

Team Coverage

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Recommendation:	BUY
Current Price:	RM 1.81
Previous Target Price:	RM 2.14
Target Price:	↔ RM 2.14
Upside/Downside:	18.2%

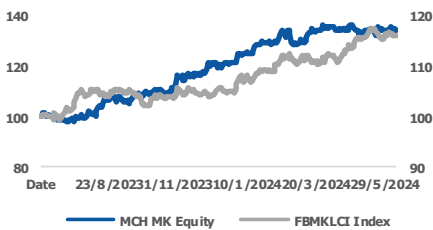
Stock information

Board	MAIN
Sector	Property
Bursa / Bloomberg Code	5236 / MCH MK
Syariah Compliant	Yes
FTSE4Good Index	Yes
FTSE ESG Rating	★★★★
Bloomberg ESG Rating	☆★★★★
Shares issued (m)	1,251.3
Market Cap (RM' m)	2,264.9
52-Week Price Range (RM)	1.85-1.37
Beta (x)	0.8
Free float (%)	56.5
3M Average Volume (m)	2.1
3M Average Value (RM' m)	3.7

Top 3 Shareholders (%)

Shining Term Sdn Bhd	12.7
Lee Tian Hock	10.3
Lembaga Tabung Haji	5.7

Share Price Performance



	1M	3M	12M
Absolute (%)	0.6	-0.5	26.6
Relative (%)	2.3	-4.5	9.8

Matrix Concepts Holdings Berhad

Beefing up Malaysia Vision Valley 2.0

Summary

- **Acquiring four plots of land collectively measuring 1,000.0-ac in Mukim Labu, Daerah Seremban, Negeri Sembilan for RM435.0m from Kumpulan Sime Darby Bhd to be incorporated into part of the development of MVV2.0.**
- **Post acquisition, total land size of 2,382.0-ac in MVV2.0 that carries an estimated total GDV of RM12.0bn will be rolled out over 12 years.**
- **We maintain BUY recommendation on MATRIX at fair value of RM2.14, based on 20% discount to RNAV.**

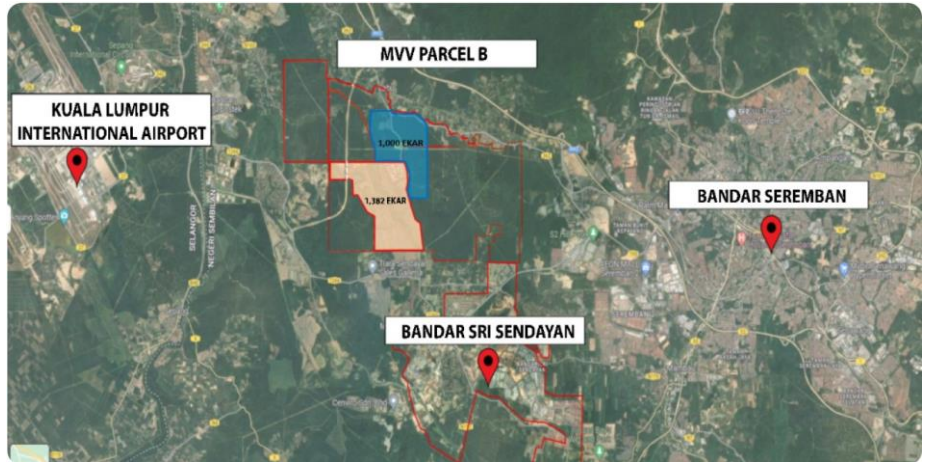
Company Update

- **Landbank replenishment.** Matrix's wholly owned subsidiary, MCHBD Development Sdn Bhd and NS Corporation through a joint venture vehicle namely Megah Sedaya Sdn Bhd is purchasing four plots of freehold agricultural lands located in Mukim Labu, Daerah Seremban, Negeri Sembilan for RM435.0m from Kumpulan Sime Darby Bhd.
- **Land details.** Located in adjacent to existing land measuring 1,382.0-ac that was acquired by Matrix back on 22nd August 2022 (see Appendix 1). The said land will complement the existing land that will be develop into an integrated township. Located in close proximity within Kuala Lumpur International Airport (KLIA) as well as major towns such as Putrajaya, Cyberjaya, Kajang, Bangi, Bandar Sri Sendayan and Seremban that is well connected via North South Expressway, ELITE, LEKAS and Seremban–Port Dickson Expressway. We expect developments in MVV2.0 to leverage onto the spillover of urbanisation and growth of Greater Klang Valley.
- **Acquisition details.** The acquisition price tag translates to RM10.00/sqf which is in on a slight premium against the acquisition made in August 2022 at RM7.64/sqf. Still, we reckon the premium is justifiable based on the land value appreciation in recent year which saw Malaysia's average property transacted price rose 14.6% yoy to c.RM540,000 in 1Q24. The acquisition will be funded by internal funds and conventional loans and/or bonds/sukuk. Post completion of acquisition, we gathered that net is expected to increase from 0.1x to 0.3x.
- **Our take.** We are sanguine over the acquisition that is expected to be earnings accretive in the long run. The move will bring an enlarged development with a total land size of 2,382.0-ac that carries an estimated total GDV of RM12.0bn to be carried out over 12 years from 2026. We believe the move will be able to replicate the success of BSS development which has demonstrated strong take up rates over the years.
- **Outlook.** Going forward, Matrix will focus onto the launch of several projects that carries at total GDV of RM1.65bn for FY25F. 1HFY25 launches centered towards BSS development namely Bayu Sutera, Eka Heights and Hijayu.
- **Valuation.** Given that the contribution may not take place in coming years, we made no changes to our earnings forecast for FY25F and FY26F respectively.

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.

Appendix 1: Land location



Source: Company

Financial Highlights

Income Statement

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	892.4	1113.1	1339.9	1540.5	1611.5
Gross Profit	490.4	488.8	644.4	740.9	775.0
EBITDA	271.6	235.4	337.2	389.7	407.7
Depreciation & Amortisator	-11.9	-10.3	-9.8	-10.4	-10.0
EBIT	271.9	260.3	327.3	379.4	397.7
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
Pre-tax Profit	268.4	260.7	334.1	383.6	401.6
Tax	-67.5	-57.9	-85.9	-88.2	-86.3
Profit After Tax	200.9	202.8	248.1	295.4	315.2
Minority Interest	-4.3	-4.4	1.6	-3.9	-3.7
Net Profit	205.2	207.2	246.5	299.3	318.9
Exceptionals	0.0	3.0	-8.8	0.0	0.0
Core Net Profit	205.2	210.3	237.6	299.3	318.9

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%
Fair Value (RM)	2.14

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
Total Current Assets	1392.6	1434.9	1671.9	1797.6	1948.2
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
Total Non-current assets	1226.8	1203.5	1071.5	1259.4	1358.0
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
Total Current Liabilities	581.4	546.0	511.3	587.5	572.9
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
Total Non-current Liabilities	139.1	104.6	115.3	149.6	190.6
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
Equity	1898.9	1987.9	2116.8	2319.9	2542.7

Cash Flow

FYE Mar (RM m)	FY22	FY23	FY24	FY25F	FY26F
Pre-tax profit	268.4	260.7	334.1	383.6	401.6
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
Operating cash flow	107.9	211.3	326.6	375.7	371.8
Net capex	1.8	2.4	3.0	3.4	3.5
Others	-5.2	17.0	-4.7	-4.7	-4.7
Investing cash flow	-3.4	19.4	-1.8	-1.3	-1.2
Dividends paid	100.1	112.6	147.0	96.1	96.1
Others	-239.9	-283.6	-386.0	-310.0	-350.0
Financing cash flow	-139.8	-171.0	-239.0	-213.9	-253.9
Net cash flow	-35.3	59.7	85.9	160.5	116.8
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
Ending cash	202.1	250.2	335.4	452.2	571.9

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD	DEALING TEAM	RESEARCH TEAM
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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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