



# Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

## Robust New Sales

### KEY INVESTMENT HIGHLIGHTS


- **1HFY24 earnings in line**
- **Earnings helped by cost savings from construction costs**
- **Robust new sales**
- **Data centre venture progressing well**
- **Earnings forecast maintained**
- **Maintain BUY with an unchanged TP of RM1.97**

**1HFY24 earnings in line.** Mah Sing Group (Mah Sing) 1HFY24 core net income of RM116.4m came in within expectations, making up 49% of our and consensus full year forecast.

**Earnings helped by cost savings from construction costs.** Sequentially, 2QFY24 earnings were marginally higher at RM59.8m (+5.5%qoq), in line with higher topline (+3.6%qoq) mainly due to pick up in progress billing of its ongoing projects. On yearly basis, 2QFY24 core net income was higher (+18.8%yoy) despite lower revenue (-10.2%yoy) as Mah Sing gained cost savings from finalisation of construction costs for construction contracts that are close to completion. That brought cumulative earnings in 1HFY24 higher at RM116.4m (+16.2%yoy).

**Robust new sales.** Mah Sing achieved new sales of RM1.66b in 8MFY24, well on track to meet management new sales target of RM2.5b for FY24. New sales momentum going forward is expected to sustain by pipeline launches which include M Zenya in Kepong, M Azura in Setapak, M Terra in Puchong, M Sinar in Southville City, M Legasi in Semenyih, M Aspira in Taman Desa and M Tiara in Johor Bahru. Meanwhile, unbilled sales of RM2.43b provides earnings visibility of close to one year

**Data centre venture progressing well.** Mah Sing's diversification into data centre is progressing well. Mah Sing launched the 150-acre Mah Sing DC Hub @ Southville City in May 2024 which offering up to 500MW capacity. Mah Sing announced in May 2024 first partnership with Bridge Data Centres for up to 100MW on 17.55acres of land. Meanwhile, Mah Sing is in advanced negotiation for up to 90MW with another DC player for land at Mah Sing DC Hub @ Southville City. Besides, Mah Sing is in negotiation with a DC player for its 42.52 acres of land in Meridin East.

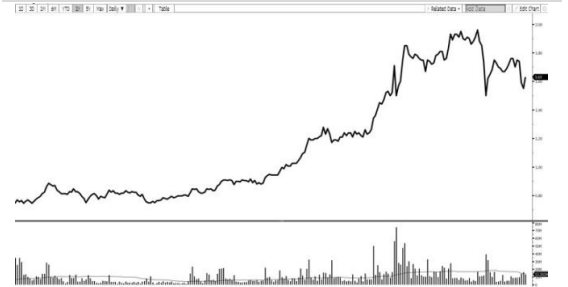
**Maintain BUY with an unchanged TP of RM1.97.** We maintain our earnings forecast for FY24F/25F/26F. We also maintain our **TP** for Mah Sing at **RM1.97**, based on 15% discount to RNAV. We remain positive on Mah Sing as new sales prospect will be supported by strong buying interest on affordable residential projects. Besides, its diversification into data centre will provide recurring income in the long-term. Hence, we maintain our **BUY** call on Mah Sing. 

**Maintain BUY****Unchanged Target Price: RM1.97**

### RETURN STATISTICS

Price @ 30 Aug 2024 (RM)	1.63
Expected share price return (%)	+20.9
Expected dividend yield (%)	+3.1
Expected total return (%)	+24.0

### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-16.8	-20.1
3 months	-5.8	-8.9
12 months	106.3	78.4

### 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	3.1%	3.4%	3.7%

### KEY STATISTICS

FBM KLCI	1,678.80
Issue shares (m)	2427
Estimated free float (%)	58.15
Market Capitalisation (RM'm)	4,173
52-wk price range	RM0.74-RM1.97
3-mth average daily volume (m)	16.50
3-mth average daily value (RM'm)	28.60
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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## Mah Sing Group: 2QFY24 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY24	%YoY	%QoQ	FY24	%YoY
Revenue	578.4	-10.22%	3.6%	1,136.6	-11.7%
EBIT	93.2	6.48%	-1.7%	188.0	6.5%
PBT	82.0	9.37%	-0.1%	164.1	8.9%
Net Income	60.2	19.29%	0.3%	120.3	19.6%
Core Net Income	59.8	18.8%	5.5%	116.4	16.2%
EPS (sen)	2.37	14%	-3.9%	4.8	16.9%
Core EPS (sen)	2.36	14%	1.1%	4.7	13.5%
Net DPS (sen)	0.00	NA	NA	0.0	NA
NTA/share (RM)	1.50	1%	-1.5%	1.5	1%
Net Gearing (x)	0.10	NA	NA	0.1	NA
EBIT Margin	16.1%	NA	NA	16.5%	NA
PBT Margin	14.2%	NA	NA	14.4%	NA

## Mah Sing Group RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
<b>Greater KL Projects</b>				
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

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
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 Businss Park	56%	728	10%	32
M Aspira	100%	1,010	10%	75
<b>Johor Projects</b>				
Sierra Perdana	100%	140	10%	11
Meridin @ Medini	100%	227	10%	18
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
<b>Penang Projects</b>				
Ferringhi Residence	100%	378	10%	31
Southbay City	100%	1,418	10%	92
Unbilled sales		2,330		179
<b>Total</b>				<b>1,939</b>
Shareholder Funds				3,701
Total RNAV				5,640
Number of shares				2,438
RNAV per share (RM)				2.31
Discount				15%
<b>Target Price (RM)</b>				<b>1.97</b>

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)	25.1	18.3	16.6	14.5	12.8
NTA/share	1.46	1.54	1.57	1.60	1.62
P/NTA	1.11	1.06	1.04	1.02	1.00
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
<b>Total Assets</b>	<b>6,390</b>	<b>6,417</b>	<b>6,712</b>	<b>6,947</b>	<b>7,196</b>
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
<b>Equity + Liability</b>	<b>6,390</b>	<b>6,417</b>	<b>6,712</b>	<b>6,947</b>	<b>7,196</b>
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