



Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

Maintain BUY

Growing Presence in Kepong

Unchanged Target Price: RM1.42


KEY INVESTMENT HIGHLIGHTS

- **Growing presence in Kepong**
- **Decent take up rate of M Zenya**
- **Healthy balance sheet**
- **Earnings forecast maintained**
- **Maintain BUY with an unchanged TP of RM1.42**

Growing presence in Kepong. Mah Sing Group (Mah Sing) is expanding its presence in Kepong as it launched M Zenya (GDV: RM550m) which is its latest project in Kepong. M Zenya is Mah Sing's 4th project in Kepong. Projects that were completed in Kepong include Lakeville Residence (GDV: RM1.5b) and Residensi Seri Wahyu (GDV: RM200m) which were completed in 2020. Meanwhile, there are two ongoing projects in Kepong which are M Luna (GDV: RM705m) and M Nova (GDV: RM790m). M Luna is scheduled for completion in 3QCY24 while M Nova is targeted to be completed in 2028.

Decent take up rate of M Zenya. M Zenya is Mah Sing's latest M series project which focus on affordable properties. The project is in line with the company's quick turnaround strategy as Mah Sing launched the project within one year after the acquisition of land back in July 2023. M Zenya will be developed on 2.8 acres of land with one tower of serviced residence and retail. Built-up area is ranging from 762sf to 1,067sf with selling price starts from RM420k. We gather that response to the launch of the project is overwhelming with encouraging take up rate of 92%. We believe that the good response could be due to the affordable pricing of the project and good location of the project. Note that M Zenya is within walking distance (10m away) to Metropolitan Park Kepong and has view of Kepong Lake and park.

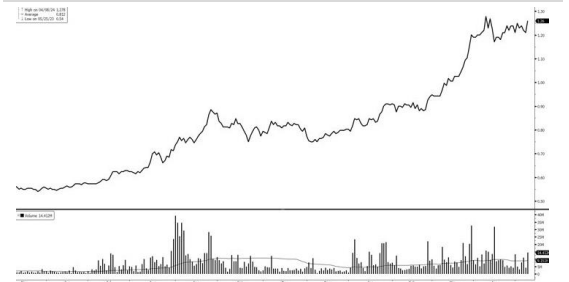
Healthy balance sheet. New sales outlook for Mah Sing remains positive, underpinned by upcoming launch of M Series projects namely M Terra and M Hana in Puchong, M Tiara in Johor, M Legasi in Semenyih, and M Azura in Setapak. New property sales from its M Series affordable house remains encouraging which should support Mah Sing's new sales target of RM2.5b for FY24. Meanwhile, Mah Sing remains on the lookout for land to further expand its property development business as its balance sheet is healthy with low net gearing of 0.08x as of FY23.

Maintain BUY with an unchanged TP of RM1.42. We make no changes to our earnings forecast for FY24F/25F/26F. As such, we maintain our **TP** for Mah Sing at **RM1.42**, based on 38% discount to RNAV. We also maintain our **BUY** call on Mah Sing as we remain sanguine on long term outlook for Mah Sing on the back of its strong exposure to affordable residential segment. Besides, its growing industrial properties segment will further drive earnings growth going forward. 

RETURN STATISTICS

Price @ 9 th May 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	0.0	-3.0
3 months	3.3	27.6
12 months	111.7	89.7

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	1,601.22
Issue shares (m)	2427
Estimated free float (%)	58.15
Market Capitalisation (RM'm)	3,251
52-wk price range	RM0.58-RM1.33
3-mth average daily volume (m)	8.95
3-mth average daily value (RM'm)	10.18
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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Figure 1: M Zenya Artist's Impression



Source: Company

Figure 2: Location of M Zenya



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
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 Business 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

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
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 on 1 January	512	480	781	1030	1226
Cash and cash equivalent on 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