



# Matrix Concepts Holdings Berhad

(5236 | MCH MK) Main | Property

**Maintain BUY**

## Robust New Sales

**Unchanged Target Price: RM2.22**


### KEY INVESTMENT HIGHLIGHTS

- **1QFY25 earnings within expectations**
- **Lower earnings due to high base in 1QFY24**
- **Robust new sales**
- **Earnings forecast maintained**
- **Maintain BUY with an unchanged TP of RM2.22**

**1QFY25 earnings within expectations.** Matrix Concepts 1QFY25 core net earnings of RM60.7m came in within expectations, making up 23% of our and consensus full year estimates. Matrix Concepts announced dividend of 2.5sen per share for 1QFY25, in line with its historical practice of declaring dividends every quarter.

**Lower earnings due to high base in 1QFY24.** Sequentially, 1QFY25 revenue was lower at RM279.7m (-20.8%qoq) mainly due to lower revenue recognition from projects at Bandar Sri Sendayan. However, core net income was higher at RM60.7m (+17.1%qoq) mainly helped by lower expenses. On yearly basis, 1QFY25 core net income was lower (-6.1%yoy), in line with lower revenue (-15.6%yoy) due to high base earnings in the previous year which were lifted by contribution from M. Greenvale in Australia and The Chambers in KL following completion of the projects. Nevertheless, the earnings decline was partially cushioned by earnings contribution from healthcare division as the division started to contribute positively since 2HFY24. Looking forward, we expect earnings to pick up in the coming quarters due to resilient earnings recognition from property projects at Bandar Sri Sendayan.

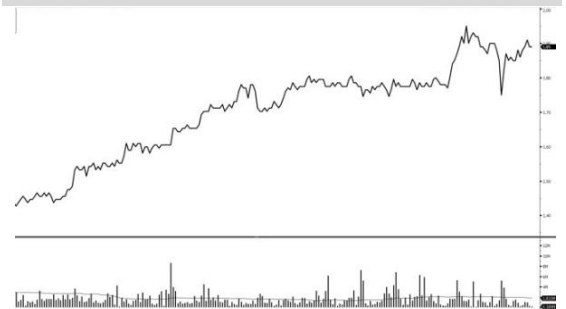
**Robust new sales.** Matrix Concepts recorded new property sales of RM321.4m in 1QFY25, higher than new property sales of RM287m in 4QFY24. New sales in 1QFY25 are on track to meet management new sales target of RM1.39b for FY25 as it makes up 23% of management sales target. Bandar Sri Sendayan remains the key sales contributor in 1QFY25 as it contributed to 87.5% of total new sales. We reiterate our view that growth of Bandar Sri Sendayan will remain stable going forward and contribute substantially to Matrix Concepts earnings. Demand for projects at Bandar Sri Sendayan will continue to be driven by strong demand for affordable landed house.

**Maintain BUY with unchanged TP of RM2.22.** We make no changes to our earnings forecast for FY25F/26F/27F. Our **TP** for Matrix Concepts is also unchanged at **RM2.22**, based on 30% discount to RNAV. We remain positive on Matrix Concepts as we see stable long-term prospect for Bandar Sri Sendayan. Besides, landbank acquisition of Matrix Concepts in MVV 2.0 will strongly propel earnings growth beyond FY27 as Matrix Concepts targets to have first property launch on MVV 2.0 land in 2HFY26. Meanwhile, dividend yield of Matrix Concepts is attractive at 5.6%. Hence, we maintain our **BUY** call on Matrix Concepts. 

### RETURN STATISTICS

Price @ 22 Aug 2024 (RM)	1.88
Expected share price return (%)	+18.1
Expected dividend yield (%)	+5.6
<b>Expected total return (%)</b>	<b>+23.7</b>

### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.6	-2.5
3 months	6.2	4.0
12 months	26.8	12.5

### INVESTMENT STATISTICS

FYE March	2025E	2026F	2027F
Revenue	1,423	1,501	1,608
Operating Profit	353	386	433
Profit Before Tax	347	379	427
Core PATAMI	264	289	325
Core EPS	21.13	23.08	26.00
DPS	10.6	11.5	13.0
Dividend Yield	5.6%	6.1%	6.9%

### KEY STATISTICS

FBM KLCI	1,641.66
Issue shares (m)	1251
Estimated free float (%)	56.02
Market Capitalisation (RM'm)	2,353
52-wk price range	RM1.4–RM1.96
3-mth average daily volume (m)	1.90
3-mth average daily value (RM'm)	3.49
Top Shareholders (%)	
Shining Term Sdn Bhd	12.67
Lee Tian Hock	10.31
Lembaqa Tabung Haii	5.76

**Analyst**

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**Matrix Concepts: 1QFY25 RESULTS SUMMARY**

FYE March (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	1QFY25	%YoY	%QoQ	FY25	%YoY
Revenue	279.72	-15.6%	-20.8%	279.72	-15.6%
Gross Profit	140.39	-7.8%	-20.2%	140.39	-7.8%
Operating Profit	82.27	-6.7%	-5.1%	82.27	-6.7%
Profit Before Tax	81.08	-7.0%	-6.7%	81.08	-7.0%
Net Income	60.69	-6.1%	0.1%	60.69	-6.1%
Core Net Income	60.69	-6.1%	17.1%	60.69	-6.1%
Dividend	2.50	0.0%	0.0%	2.50	0.0%
EPS (sen)	4.85	-6.1%	0.1%	4.85	-6.1%
Core EPS (sen)	4.85	-6.1%	17.1%	4.85	-6.1%
Operating Profit Margin (%)	0.29	11%	19.8%	0.29	10.5%
NTA/share	1.73	6%	1.8%	1.73	5.9%
Net Gearing	Net Cash	N/A	N/A	Net Cash	N/A

**RNAV table**

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
<b>Domestic</b>				
Sendayan	100%	5744	10%	492
BSI	100%	1926	10%	179
Other N.S.	100%	128	10%	14
Klang Valley	100%	1138	10%	115
MVV land	85%	12000	10%	808
<b>International</b>				
Australia	100%	268	10%	32
Indonesia	30%	2000	10%	63
Unbilled sales		1200	10%	139
<b>Total</b>				<b>1,843</b>
Shareholder Funds				2,130
Total RNAV				3,973
Number of shares				1,251
RNAV per share				3.18
Discount				30%
<b>Target Price</b>				<b>2.22</b>

Source: MIDF Research

**FINANCIAL SUMMARY**

<b>Income Statement (RM'm)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Revenue	1,113	1,340	1,423	1,501	1,608
EBIT	268	339	353	386	433
PBT	261	334	347	379	427
Net Income	207	246	264	289	325
Core Net Income	221	237	264	289	325
Core EPS (sen)	17.6	19.0	21.1	23.1	26.0
Core PER (x)	10.7	9.9	8.9	8.1	7.2
NTA/share	1.59	1.69	1.74	1.77	1.81
P/NTA	1.18	1.11	1.08	1.06	1.04

<b>FY March (RM m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
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	269	278
Other current assets	169	0	83	127	179
<b>Total Assets</b>	<b>2638</b>	<b>2743</b>	<b>2848</b>	<b>2943</b>	<b>3051</b>
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	1258	1308
Total Equity	1988	2117	2177	2219	2270
<b>Equity + Liability</b>	<b>2638</b>	<b>2743</b>	<b>2848</b>	<b>2943</b>	<b>3051</b>

<b>FY March (RM m)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
Cash flows from operating activities					
Net income before taxation	261	334	347	379	427
Net cash from operating activities	211	327	332	336	343
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	81	61	51
Cash and cash equivalent at 1 April	150	200	289	370	430
Cash and cash equivalent at 31 March	150	200	289	370	430

<b>Profitability Margins</b>	<b>2023A</b>	<b>2024A</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>
EBIT margin	24.1%	25.3%	24.8%	25.7%	27.0%
PBT margin	23.4%	24.9%	24.4%	25.3%	26.6%
PAT margin	18.2%	18.5%	18.3%	18.9%	19.9%
Core PATAMI margin	19.8%	17.7%	18.6%	19.2%	20.2%
ROE	11.1%	11.2%	12.1%	13.0%	14.3%
ROA	8.4%	8.6%	9.3%	9.8%	10.7%

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