



# MARKET INSIGHT

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**Results Review** 

PP16795/03/2013(031743)

## 4QFY15 Matrix Concept

# BUY◀▶

### Inline

## Acing the Game

	Price:
<b>Target</b>	Price:

RM2.40 (+20%) RM2.91

Share Performance (%)	1mt	h 3mth	12mth
Financial Derivatives	N		
Shariah Compliant	Υ	Ambang Kussa	4.7%
Free Float	61.1%	Shining Term SB	15.1%
3-mth avg daily volume	252,035	Lee Tian Hock	19.2%
2-week range (L)	2.10	Major Shareholders	
52-week range (H)	2.87	Beta	0.8
Issued shares	562.2	YTD KLCI chg	-1.7%
Market Cap	1,332.4	YTD price chg	-4.8%
Bloomberg Ticker	MCH MK	Altman Z-score	-
Stock Data			

Share Performance (%)	1mth	3mth	12mth
Absolute	3.0	(1.5)	1.0
vs. KLCI	0.6	(1.7)	3.8
Consensus		2016	2017
Net Profit		217.8	229.3
EPS (sen)		39.0	43.0
Historical Price Ratio (x)	FY 2012	FY 2013	FY 2014
Price Earnings	NA	9.7	8.4
Price to Book	NA	2.0	1.9

FYE 31 Dec	2013	2014	2015	2017E	2018E
Turnover	574.7	598.8	700.9	760.0	798.3
EBIT	208.6	247.3	289.4	281.6	320.1
Pretax profit	207.2	244.6	286.5	282.2	310.7
Net Profit	152.9	182.2	213.2	211.7	220.3
EPS (sen)	27.7	38.2	42.6	39.9	39.2
PER (x)	8.7	6.2	5.6	6.0	6.1
DPS (sen)	11.1	13.3	14.4	15.4	15.6
Div. Yield (%)	4.6%	5.5%	6.0%	6.4%	6.5%
NTA/share (RM)	1.21	1.27	1.50	1.70	1.80
Margins					
EBIT margin	36%	41%	35%	35%	40%
Pretax margin	36%	41%	35%	35%	39%
Effective tax rate	26%	25%	25%	25%	25%
ROE	28%	27%	26%	27%	27%
ROA	17%	18%	18%	19%	20%
Net Gearing (x)	NC	NC	NC	NC	0.1
Growth ratios					
Turnover	26%	4%	17%	9%	5%
EBIT	46%	16%	17%	-3%	14%
Pretax profit	34%	45%	18%	7%	7%
Net profit	45%	48%	19%	8%	7%

#### **Research Team**

**Financial Highlights** 

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Matrix Concept's FY15 net profit made up 100% of ours & consensus full year estimates. YTD net profit and revenue improved by 17%. Overall margins remained constant. Out of the total FY15 group revenue, the residential and commercial properties contributed RM565.7m or 81% of total revenue (FY14: RM450.5m). Meanwhile the industrial properties and land sales made up RM120.8m, declining slightly from RM147.8m in FY14. Besides, the group's investment properties namely Matrix Global Schools and d'Tempat Country Club, contributed the balance RM14.4m to the topline. The Group declared a 4th interim single tier dividend of 3.75 sen making up the total payout to 14.4 sen per share for the year. The payout of RM78.9m is inline with the group's dividend policy of 40%. We maintain our FY17/18E with TP of RM2.91 based on a blended valuation of group's historical average PE & PBV of 6.5x and 1.9x respectively premised on FY16E. Maintain BUY.

**Within expectations.** Matrix's FY15 results were within ours and consensus' expectations, acing 100% of full year estimates. QoQ the top and bottomline recorded double digits growth.

Earnings visibility. Unbilled sales for the 4Q totalled RM633.2m, eased by -1.1% from RM640.5m achieved in 3Q. New sales achieved for the quarter was RM193.7m (3Q: RM244.5m) declined by 21%, (of which industrial property sales made up RM16m). While the average take-up rates of the latest launches was 57% vs historical take-up rate of 70%.

**4**<sup>th</sup> **Interim Dividend of 3.75sen.** Inclusive this, YTD dividend declared totalled 14.4sen (1Q15: 3.6sen; 2Q: 3.5sen, 3Q: 3.5sen). This translates into a total payout of RM78.9m which is in tandem with the group's dividend payout policy of 40%. Based on current share price, the dividend looking attractive at 6.0%.

**Recommendation.** We maintain our FY17/18E and continue to favour the group's steady contribution from the investment division namely Matrix Global School which has seen steady sales contribution QoQ since it kick-started mid-2015. Maintain BUY at RM2.91.





**Quarterly figures** 

FYE 31 Dec (RM'm)	4Q14	1Q15	2Q15	3Q15	4Q15	QoQ Chg	YoY Chg	FY14	FY15	YTD Chg
Revenue	151.0	317.6	120.4	121.4	141.5	16.6%	-6.3%	598.8	700.9	17.1%
Operating Profit	74.2	156.0	43.0	40.1	50.4	25.5%	-32.2%	247.3	289.4	17.0%
Pretax profit	78.9	155.4	41.4	40.2	49.5	23.2%	-37.2%	244.6	286.5	17.1%
Taxation	18.3	39.9	11.5	9.1	12.7	39.1%	-30.5%	62.4	73.2	17.5%
Minority interest	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
Net Profit	56.5	115.4	29.9	31.1	36.8	18.5%	-34.8%	182.2	213.2	17.0%
EPS (sen)	12.4	21.0	5.4	5.6	6.7	18.5%	-45.9%	40.0	42.6	6.5%
Net gearing (x)	NetCash	0.0	0.0	0.1	0.1	30.4%	n.a	NetCash	0.1	n.a
OP margin (%)	49.2%	49.1%	35.7%	33.1%	35.6%	7.6%	-27.6%	41.3%	41.3%	0.0%
PBT margin (%)	48.9%	48.9%	34.3%	33.1%	35.0%	5.6%	-28.4%	40.8%	40.9%	0.1%
Net margin (%)	37.4%	36.3%	24.8%	25.6%	26.0%	1.6%	-30.5%	30.4%	30.4%	0.0%
Effective tax rate (%)	24.8%	25.7%	27.8%	22.7%	25.6%	12.9%	3.5%	25.5%	25.6%	0.3%

Source: BIMB Securities

#### **DEFINITION OF RATINGS**

BIMB Securities uses the following rating system:

#### STOCK RECOMMENDATION

BUY Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.

TRADING BUY Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.

**HOLD** Share price may fall within the range of +/- 10% over the next 12 months

**TAKE PROFIT** Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.

TRADING SELL Share price may fall by more than 15% in the next 3 months.

SELL Share price may fall by more than 10% over the next 12 months.

**NOT RATED** Stock is not within regular research coverage.

#### **SECTOR RECOMMENDATION**

OVERWEIGHT The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market

index over the next 12 months

**NEUTRAL** The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary

market index over the next 12 months

UNDERWEIGHT The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market

index over the next 12 months

#### Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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