

UOBKH HIGHLIGHTS

Matrix Concepts Holdings (MCH MK/NOT RATED/RM1.73)

1QFY21: Strong Rebound In Sales

Year to 31 Mar (RMm)	1QFY21	4QFY20	qoq % chg	yoy % chg
Revenue	162.0	472.1	(65.7)	(34.8)
Property development	155.3	463.2	(66.5)	(34.9)
Construction	66.8	121.0	(44.8)	(36.8)
Education	3.3	4.9	(31.4)	(39.0)
Hospitality	3.4	4.1	(16.7)	(24.0)
Operating profit	42.9	95.7	(55.2)	(42.1)
Property development	42.1	86.4	(51.3)	(38.5)
Construction	7.0	8.5	(17.2)	(8.7)
Education	(1.5)	(0.8)	92.0	179.8
Hospitality	1.4	1.0	46.2	206.4
PBT	42.7	95.2	(55.1)	(41.4)
PATAMI	31.1	55.6	(44.1)	(43.1)
Margins (%)				
Operating profit	27.6	20.7	6.9	(3.0)
PBT	26.4	20.2	6.2	(3.6)
PATAMI	19.2	11.8	7.4	(4.4)

Source: Matrix Concepts, UOB Kay Hian

COMMENTS

- 1QFY21 core profit of RM31.1m.** Matrix Concepts Holdings (Matrix) reported a core net profit of RM31.1m (-44.1% qoq, -43.1% yoy) on top of RM162.0m revenue (-65.7% qoq, -34.8% yoy) in 1QFY21. The core net profit for 1QFY21 made up for 15.8% of consensus full-year net profit forecast. Overall, margin also improved in 1QFY21 vs 4QFY20 mainly because its construction activities has gradually resumed operation as well as normalised effective tax rate reported in 1QFY21. We continue to like the stock for its strong take up rate (consistently above 70% vs peers average 50%) and lean balance sheet (net gearing of 0.09x vs peers 0.47x).
- Sales rebounded strongly in 1QFY21.** Property sales in 1QFY21 rebounded significantly by +302.6% qoq and +9.8% yoy to RM350m as Matrix shifted its focus towards more affordable segment during the start of the pandemic. During the quarter under review, Matrix launched Melia 1 Hijayu Residence and Floria Tiara Sendayan 6 projects, comprising double-storey terrace houses in its flagship Sendayan Developments in Seremban. Notably, Tiara Sendayan 6, featuring 246 homes with prices starting from RM498,888, achieved near 100% take up within one month of its launch.
- Keeping target sales at RM1.1b.** Amid challenging outlook, Matrix is maintaining its property sales target of RM1.1b for FY21 in which they had achieved 32% in 1QFY21. Separately, the company is aiming to launch RM1b worth of new projects in FY21 in which they had launched RM258.5m in 1QFY21 which represent 26% of its full-year target. Current unbilled sales of RM1.18b as at Jun 20 should sustain its earnings for the next 1-2 years.
- Declared 2 sen dividend.** Matrix also declared its quarterly dividend distribution of 2 sen in 1QFY21 (ex date: 23rd Sep) which represent a payout ratio of 48% or an annualised yield of 4.6%. The company has committed to dividend policy of at least 40% profits to be distributed to shareholders.

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