



## Foreign Direct Investment in STV

|                                 | RM'm |
|---------------------------------|------|
| Hino Motor                      | 150  |
| Messier-Buggatti-Dow ty         | 300  |
| Keen Point                      | 200  |
| TMC Metal                       | 20   |
| Akashi-Kikai Industry /Daihatsu | 220  |
| Meditop Corporation             | 150  |
| MBM Resources                   | 300  |
| Nippon Kayaku                   | 600  |
| Total                           | 1940 |

SOURCES: COMPANY

## Financials

- **Margin is improving.** PATMI margin has been expanding over the past 4 years, from 9.1% in FY09 to 22.7% in FY12. Matrix has moved up the value chain by selling higher value homes. The land sale in STV also helped as the book cost is low. The current value for industrial land is above RM30psf.
- **Net cash.** Based on proforma balance sheet, Matrix is net cash after raising RM137.5m from its IPO exercise. This enables the company to hunt for more land banks for future expansions.
- **Indicative target price of RM3.10.** Based on our forecast, the company will grow 23% in FY13 EPS. Our assumptions are 1) 50% of the RM455m unbilled sales will be booked-in, 2) RM700m new sales in FY13, and 3) PATMI margin of 20%. This translate into a listing P/E of 5.7x. Pegging Matrix to the sector P/E of 8x, we derive an indicative target price of RM3.10.
- **40% Dividend policy.** The company aims to distribute a minimum dividend of 40% of its annual profits to shareholders. Based on our forecast, this would translate into a yield of 7% in FY13.

## Earnings visibility

|                                       | Year of commencement |      |      |      |
|---------------------------------------|----------------------|------|------|------|
|                                       | 2013                 | 2014 | 2015 | 2016 |
| Bandar Sri Sendayan                   | x                    | x    | x    | x    |
| Third 9 Residence                     | x                    |      |      |      |
| Lobak Commercial Centre Phase 1 and 2 | x                    | x    |      |      |
| Kota Gadong Perdana                   |                      |      |      | x    |
| Taman Seri Impian                     | x                    | x    | x    | x    |

SOURCES: PROSPECTUS

## Earnings summary

| YE Dec    | FY09  | FY10  | FY11  | FY12  | FY13E |
|-----------|-------|-------|-------|-------|-------|
| Revenue   | 204.0 | 195.6 | 624.3 | 456.1 | 638.8 |
| GP        | 46.4  | 56.7  | 148.4 | 192.7 | 255.5 |
| EBITDA    | 26.8  | 32.8  | 108.9 | 146.1 | 204.4 |
| PBT       | 24.4  | 30.0  | 106.3 | 142.8 | 191.6 |
| PATMI     | 18.6  | 20.5  | 69.4  | 103.5 | 127.8 |
| EPS (sen) | 5.6   | 6.2   | 21.0  | 31.4  | 38.7  |
| P/E       | 39.1  | 35.4  | 10.5  | 7.0   | 5.7   |

SOURCES: CIMB RESEARCH, COMPANY

## Peers comparison

| Company               | Market cap | P/E  | PBV | Gearing |
|-----------------------|------------|------|-----|---------|
| Hua Yang Bhd          | 524.7      | 7.0  | 1.3 | 36.6    |
| LBS Bina Group Bhd    | 381.7      | 10.3 | 0.9 | 79.6    |
| KSL Holdings BHD      | 850.1      | 6.5  | 0.8 | 20.8    |
| Crescendo Corp Bhd    | 580.5      | 10.5 | 1.0 | 18.0    |
| Tambun Indah Land BHD | 380.7      | 8.3  | 1.6 | 37.6    |
| Average               | 543.5      | 8.5  | 1.1 | 38.5    |

SOURCES: CIMB RESEARCH, COMPANY

## Board of directors

### Dato' Haji Mohamad Haslah bin Mohamad Amin (Non-Independent Non-Executive Chairman)

- 20 years of experience in both domestic and international financial industry, substantially with Maybank Group
- Graduated in 1975 from the Institute of Bankers, London, with a Diploma in Banking
- Currently the CEO of MBI, a Negeri Sembilan State owned entity

### Dato' Lee Tian Hock (Group Managing Director/ Chief Executive Officer)

- Founder of Matrix Concepts Group, he is responsible for the Group's business direction and overall strategies and policies
- Has approximately 30 years of experience in the property development industry and was involved in the development of Taman Rasah Jaya – then the largest housing scheme in Negeri Sembilan
- Graduated with a degree in Housing, Building and Planning from Universiti Sains Malaysia

### Ho Kong Soon (Group Deputy Managing Director/ Chief Operating Officer)

- Responsible for the overall project management as well as overseeing daily operations of the Group
- Has approximately 20 years of experience and was involved in the development of the Allison Klana Resort Hotel, Kasturi Klana Park Condominium and Taman Semarak housing scheme in Negeri Sembilan
- Graduated with Bachelor of Engineering degree from University of Malaya

### Dato' Firdaus Muhammad Rom bin Harun (Independent Non-Executive Director)

- 39 years of experience in the corporate sector and civil service
- Graduated with a certificate in Public Relations from the Institute of Public Relations, London, and also a Diploma in Marketing from the Chartered Institute of Marketing, UK.
- Currently the Political Secretary to the Menteri Besar of Negeri Sembilan

### Rezal Zain bin Abdul Rashid (Independent Non-Executive Director)

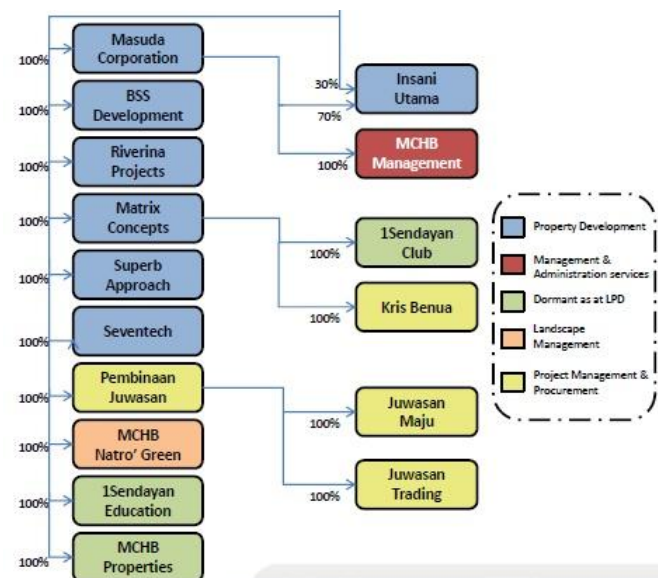
- Has approximately 20 years of experience in audit, corporate finance, as well as enterprise building
- Member of the Malaysian Institute of Accountants and the Australian Society of Certified Practising Accountants (now known as CPA Australia)
- Graduated with Bachelor of Arts (Accounting) degree from University of Canberra

### Dato' (Ir) Batumalai Ramasamy (Independent Non-Executive Director)

- Has 35 years of experience as an engineer in the Department of Irrigation and Drainage (DID) in various jurisdictions of KL, Kedah, Perak, Johor and Negeri Sembilan; overseeing, planning, designing, operations and management of all the irrigation and drainage areas
- Holds a Diploma in Civil Engineering from Universiti Teknologi Malaysia and a Bachelor of Science in Civil Engineering from the University of Aberdeen, Scotland

SOURCES: COMPANY

## Corporate structure



SOURCES: COMPANY

## Utilisation of proceeds

| Purpose                              | Time frame for utilisation | Amount (RM'm) |
|--------------------------------------|----------------------------|---------------|
| Working capital                      | 24 months                  | 55            |
| Infrastructure and common facilities | 24 months                  | 55            |
| Construction of clubhouse            | 24 months                  | 10            |
| Repayment of bank borrowings         | 12 months                  | 11            |
| Estimated listing expenses           | 1 month                    | 6.5           |
|                                      |                            | 137.5         |

SOURCES: PROSPECTUS