



Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

Promising Outlook

KEY INVESTMENT HIGHLIGHTS

- Meeting with Mah Sing Group
- Expanding properties product range
- Diversification into data centre
- FY26F earnings forecast revised upwards
- Maintain BUY with a revised TP of RM1.94

Meeting with Mah Sing Group. We had a meeting with management of Mah Sing Group and came away the meeting feeling reaffirmed on the positive prospect for the company. Key takeaways from the meeting as below:

Expanding properties product range. Mah Sing is confident to hit sales target of RM2.5b for FY24 as demand for its M-Series affordable homes remains resilient. Launches in the pipeline in 2HFY24 is robust with upcoming launches include M Zenya in Kepong, M Azura in Setapak, M Tiara in Johor Bahru, M Sinar in Southville Bangi, M Terra in Puchong, M Legasi in Semenyih and MSS Business Park in Sepang. Price points for M Series projects are attractive with 72% of projects priced below RM500k. Meanwhile, Mah Sing is looking to expand its product range to mid-high or high-end markets as demand for higher end properties is growing amid improving outlook for the property sector. Besides, Mah Sing is also growing its industrial portfolio by setting up MSS Business Park in Sepang to ride on the growing demand for industrial properties in Malaysia.

Diversification into data centre. Mah Sing is expanding its data centre venture as it earmarked 150 acres of land in Southville City, Bangi for Mah Sing DC Hub. Recall that Mah Sing recently announced 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. The diversification into data centre is to increase recurring income of Mah Sing. Mah Sing is likely to have around 20% stake in the data centre collaboration and earnings contribution is estimated at RM25m per annum from FY26 onwards. Meanwhile, landbank that has potential for data centre development are MSS Business Park in Sepang and land in Meridin East, Johor Bahru.

Unlocking value of manufacturing division. Mah Sing is expanding its manufacturing division which include plastic manufacturing and gloves manufacturing. Note that operating profit of manufacturing division was minimal at <1% of total operating profit in 1QFY24. However, the segment has turnaround from operating loss in 1QFY23 due to improved efficiency of gloves manufacturing. Meanwhile, Mah Sing expanded its plastic pallets and containers manufacturing business to Indonesia early this year. Going forward, management expects better performance from gloves manufacturing due to improving ASP of gloves and better demand. Besides, Mah Sing intends to list manufacturing division within 3 years to unlock value of manufacturing division.

Maintain BUY

Revised Target Price: RM1.94
(Previously RM1.83)

RETURN STATISTICS

Price @ 24 th June 2024 (RM)	1.67
Expected share price return (%)	+16.2
Expected dividend yield (%)	+3.0
Expected total return (%)	+19.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	11.8	13.9
3 months	38.2	45.9
12 months	176.4	141.8

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%	3.3%	3.6%

KEY STATISTICS

FBM KLCI	1,589.66
Issue shares (m)	2427
Estimated free float (%)	58.15
Market Capitalisation (RM'm)	4,275
52-wk price range	RM0.61-RM1.9
3-mth average daily volume (m)	16.69
3-mth average daily value (RM'm)	24.7
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

Analyst

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Maintain BUY with a revised TP of RM1.94. Post meeting, we maintain our earnings forecast for FY24F/25F but revise our FY26F earnings forecast by +6.4% to factor in the income contribution from data centre collaboration with BDC. We revise our **TP** for Mah Sing to **RM1.94** from RM1.83 as we narrow RNAV discount to 15% from 20% in view of the better earnings visibility and stable new sales prospect. We remain positive on long term outlook for Mah Sing due to its high exposure to affordable residential segment which supported by strong buying interest. Besides, the diversification into data centre will provide recurring income 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 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%	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
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
Johor Projects				
Sierra Perdana	100%	140	10%	11
Meridin @ Medini	100%	227	10%	18

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
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
Penang Projects				
Ferringhi Residence	100%	378	10%	31
Southbay City	100%	1,418	10%	92
Unbilled sales		2,330		179
Total				1,864
Shareholder Funds				3,701
Total RNAV				5,565
Number of shares				2,438
RNAV per share (RM)				2.28
Discount				15%
Target Price (RM)				1.94

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)	25.7	18.7	17.0	14.9	13.1
NTA/share	1.46	1.54	1.57	1.60	1.62
P/NTA	1.14	1.09	1.06	1.05	1.03
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