781
Share capital	961	961	961	961	961
Other Equity	1027	1155	1216	1254	1295
Total Equity	1988	2117	2177	2216	2256
Equity + Liability	2638	2743	2848	2940	3037

FY March (RM m)	2023A	2024A	2025F	2026F	2027F
Cash flows from operating activities					
Net income before taxation	261	334	367	367	388
Net cash from operating activities	211	327	331	324	317
Cash flows from investing activities					
Purchase of PPE	-2	-2	-1	-1	-1
Net cash used in investing activities	19	-2	-2	-1	-1
Cash flows from financing activities					
Repayment of term loan	-55	-110	-108	-114	-103
Net cash from/(used in) financing activities	-171	-239	-249	-274	-291
Net increase/(decrease) in cash and cash equivalents	60	86	80	49	25
Cash and cash equivalent at 1 April	150	200	289	369	418
Cash and cash equivalent at 31 March	150	200	289	369	418

Profitability Margins	2023A	2024A	2025F	2026F	2027F
EBIT margin	24.1%	25.3%	24.8%	25.3%	25.8%
PBT margin	23.4%	24.9%	24.4%	24.9%	25.5%
PAT margin	18.2%	18.5%	18.3%	18.7%	19.1%
Core PATAMI margin	19.8%	17.7%	18.6%	19.0%	19.4%
ROE	11.1%	11.2%	12.1%	12.6%	13.1%
ROA	8.4%	8.6%	9.3%	9.5%	9.7%

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