

**Team Coverage**

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<b>Recommendation:</b>	<b>BUY</b>
<b>Current Price:</b>	RM 1.79
<b>Previous Target Price:</b>	RM 2.14
<b>Target Price:</b>	↔ RM 2.14
<b>Upside/Downside:</b>	19.6%

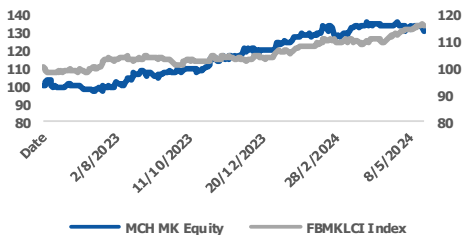
**Stock information**

Board	MAIN
Sector	Property
Bursa / Bloomberg Code	5236 / MCH MK
Syariah Compliant	Yes
FTSE4Good Index	Yes
FTSE ESG Rating	★★★★
Bloomberg ESG Rating	N/A
Shares issued (m)	1,251.3
Market Cap (RM' m)	2,239.9
52-Week Price Range (RM)	1.85-1.37
Beta (x)	0.8
Free float (%)	56.9
3M Average Volume (m)	1.6
3M Average Value (RM' m)	2.9

**Top 3 Shareholders (%)**

Shining Term Sdn Bhd	12.7
Lee Tian Hock	10.3
Lembaga Tabung Haji	5.6

**Share Price Performance**



	1M	3M	12M
Absolute (%)	-0.6	-2.2	25.2
Relative (%)	-3.2	-5.8	8.5

# Matrix Concepts Holdings Berhad

## Ending FY24 on upbeat tone

### Summary

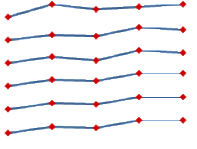
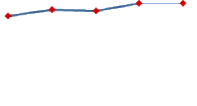
- **12MFY24 core net profit at RM246.5m came within expectations, making up to 95.8% of our core net profit forecast at RM257.2m.**
- **Equipped with unbilled sales of RM1.18b as at end-FY24 will provide revenue visibility over the next 18 months and to launch several projects that carries a total gross development value (GDV) of RM1.65b for FY25.**
- **Maintain BUY recommendation on MATRIX with an unchanged target price of RM2.14, based discount rate of 20% to our RNAV.**

### Results Review

- **Results review.** 4QFY24 net profit grew 7.2% yoy to RM60.6m, driven by progressive recognition of Bandar Sri Sendayan township development. Revenue for the quarter improved 16.9% yoy to RM353.1m. A fourth interim dividend of 2.5 sen per share, payable on 11 July 2024 was declared.
- **Results within expectations.** 12MFY24 core net profit at RM246.5m came within expectations, making up to 95.8% of our core net profit forecast at RM257.2m and was at 97.9% of consensus forecasted net profit of RM251.7m.
- **Operations Highlights.** Unbilled sales stood at RM1.18b as at end-FY24, implying 0.9x of FY24 revenue is sufficient to maintain revenue visibility over the next 18 months. We gather that MATRIX launched a total of RM339.0m worth of GDV in 4QFY24, bringing 12MFY24 total launches to RM1.32b while average take up rate remains relatively healthy at 81.1%.
- **Industry Highlights.** Strong growth in property transactions which rose 34.3% yoy to RM56.53b with more than 100,000 transactions in 1Q24 highlights the stability in property demand in Malaysia. Coming closer, channel checks indicates that the Seremban property market remains well received, premised to the strategic location and affordability. Hence, we expect take-up rates to remain relatively solid for future launches.
- **Outlook.** Moving forward, MATRIX will be launching several projects that carries a total gross development value (GDV) of RM1.65b for FY25. On a longer-term perspective, MATRIX is equipped with a total landbank of 2,032-ac that carries a total GDV of RM11.7b to sustain operations over the next 7-10 years. Looking ahead, we expect MATRIX to chart greater heights, premised to (i) billings from on-going property development and new launches in the pipeline, (ii) improving contribution from education segment that could return to the black towards end-FY25 and (iii) ramp up of patient beds to boost healthcare segment.

- **Valuation.** No changes made to our earnings forecast, given that reported results came within expectations. Maintained our **BUY** recommendation on MATRIX with a target price of RM2.14, based discount rate of 20% to our RNAV.
- **Risk.** Inability to replenish landbank, rising construction cost beyond expectations, changes in housing as well as property regulations and labour shortages.

Figure 1: Results Comparison

FYE Mar (RM m)	4QFY24	4QFY23	YoY (%)	3QFY24	QoQ (%)	12MFY23	12MFY24	YoY (%)	5 Quarters Trend	Comments
Revenue	353.1	302.2	16.9	359.4	(1.7)	1,113.1	1,339.9	20.4		Recognition from ongoing projects
EBITDA	88.2	73.5	20.1	85.5	3.2	268.5	336.6	25.4		
Pre-tax profit	86.9	69.5	25.1	83.8	3.7	260.7	334.1	28.2		
Net profit	64.6	54.6	18.5	63.1	2.4	202.8	248.1	22.3		
Core net profit	60.6	56.6	7.2	64.0	(5.4)	207.2	246.5	18.9		
Core EPS (sen)	4.8	4.5	7.2	5.1	(5.4)	16.6	19.7	18.9		Higher contribution from Sendayan developments
EBITDA margin (%)	25.0	24.3		23.8		24.1	25.1			
PBT margin (%)	24.6	23.0		23.3		23.4	24.9			
Core PATMI margin (%)	17.2	18.7		17.8		18.6	18.4			

Source: Company, Apex Securities

### Financial Highlights

#### Income Statement

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
<b>Revenue</b>	<b>892.4</b>	<b>1113.1</b>	<b>1339.9</b>	<b>1540.5</b>	<b>1611.5</b>
<b>Gross Profit</b>	<b>490.4</b>	<b>488.8</b>	<b>644.4</b>	<b>740.9</b>	<b>775.0</b>
<b>EBITDA</b>	<b>271.6</b>	<b>235.4</b>	<b>337.2</b>	<b>389.7</b>	<b>407.7</b>
Depreciation & Amortisation	-11.9	-10.3	-9.8	-10.4	-10.0
<b>EBIT</b>	<b>271.9</b>	<b>260.3</b>	<b>327.3</b>	<b>379.4</b>	<b>397.7</b>
Net Finance Income/ (Cost)	-6.9	-1.5	2.3	-2.5	-5.1
Associates & JV	3.4	1.8	-0.4	0.9	0.8
<b>Pre-tax Profit</b>	<b>268.4</b>	<b>260.7</b>	<b>334.1</b>	<b>383.6</b>	<b>401.6</b>
Tax	-67.5	-57.9	-85.9	-88.2	-86.3
<b>Profit After Tax</b>	<b>200.9</b>	<b>202.8</b>	<b>248.1</b>	<b>295.4</b>	<b>315.2</b>
Minority Interest	-4.3	-4.4	1.6	-3.9	-3.7
<b>Net Profit</b>	<b>205.2</b>	<b>207.2</b>	<b>246.5</b>	<b>299.3</b>	<b>318.9</b>
Exceptionals	0.0	3.0	-8.8	0.0	0.0
<b>Core Net Profit</b>	<b>205.2</b>	<b>210.3</b>	<b>237.6</b>	<b>299.3</b>	<b>318.9</b>

#### Key Ratios

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
EBITDA margin	30.4%	21.1%	25.2%	25.3%	25.3%
EBIT margin	30.5%	23.4%	24.4%	24.6%	24.7%
PBT margin	30.1%	23.4%	24.9%	24.9%	24.9%
PAT margin	22.5%	18.2%	18.5%	19.2%	19.6%
NP margin	23.0%	18.6%	18.4%	19.4%	19.8%
Core NP margin	23.0%	18.6%	18.4%	19.4%	19.8%
ROE	10.8%	10.4%	11.6%	12.9%	12.5%
ROA	7.8%	7.9%	9.0%	9.8%	9.6%
Net gearing	4.4%	Net Cash	Net Cash	Net Cash	Net Cash

#### Key Assumptions

FYE Mar (RM m)	
RNAV (RM' m)	3348.79
RNAV/share (RM)	2.68

#### Valuations

RNAV/share (RM)	2.68
Discount Rate	20.0%
<b>Fair Value (RM)</b>	<b>2.14</b>

Source: Company, Apex Securities

#### Balance Sheet

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash	202.1	250.2	335.4	452.2	571.9
Receivables	714.4	778.8	794.7	886.3	860.9
Inventories	463.2	397.6	541.8	459.1	515.4
Other current assets	12.9	8.3	0.0	0.0	0.0
<b>Total Current Assets</b>	<b>1392.6</b>	<b>1434.9</b>	<b>1671.9</b>	<b>1797.6</b>	<b>1948.2</b>
Fixed Assets	219.2	210.7	203.8	196.8	190.4
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	985.0	955.8	821.0	1015.8	1120.8
<b>Total Non-current assets</b>	<b>1226.8</b>	<b>1203.5</b>	<b>1071.5</b>	<b>1259.4</b>	<b>1358.0</b>
Short-term Debt	169.1	163.8	61.7	86.3	103.6
Payables	412.3	382.2	446.6	459.3	427.4
Other Current Liabilities	0.0	0.0	3.0	41.9	41.9
<b>Total Current Liabilities</b>	<b>581.4</b>	<b>546.0</b>	<b>511.3</b>	<b>587.5</b>	<b>572.9</b>
Long-term Debt	116.8	79.8	90.4	135.6	155.9
Other non-current liabilities	22.2	24.5	24.9	14.0	34.7
<b>Total Non-current Liabilities</b>	<b>139.1</b>	<b>104.6</b>	<b>115.3</b>	<b>149.6</b>	<b>190.6</b>
Shareholder's equity	961.3	961.3	961.3	961.3	961.3
Minority interest	-11.5	-15.8	-14.1	-14.1	-14.1
<b>Equity</b>	<b>1898.9</b>	<b>1987.9</b>	<b>2116.8</b>	<b>2319.9</b>	<b>2542.7</b>

#### Cash Flow

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
<b>Pre-tax profit</b>	<b>268.4</b>	<b>260.7</b>	<b>334.1</b>	<b>383.6</b>	<b>401.6</b>
Depreciation & amortisation	11.9	10.3	9.8	10.4	10.0
Changes in working capital	-105.6	5.5	74.5	74.5	74.5
Others	-85.5	-80.8	-77.9	-77.9	-100.0
<b>Operating cash flow</b>	<b>107.9</b>	<b>211.3</b>	<b>326.6</b>	<b>375.7</b>	<b>371.8</b>
Net capex	1.8	2.4	3.0	3.4	3.5
Others	-5.2	17.0	-4.7	-4.7	-4.7
<b>Investing cash flow</b>	<b>-3.4</b>	<b>19.4</b>	<b>-1.8</b>	<b>-1.3</b>	<b>-1.2</b>
Dividends paid	100.1	112.6	147.0	96.1	96.1
Others	-239.9	-283.6	-386.0	-310.0	-350.0
<b>Financing cash flow</b>	<b>-139.8</b>	<b>-171.0</b>	<b>-239.0</b>	<b>-213.9</b>	<b>-253.9</b>
<b>Net cash flow</b>	<b>-35.3</b>	<b>59.7</b>	<b>85.9</b>	<b>160.5</b>	<b>116.8</b>
Forex	0.0	-9.9	2.8	2.8	2.8
Others	51.9	50.1	46.5	0.0	0.0
Beginning cash	185.6	150.3	200.1	288.9	452.2
<b>Ending cash</b>	<b>202.1</b>	<b>250.2</b>	<b>335.4</b>	<b>452.2</b>	<b>571.9</b>

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**APEX SECURITIES BHD**

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**RESEARCH RECOMMENDATION FRAMEWORK**

**STOCK RECOMMENDATIONS**

**BUY:** Total returns\* are expected to exceed 10% within the next 12 months.

**HOLD:** Total returns\* are expected to be within +10% to – 10% within the next 12 months.

**SELL:** Total returns\* are expected to be below -10% within the next 12 months.

**TRADING BUY:** Total returns\* are expected to exceed 10% within the next 3 months.

**TRADING SELL:** Total returns\* are expected to be below -10% within the next 3 months.

\*Capital gain + dividend yield

**SECTOR RECOMMENDATIONS**

**OVERWEIGHT:** The industry defined by the analyst is expected to exceed 10% within the next 12 months.

**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.

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