



# Matrix Concepts Holdings Berhad

(5236 | MCH MK) Main | Property

**Maintain BUY**

## Positive Outlook

**Unchanged Target Price: RM1.86**

### KEY INVESTMENT HIGHLIGHTS


- **Results briefing of Matrix Concepts**
- **Sales target maintained at RM1.3b**
- **Healthcare division to turn profitable**
- **Dividend pay-out maintained**
- **Earnings forecast maintained**
- **Maintain BUY with unchanged TP of RM1.86**

We attended results briefing of Matrix Concepts and came away feeling reaffirmed on the positive prospect for the company. Key highlights from the briefing as below:

**Sales target maintained at RM1.3b.** Matrix Concepts achieved total new sales of RM616m in 1HFY24 which made up 47% of management new sales target of RM1.3b. Management is maintaining its new sales target of RM1.3b for FY23 as new sales are expected to pick up in 2HFY24 on the back of launch target of RM1.9b for FY24. Note that Matrix Concepts launched projects worth GDV of RM610m in 1HFY24 and planned to launched projects with total GDV of RM1.28b in 2HFY24. Key launches in 2HFY24 include Bayu Sutera 8 at Bandar Sri Sendayan with GDV of RM424m and Levia Residence (GDV: RM532m) in Cheras.

**Healthcare division to turn profitable.** Matrix ventured into healthcare sector through its 30-year management agreement with Pusat Hemodialisis Mawar (PHM). Matrix Medicare Sdn Bhd, the Group's subsidiary company, manages PHM's non-clinical operations of Mawar Medical Center. We gather that operations of Mawar Medical Center is improving and expected to turn profitable in 2HFY24. Despite contribution from healthcare arm is small at this juncture, we see earnings potential from healthcare division in view of the robust outlook for healthcare industry.

**Dividend pay-out maintained.** Matrix Concepts announced dividend of 2.5sen in 2QFY24, bringing total dividend in 1HFY24 to 5sen. Note that Matrix Concepts has dividend policy of paying out not less than 50% of earnings. We gather that dividend pay-out will be maintained at ~50% for FY24. Meanwhile, balance sheet of Matrix Concepts is sturdy at net cash position which should enable Matrix Concepts to sustain its dividend pay-out. Hence, we are maintaining our dividend forecast of 9.8sen per share for FY24 which should translate into attractive dividend yield of 6%.

**Maintain BUY with unchanged TP of RM1.86.** Post briefing, we make no changes to our earnings forecast for FY24F/25F/26F. We also maintain our **TP** at **RM1.86**, based on 23% discount to RNAV. We maintain our **BUY** call on Matrix Concepts as we see better earnings outlook ahead due to pick up in progress billing and strong sales of landed house at its Bandar Sri Sendayan. Meanwhile, landbank expansion in Labu will further support earnings growth in the longer term. 

### RETURN STATISTICS

Price @ 24 Nov 2023 (RM)	1.61
Expected share price return (%)	15.5%
Expected dividend yield (%)	6.0%
Expected total return (%)	21.5%

### SHARE PRICE CHART



Price increase (%)	Absolute	Relative
1 month	6.6	5.7
3 months	8.1	6.6
12 months	3.2	5.5

### INVESTMENT STATISTICS

FYE March	2024E	2025F	2026F
Revenue	1,190	1,250	1,266
Operating Profit	344	377	388
Profit Before Tax	335	367	378
Core PATAMI	256	280	288
Core EPS	20.42	22.40	23.04
DPS	9.80	10.75	11.06
Dividend Yield	6.0%	6.6%	6.8%

### KEY STATISTICS

FBM KLCI	1,453.92
Issue shares (m)	834.23
Estimated free float (%)	58.91
Market Capitalisation (RM'm)	2,014
52-wk price range	RM1.4–RM1.65
3-mth average daily volume (m)	2.49
3-mth average daily value (RM'm)	3.72
Top Shareholders (%)	
Shining Term Sdn Bhd	12.67
Lee Tian Hock	11.11

**Analyst**

Jessica Low Jze Tieng  
jessica.low@midf.com.my

**RNAV table**

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
<b>Domestic</b>				
Sendayan	100%	3187	10%	294
BSI	100%	1935	10%	194
Other N.S.	100%	153	10%	18
Klang Valley	100%	1,332.0	10%	145
<b>International</b>				
Australia	100%	238	10%	114
Indonesia	30%	1000	10%	34
Unbilled sales		1400	10%	174
<b>Total</b>				<b>972</b>
Shareholder Funds				2,048
Total RNAV				3,020
Number of shares				1,251
RNAV per share				2.41
Discount				23%
<b>Target Price</b>				<b>1.86</b>

Source: MIDF Research

**FINANCIAL SUMMARY**

<b>Income Statement (RM'm)</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025F</b>	<b>2026F</b>
Revenue	892	1,113	1,190	1,250	1,266
EBIT	276	268	344	377	388
PBT	268	261	335	367	378
Net Income	205	207	256	280	288
Core Net Income	216	221	256	280	288
Core EPS (sen)	25.9	17.6	20.4	22.4	23.0
Core PER (x)	6.2	9.1	7.9	7.2	7.0
NTA/share	2.28	1.59	1.63	1.68	1.71
P/NTA	0.71	1.01	0.99	0.96	0.94

<b>FY March (RM m)</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24F</b>	<b>FY25F</b>	<b>FY26F</b>
Property, plant and equipment	219	211	214	222	225
Inventories	803	774	791	688	674
Total non-current assets	1227	1203	1230	1278	1306
Trade receivables and contract assets	618	618	632	652	659
Inventories	463	398	406	426	435
Deposits, Cash and bank balances	202	250	294	249	254
Other current assets	110	169	184	247	294
<b>Total Assets</b>	<b>2619</b>	<b>2638</b>	<b>2746</b>	<b>2852</b>	<b>2949</b>
Long-term borrowings	114.6	77.6	79.2	83.1	89.0
Short-term borrowings	139.8	168.3	145.1	148.4	155.9
Other Liabilities	466	405	478	520	567
Total Liability	720	651	702	751	812
Share capital	961	961	961	961	961
Other Equity	938	1027	1083	1139	1176
Total Equity	1899	1988	2044	2101	2137
<b>Equity + Liability</b>	<b>2619</b>	<b>2638</b>	<b>2746</b>	<b>2852</b>	<b>2949</b>

<b>FY March (RM m)</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24F</b>	<b>FY25F</b>	<b>FY26F</b>
Cash flows from operating activities					
Net income before taxation	268	261	274	312	355
Net cash from operating activities	108	211	209	212	207
Cash flows from investing activities					
Purchase of PPE	-2	-2	-2	-2	-2
Net cash used in investing activities	-3	19	20	18	13
Cash flows from financing activities					
Repayment of term loan	-16	-55	-47	-32	-29
Net cash from/(used in) financing activities	-140	-171	-155	-162	-159
Net increase/(decrease) in cash and cash equivalents	186	60	74	67	62
Cash and cash equivalent at 1 April	186	150	200	274	341
Cash and cash equivalent at 31 March	186	150	200	274	341

<b>Profitability Margins</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025F</b>	<b>2026F</b>
EBIT margin	31.0%	24.1%	28.9%	30.2%	30.6%
PBT margin	30.1%	23.4%	28.1%	29.4%	29.8%
PAT margin	22.5%	18.2%	21.1%	22.0%	22.4%
Core PATAMI margin	24.2%	19.8%	21.5%	22.4%	22.8%
ROE	11.4%	11.1%	12.5%	13.3%	13.5%
ROA	8.2%	8.4%	9.3%	9.8%	9.8%

Source: Bloomberg, MIDFR

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad (197501002077 (23878 – X)).  
(Bank Pelaburan)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

## DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (197501002077 (23878 – X)) for distribution to and use by its clients to the extent permitted by applicable law or regulation.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that MIDF Investment believes are reliable at the time of publication. All information, opinions and estimates contained in this report are subject to change at any time without notice. Any update to this report will be solely at the discretion of MIDF Investment.

MIDF Investment makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. MIDF Investment and its affiliates and related BNM and each of their respective directors, officers, employees, connected parties, associates and agents (collectively, "Representatives") shall not be liable for any direct, indirect or consequential loss, loss of profits and/or damages arising from the use or reliance by anyone upon this report and/or further communications given in relation to this report.

This report is not, and should not at any time be construed as, an offer, invitation or solicitation to buy or sell any securities, investments or financial instruments. The price or value of such securities, investments or financial instruments may rise or fall. Further, the analyses contained herein are based on numerous assumptions. This report does not take into account the specific investment objectives, the financial situation, risk profile and the particular needs of any person who may receive or read this report. You should therefore independently evaluate the information contained in this report and seek financial, legal and other advice regarding the appropriateness of any transaction in securities, investments or financial instruments mentioned or the strategies discussed or recommended in this report.

The Representatives may have interest in any of the securities, investments or financial instruments and may provide services or products to any company and affiliates of such BNM mentioned herein and may benefit from the information herein.

This document may not be reproduced, copied, distributed or republished in whole or in part in any form or for any purpose without MIDF Investment's prior written consent. This report is not directed or intended for distribution to or use by any person or entity where such distribution or use would be contrary to any applicable law or regulation in any jurisdiction concerning the person or entity.

### MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

#### SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

#### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

\* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology