



Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

Expanding Presence in Johor


KEY INVESTMENT HIGHLIGHTS

- Land acquisition in Johor
- Expanding presence in Johor
- Marginal impact on balance sheet
- Earnings forecast maintained
- Maintain BUY with a revised TP of RM1.42

Land acquisition in Johor. Mah Sing Group (Mah Sing) announced that its wholly-owned subsidiary, Venice View Development Sdn Bhd had entered into a conditional sale and purchase agreement with Amanah Raya Berhad for the proposed acquisition of 100.4 acres of freehold land in Mukim Pulai, Daerah Johor Bahru for a purchase consideration of RM103.7m. The proposed land acquisition was following the the acquisition of 75.7 acre of land for development named M Tiara from the same vendor on 13th June 2023. The proposed development of the new land to be named M Tiara 2 is 400m from M Tiara.

Expanding presence in Johor. The land acquisition is expected to be positive to Mah Sing as it allows it to continue growing its exposure to Johor property market. The land is strategically located between the townships of Mutiara Rini and Lima Kedai. M Tiara 2 is expected to continue success of M Tiara as M Tiara attracted more than 5,000 registrations of interest for its 754 units of double-storey terrace and cluster homes. Proposed developments on M Tiara 2 are landed homes with indicative selling price starts from RM770k and serviced apartments with indicative starting price from RM253k. Total GDV for M Tiara 2 is estimated at RM1.45b which translates into attractive land cost to GDV ratio of 7.2%, lower than land cost to GDV ratio of 16% for M Tiara.

Marginal impact on balance sheet. Mah Sing intends to fund the land acquisition via a combination of internally generated funds and bank borrowings. Impact to balance sheet is expected to be minimal as net gearing should go up marginally to 0.11x from 0.08x in FY23. Balance sheet of Mah Sing remains healthy which give Mah Sing financial flexibility for future landbanking exercise. Meanwhile, the land acquisition is aligned with Mah Sing's quick turnaround strategy with registration of interest is expected to be in 1QFY25.

Maintain BUY with a revised TP of RM1.42. We maintain our earnings forecast for FY24F/25F/26F. We revise our TP for Mah Sing to **RM1.42** from RM1.23 after factoring in RNAV contribution from the new land. Our TP is based on narrower discount to RNAV of 38% from 45% due to its growing exposure to the improving Johor property market. We maintain our **BUY** call on Mah Sing as we like its exposure to affordable residential segment and growing presence in industrial properties segment which will further drive earnings growth going forward. 

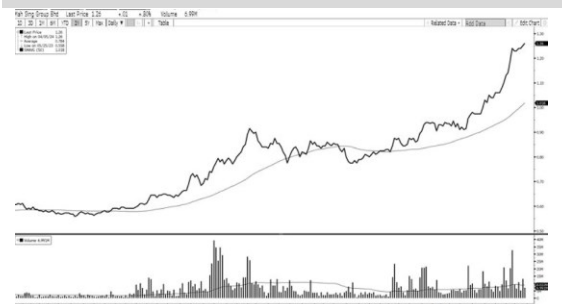
Maintain BUY

Revised Target Price: RM1.42
(Previously RM1.23)

RETURN STATISTICS

Price @ 5 th April 2024 (RM)	1.26
Expected share price return (%)	12.7
Expected dividend yield (%)	3.1
Expected total return (%)	15.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	22.3	21.1
3 months	2.4	38.5
12 months	98.4	82.1

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	3.1%	3.3%	3.4%

KEY STATISTICS

FBM KLCI	1,555.25
Issue shares (m)	2427
Estimated free float (%)	50.96
Market Capitalisation (RM'm)	3,142
52-wk price range	RM0.87-RM1.27
3-mth average daily volume (m)	8.9
3-mth average daily value (RM'm)	8.99
Top Shareholders (%)	
Mayang Teratai Sdn Bhd	26.19
Amanah Saham Nasional Bhd	11.83
Bank of Singapore Limited	7.25
Mayang Teratai Limited	7.41

Analyst

Jessica Low Jze Tieng
jessica.low@midf.com.my

Figure 1: Location of land in Johor



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%	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
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

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
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
Johor Projects				
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
M Tiara 2	100%	1450	10%	103
Penang Projects				
Ferringhi Residence	100%	378	10%	31
Southbay City	100%	1418	10%	92
Unbilled sales		2330		179
Total				1,864
Shareholder Funds				3,701
Total RNAV				5,565
Number of shares				2,438
RNAV per share (RM)				2.28
Discount				38%
Target Price (RM)				1.42

Source: MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024F	2025F	2026F
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)	19.4	14.1	12.8	11.2	10.5
NTA/share	1.46	1.54	1.57	1.60	1.62
P/NTA	0.86	0.82	0.80	0.79	0.78

Balance Sheet (RM'm)	2022A	2023A	2024F	2025F	2026F
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
Total Assets	6,390	6,417	6,712	6,947	7,196
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
Equity + Liability	6,390	6,417	6,712	6,947	7,196

Cash Flow (RM'm)	2022A	2023A	2024F	2025F	2026F
Cash flows from operating activities					
Net income before taxation	264	327	317	362	389
Net cash from operating activities	716	1090	1103	1081	1059
Cash flows from investing activities					
Addition to land held for property development	-50	-46	-35	-30	-26
Net cash used in investing activities	-209	-496	-543	-580	-441
Cash flows from financing activities					
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

Key Metrics	2022A	2023A	2024F	2025F	2026F
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