

Team Coverage

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Recommendation:	HOLD
Current Price:	RM 1.44
Previous Target Price:	RM 1.38
Target Price:	RM 1.35
Capital Upside/ Downside:	-6.2%
Dividend Yield (%):	4.5%
Total Upside/ Downside:	-1.7%

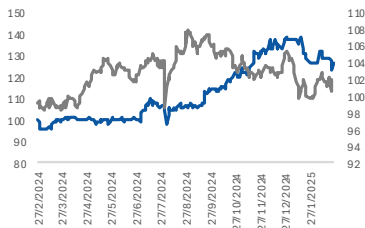
Stock information

Board	MAIN
Sector	Property
Bursa/ Bloomberg Code	5236/ MCHMK
Syariah Compliant	Yes
ESGRating	★★★
Sharesissued (m)	1,877.0
Market Cap (RM' m)	2,702.9
52-Week Price Range (RM)	1.627- 1.147
Beta (x)	0.6
Free Float (%)	61.9
3M Average Volume (m)	2.9
3M Average Value (RM' m)	4.4

Top 3 Shareholders (%)

Shining Term Sdn Bhd	12.7
Lee Tian Hock	10.3
Lembaga Tabung Haji	5.5

Share Price Performance



	1M	3M	12M
Absolute (%)	-1.4	-6.1	18.0
Relative (%)	-3.2	-5.6	15.4

Matrix Concepts Holdings Bhd

Below Expectations

Executive Summary

- **MATRIX's 3QFY25 core net profit at RM43.3m (-24.3% yoy, -35.7% qoq), bringing 9MFY25 core net profit at RM171.4m (-6.8% yoy) came below expectations, accounting to 68.6% and 66.1% of ours and consensus forecast respectively.**
- **Earnings sustainability will be supported by progressive recognition of unbilled sales (RM1.42bn) along with total landbank of 3,232-ac that carries a total GDV of RM15.3bn to be develop over the next 12 years.**
- **Maintain HOLD recommendation on MATRIX with a lower target price of RM1.35 (based discount rate of 20% to our RNAV) and appraised with three-star ESG rating.**

Results below expectations. 9MFY25 core net profit at RM171.4m (-6.8% yoy) came below ours/consensus expectations, accounting to 68.6% of our core net profit forecast at RM239.7m and was at 66.1% of consensus forecasted net profit of RM259.2m. Key deviation is due to weaker-than-expected property development segment margins that was impacted by change in product mix as high-rise development, Levia Residences delivered lower margins, along with higher administrative and general expenses. During the quarter, a third interim dividend of 1.35 sen/share, payable on 10 Apr 2025 was declared.

YoY. 3QFY25 core net profit contracted -24.3% yoy to RM43.3m, impacted by the absence of revenue from sales of industrial property in the previous corresponding quarter at RM35.7m and higher finance cost as the Group undertook additional bank borrowings to fund the land acquisition in MVV City. Revenue for the quarter fell -5.1% yoy to RM280.9m.

QoQ. Core net profit slipped -35.7% qoq, on the back of lower contribution from property development segment which negated the better contribution from education segment.

Outlook. Launched a total of RM1.16bn worth of GDV in 9MFY25 and will be launching more than a half of projects in Sendayan Developments that carries a collective GDV of RM757.0m in 4QFY25. Booked in new property sales amounting to RM354.3m, bringing 9MFY25 new sales to RM1.02bn (9MFY24 new property sales at RM961.4m). Over the longer-term, MATRIX is equipped with a total landbank of 3,232-ac that carries a total GDV of RM15.3bn that will sustain operations over the next 12 years. We reckon sequential earnings recovery will pick up minor pace in coming quarters, particularly when contribution from Levia Residences hit greater stage of completion along with progressive recognition of unbilled sales amounting to RM1.42bn with unbilled sales amounting to RM1.42bn.

Earnings Revision. We cut our earnings forecast by -15.7%/-14.1% for FY25F/FY26F respectively, taking into account of (i) weaker margins stemmed by higher contribution from Levia Residences, (ii) higher finance cost for land acquisition of MVV City and, (iii) higher operational expenses associated with development of MVV City during the initial stage of project launch tentatively in FY26.

Valuation. We maintain our **HOLD** recommendation on MATRIX with a lower target price of **RM1.35** (from RM1.38 after recent 1-for-2 ex-bonus issue), based discount rate of 20% to our RNAV and appraised with three-star ESG rating. After appreciating sharply last year, we believe fundamentals and potential growth prospects has mostly priced into their current share price.

Risk. Inability to replenish landbank, rising construction cost beyond expectations, changes in housing as well as property regulations and labour shortages.

Earnings Summary

FYE Sep (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	1113.1	1344.1	1155.0	1316.8	1458.3
EBITDA	270.5	338.5	284.7	324.5	359.4
Pre-tax profit	260.7	332.4	269.6	305.7	340.2
Net profit	207.2	244.3	202.2	229.3	255.2
Core net profit	210.3	235.5	202.2	229.3	255.2
Core EPS (sen)	11.2	12.5	10.8	12.2	13.6
P/E (x)	12.9	11.5	13.4	11.8	10.6
P/B (x)	1.4	1.3	1.2	1.2	1.1
EV/EBITDA (x)	10.0	8.6	8.5	7.8	7.4
Dividend Yield (%)	4.3%	4.6%	4.5%	4.5%	4.5%
Net Gearing (%)	Net Cash	Net Cash	12.4%	6.4%	0.6%

Source: Company, Apex Securities

Results Note

Friday, 28 Feb, 2025

Results Comparison

FYE Sep (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)	Comments
Revenue	280.9	296.0	(5.1)	321.0	(12.5)	881.7	986.8	(10.6)	Declined yoy and qoq in absence of revenue from industrial property developments
EBITDA	59.6	76.8	(22.4)	96.2	(38.1)	238.2	253.1	(5.9)	
Pre-tax profit	54.8	76.1	(28.0)	90.1	(39.2)	225.9	247.2	(8.6)	
Net profit	43.3	57.2	(24.3)	67.4	(35.7)	171.4	184.0	(6.8)	
Core net profit	43.3	57.2	(24.3)	67.4	(35.7)	171.4	184.0	(6.8)	In tandem with weakness from topline
Core EPS (sen)	3.5	4.6	(24.3)	5.4	(35.7)	13.7	14.7	(6.8)	
EBITDA margin (%)	21.2	25.9		30.0		27.0	25.7		
PBT margin (%)	19.5	25.7		28.1		25.6	25.0		
Core net profit margin (%)	15.4	19.3		21.0		19.4	18.6		

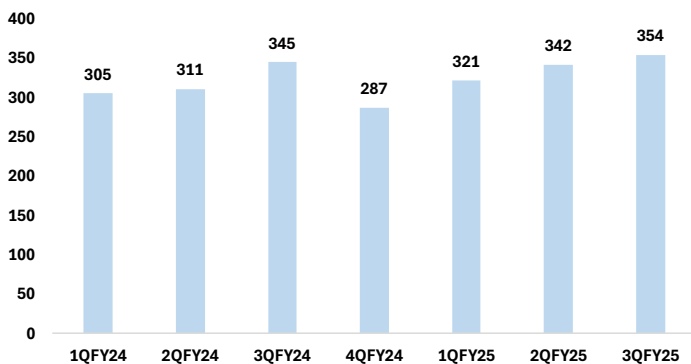
Source: Company, Apex Securities

Segmental Breakdown

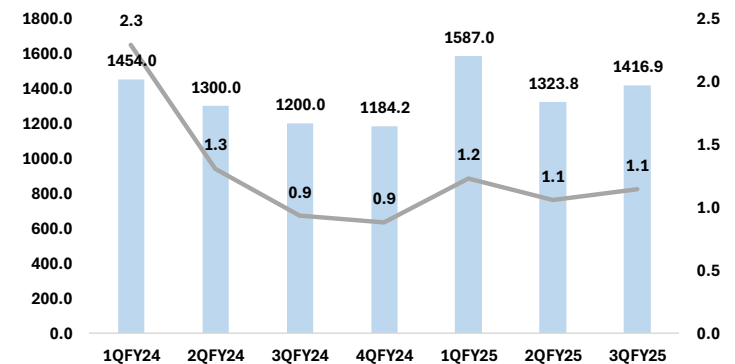
FYE Sep (RM m)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)	Comments
Revenue									
Property development	264.6	286.1	(7.5)	302.6	(12.6)	830.7	957.7	(13.3)	
Education	6.5	3.5	87.4	6.1	7.1	17.4	10.2	70.1	
Hospitality	7.2	6.4	13.0	7.2	(0.2)	21.4	18.8	13.6	
Healthcare	2.7	-	nm	5.1	(47.9)	12.2	-	nm	
Total	280.9	296.0	(5.1)	321.0	(12.5)	881.7	986.8	(10.6)	
EBIT									
Property development	52.3	76.4	(31.5)	88.0	(40.5)	214.7	250.3	(14.2)	
Education	(0.0)	(2.4)	(98.1)	(0.3)	(87.1)	(1.1)	(6.0)	(82.0)	
Hospitality	3.5	3.4	2.1	2.9	21.4	10.9	8.3	31.5	
Healthcare	2.9	-	nm	4.9	(41.0)	11.8	-	nm	
Total	58.7	77.5	(24.3)	95.4	(38.5)	236.4	252.6	(6.4)	
EBIT margin (%)									
Property development	19.8%	26.7%	417.7%	29.1%	322.3%	25.8%	26.1%		Weaker margins due to higher contribution from Levia Residences
Education	-0.7%	-68.1%	-112.3%	-5.6%	-1221.6%	-6.2%	-58.9%		
Hospitality	48.7%	53.9%	16.2%	40.0%	-11014.0%	51.1%	44.2%		
Healthcare	106.9%	nm	nm	94.4%	85.5%	97.1%	nm		
Aggregate Total	20.9%	26.2%	477.9%	29.7%	308.4%	26.8%	25.6%		

Source: Company, Apex Securities

New Property Sales



Unbilled Sales vs Trailing-12-Month Revenue Ratio (x)



Financial Highlights

Income Statement

FYE (Mar)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	1113.1	1344.1	1155.0	1316.8	1458.3
Gross Profit	488.8	623.3	554.4	632.1	700.0
EBITDA	270.5	338.5	284.7	324.5	359.4
Depreciation & Amortisation	-10.3	-9.8	-11.8	-11.8	-11.9
EBIT	260.3	328.7	272.8	312.7	347.5
Net Finance Income/(Cost)	-1.5	4.3	-2.5	-6.4	-6.6
Associates & JV	1.8	-0.7	-0.7	-0.7	-0.7
Pre-tax Profit	260.7	332.4	269.6	305.7	340.2
Tax	-57.9	-86.6	-67.4	-76.4	-85.1
Profit After Tax	202.8	245.8	202.2	229.3	255.2
Minority Interest	-4.4	1.5	0.0	0.0	0.0
Net Profit	207.2	244.3	202.2	229.3	255.2
Exceptionals	3.0	-8.8	0.0	0.0	0.0
Core Net Profit	210.3	235.5	202.2	229.3	255.2

Key Ratios

FYE (Mar)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	11.2	12.5	10.8	12.2	13.6
P/E (x)	12.9	11.5	13.4	11.8	10.6
P/B (x)	1.4	1.3	1.2	1.2	1.1
EV/EBITDA (x)	10.0	8.6	8.5	7.8	7.4
DPS (sen)	6.2	6.7	6.5	6.5	6.5
Dividend Yield (%)	4.3%	4.6%	4.5%	4.5%	4.5%
EBITDA margin (%)	24.3%	25.2%	24.6%	24.6%	24.6%
EBIT margin (%)	23.4%	24.5%	23.6%	23.7%	23.8%
PBT margin (%)	23.4%	24.7%	23.3%	23.2%	23.3%
PAT margin (%)	18.2%	18.3%	17.5%	17.4%	17.5%
NP margin (%)	18.6%	18.2%	17.5%	17.4%	17.5%
CNP margin (%)	18.9%	17.5%	17.5%	17.4%	17.5%
ROE (%)	10.6%	11.1%	9.2%	9.9%	10.4%
ROA (%)	8.0%	8.8%	6.4%	7.0%	7.4%
Gearing (%)	12.3%	7.1%	24.1%	22.5%	22.5%
Net gearing (%)	Net Cash	Net Cash	12.4%	6.4%	0.6%

Valuations	RNAV	Valuation methodology
Total RNAV (RM' m)	3168.8	10% NPV
Discount Rate	20.0%	
Discounted RNAV (RM' m)	2535.1	
No. of shares	1877.0	
Fair Value (RM)	1.35	

Source: Company, Apex Securities

Balance Sheet

FYE (Mar)	FY23	FY24	FY25F	FY26F	FY27F
Cash	250.2	375.6	257.3	370.7	535.0
Receivables	778.8	709.7	736.5	721.5	719.2
Inventories	397.6	464.1	442.3	455.9	458.4
Other current assets	8.3	9.3	13.4	13.2	14.6
Total Current Assets	1434.9	1558.7	1449.5	1561.3	1727.1
Fixed Assets	210.7	203.9	203.6	203.3	204.5
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	992.8	927.4	1527.4	1527.4	1527.4
Total Non-Current Assets	1203.5	1131.3	1731.0	1730.7	1731.9
Short-term debt	163.8	61.9	433.4	411.8	432.4
Payables	382.2	396.9	426.3	404.5	414.2
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	546.0	458.8	859.8	816.3	846.5
Long-term debt	79.8	88.5	97.3	107.1	117.8
Other non-current liabilities	24.8	20.5	21.0	59.0	51.9
Total Non-Current Liabilities	104.6	109.0	118.3	166.1	169.7
Shareholder's equity	2003.6	2136.4	2216.6	2323.9	2457.0
Minority interest	-15.8	-14.2	-14.2	-14.2	-14.2
Total Equity	1987.9	2122.1	2202.4	2309.6	2442.8

Cash Flow

FYE (Mar)	FY23	FY24	FY25F	-0.9	FY27F
Pre-tax profit	260.7	332.4	269.6	54.8	340.2
Depreciation & amortisation	10.3	9.8	11.8	-11.4	11.9
Changes in working capital	5.5	80.9	-520.3	20.2	-8.2
Others	-65.1	-92.1	-96.2	0.0	-96.3
Operating cash flow	211.3	331.0	-335.1	241.6	247.6
Net capex	2.4	3.0	11.5	11.5	13.2
Others	17.0	-5.8	-5.8	-5.8	-5.8
Investing cash flow	19.4	-2.9	5.7	5.7	7.4
Dividends paid	-112.6	-115.7	-122.0	-122.0	-122.0
Others	-58.4	-93.9	380.4	-11.9	31.3
Financing cash flow	-171.0	-209.6	258.4	-133.9	-90.7
Net cash flow	59.7	118.5	-71.0	113.4	164.3
Forex	-9.9	9.6	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	150.3	200.1	328.3	257.3	370.7
Ending cash	200.1	328.3	257.3	370.7	535.0

Results Note

Friday, 28 Feb, 2025

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Accelerated usage of Renewable Energy (solar) with increase in generation by 9.1% to 1,207 Mwh in FY24
Waste & Effluent	★★★	348 tonnes of waste recycled, 37.5 tonnes of waste sent to incinerators and 6,703.2 tonnes of waste sent to landfills in FY24
Energy	★★★	Energy consumption rose to 47,428.95 GJ, whilst striving to become a carbon neutral or zero carbon operations by 2050
Water	★★★	33,215 m3 water consumption in FY24
Compliance	★★★	All businesses division register high level of regulatory compliance for all aspects

Social

Diversity	★★★	Commitment to gender diversity, looking beyond gender, ethnicity and affiliations
Human Rights	★★★	Zero cases of human rights violations over the past three years
Occupational Safety and Health	★★	3 major injuries and 1 minor injuries in FY24 in 4,912,720 man-hours worked
Labour Practices	★★★	Adhere to Employment Act and achieved 81.7% employee satisfaction

Governance

CSR Strategy	★★★	Contributed RM10.3m in FY24 on CSR initiatives vs RM8.3m in FY23
Management	★★★	44.4% female board composition, 5/9 composition of Independent Directors
Stakeholders	★★★	Regularly maintain constructive channels of communication through both formal and informal to key stakeholders group

Overall ESG Scoring: ★★★

Recommendation Framework:

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

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.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of Friday, 28 Feb, 2025, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.