



MATRIX CONCEPTS HOLDINGS

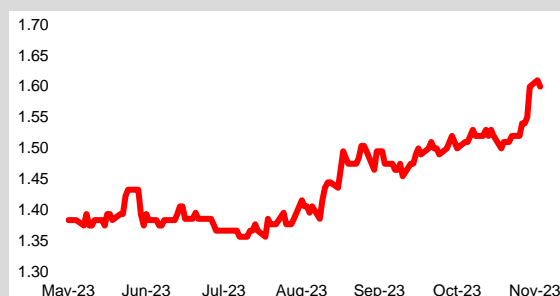
Outperform

DESCRIPTION

Matrix Concepts Holdings is a township developer with flagship development based in Seremban, Negeri Sembilan.

12-Month Target Price	RM1.80
Current Price	RM1.61
Expected Return	+12%
<i>Previous Target Price</i>	RM1.80
Market	Main
Sector	Property
Bursa Code	5236
Bloomberg Ticker	MCH MK
Shariah-Compliant	Yes

SHARE PRICE CHART



52 Week Range (RM)	1.37 – 1.68
3-Month Average Vol ('000)	1,712.4

SHARE PRICE PERFORMANCE

	1M	3M	12M
Absolute Returns	4.3	3.0	-3.7
Relative Returns	1.5	-1.9	-3.7

KEY STOCK DATA

Market Capitalisation (RMm)	2,014.6
No. of Shares (m)	1,251.3

MAJOR SHAREHOLDERS

	%
Shining Term	12.7
Lee Tian Hock	11.1
EPF	4.7

Tan Siang Hing

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Visit To Menara Shariah

We visited the Pantai Indah Kapuk 2 (PIK 2) Waterfront City recently, the location of the maiden joint venture project by Matrix Concepts Holdings (MCH) in Jakarta, with target completion by end-2023. To recap, MCH first mooted the project back in 2018 when it invested to develop an initial 3.6-hectare plot of land in PIK 2, which is developed by PT Fin Centerindo Satu, a joint-venture company between MCH (30% stake) and PT Bangun Kosambi Sukses (40% stake); controlled by the Agung Sedayu Group and the Salim Group, and PT Fin Centerindo Dua (30% stake), who are well-established conglomerates in Indonesia. We came away impressed with the masterplan of PIK2, which is touted as the first metropolis by the sea in Indonesia. The master developer, we understand, has already invested in completing the infrastructure of the 5000-ha development, which is well connected by highways and public transport infrastructure, demonstrating its confidence in PIK2, continuing on from the success of PIK1. All told, we maintain our **Outperform** call, and a book-value based target price (TP) of RM1.80.

§ **Menara Syariah Twin Towers' details.** The said land is located at the area earmarked as an Islamic Financial District which forms part of the 23.5-hectare International Financial District. Menara Syariah Twin Towers, which is sitting on 1.4-hectares of the 3.6-hectare plot has gross development value (GDV) of USD250m. It is a commercial and retail building with two office towers, each 29-storeys high and is designed to promote a unique identity with modern, conducive and future-ready workspace as a world-class business hub. The two towers have more than a million square feet of gross floor area providing workspaces for 5,000 office workers with coastal views of Jakarta Bay complete with retail strip, landscaped observation deck, infinity pool, prayer halls and 23 floors of office space.

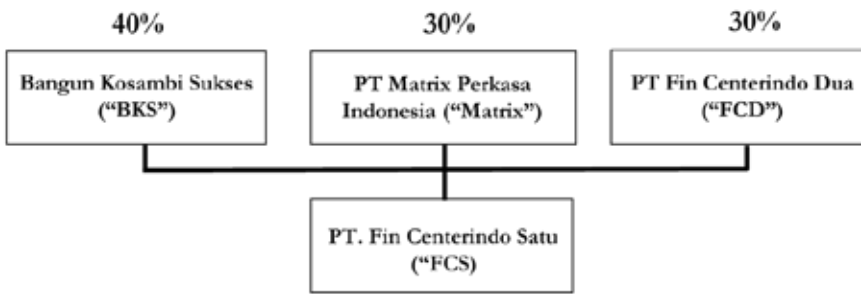
Menara Syariah Twin Towers is the first phase of MCH's participation in developing the Islamic Financial District in PIK2. Upon completion, MCH is looking to either dispose one block or keep both for recurring income. We understand that MCH had initially expected at least 20% margins if it disposes the two towers outright. Now, we believe the value could be higher, given the land value alone is already transacted at 3x its original cost (MCH's initial investment of USD31.75m for a 30% stake).

KEY FINANCIAL SUMMARY

FYE Mar (RM m)	2022A	2023A	2024F	2025F	2026F	CAGR
Revenue	892.4	1,004.0	1,148.0	1,201.0	1,229.3	6.6%
Gross Profit	490.4	486.8	552.9	572.6	577.1	3.3%
Pre-tax Profit	272.7	273.6	322.7	331.3	320.8	3.3%
Net Profit	200.9	208.0	245.3	251.8	243.8	4.0%
EPS (Sen)	16.1	16.6	19.6	20.1	19.5	4.0%
P/E (x)	10.0	9.7	8.2	8.0	8.3	
DPS (Sen)	8.0	10.0	11.0	11.0	11.0	
Dividend Yield (%)	5.0	6.2	6.8	6.8	6.8	

Source: Company, PublicInvest Research estimates

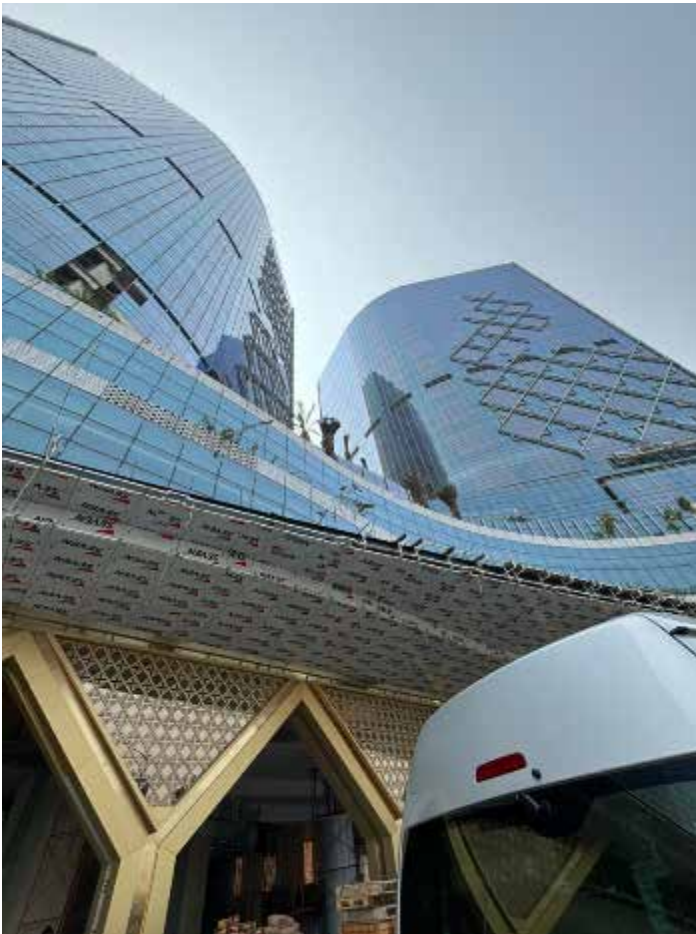
Figure 1: JV Structure



Source: Company

§ Moving onto next phase. The whole development of the 12-hectare Islamic Financial District will be undertaken by PT Fin Centerindo Satu, a joint venture company between PT Matrix Perkasa (a wholly-owned subsidiary of Matrix Concepts Holdings Berhad), PT Bangun Kosambi Sukses and PT Fin Centerindo Dua, with PT Nikko Sekuritas as the financial advisor of the project. Adjacent to the Islamic Financial District (12.0 hectares), is the International Financial Centre (11.5 hectares), for a combined land area of 23.5 hectares. These 2 signature developments are envisaged to be the next eminent financial centre of Indonesia with over 45 commercial high-rises to be developed over the next 10 years with an estimated GDV of over USD5bn. We note that Menara Syariah is located at the gateway into the Islamic Financial District, which offers good visibility and hence will be a desirable address in our view. We understand that the JV co is looking at another 3 blocks of commercial development on the remaining land (2.2ha). The focus now is monetizing Menara Syariah, but we believe the new phase should also be shaping up soon.

Figure 2: Menara Syariah's Facade



Source: Company

Figure 3: Grand Lobby



Source: Company

Figure 4: Surau at Menara Syariah



Source: Company

Figure 5: PIK2's Islamic Financial District (shovel-ready)



Source: Company

KEY FINANCIAL DATA

INCOME STATEMENT DATA

FYE Mar (RM m)	2022A	2023A	2024F	2025F	2026F
Revenue	892.4	1,004.0	1,148.0	1,201.0	1,229.3
Gross Profit	490.4	486.8	552.9	572.6	577.1
Operating expenses	-241.1	-253.2	-265.9	-279.2	-293.1
Operating Profit	249.3	233.6	287.0	293.4	284.0
Other Gains / (Losses)	31.5	40.1	35.8	37.9	36.9
Finance Costs	-11.5	-0.1	-0.1	-0.1	0.0
Pre-tax Profit	272.7	273.6	322.7	331.3	320.8
Income Tax	-67.5	-65.7	-77.4	-79.5	-77.0
Effective Tax Rate (%)	-25%	-24%	-24%	-24%	-24%
Minorities	-4.3	0.0	0.0	0.0	0.0
Net Profit	200.9	208.0	245.3	251.8	243.8
Growth					
Revenue (%)	-20.9	-11.0	14.3	4.6	2.4
Operating Profit (%)	-13.2	-13.9	13.6	3.6	0.8
Net Profit (%)	-20.6	-17.8	17.9	2.7	-3.2

Source: Company (actual), PublicInvest Research estimates

BALANCE SHEET DATA

FYE Mar (RM m)	2022A	2023A	2024F	2025F	2026F
Property, Plant & Equipment	1,080.7	1,142.3	1,211.3	1,273.1	1,333.4
Land Held for Property Development	803.0	821.7	780.6	741.6	704.5
Cash and Cash Equivalents	0.0	0.0	0.0	0.0	0.0
Receivables	202.2	245.8	351.6	471.8	616.2
Other Assets	533.6	427.3	427.3	427.3	428.3
Total Assets	2,619.4	2,637.2	2,770.8	2,913.8	3,082.4
Payables	412.3	354.8	390.3	429.4	472.3
Borrowings	2.2	1.4	1.4	1.4	1.4
Provisions	1.0	0.0	0.0	0.0	1.0
Other Liabilities	305.0	291.5	289.2	289.2	291.2
Total Liabilities	720.5	647.7	680.9	719.9	765.9
Shareholders' Equity	1,898.9	1,989.5	2,089.9	2,193.9	2,316.5
Total Equity and Liabilities	2,619.4	2,637.2	2,770.8	2,913.8	3,082.4

Source: Company (actual), PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Mar (RM m)	2022A	2023A	2024F	2025F	2026F
Book Value Per Share	1.5	1.6	1.7	1.8	1.9
NTA Per Share	1.5	1.6	1.7	1.8	1.9
EPS (Sen)	16.1	16.6	19.6	20.1	19.5
DPS (Sen)	8.0	10.0	11.0	11.0	11.0
Payout Ratio (%)	49.8	60.2	56.1	54.7	56.5
ROA (%)	7.7	7.9	8.9	8.6	7.9
ROE (%)	10.6	10.5	11.7	11.5	10.5

Source: Company (actual), PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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