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Matrix Concepts expects Malaysian Vision Valley to boost home demand

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He noted that its launches have seen an average take-up rate of up to 80%.

On prospects, Lee maintains a positive outlook on the local property market, especially in the affordable housing segment.

"I believe demand is more than supply, given that the location is right," he added.

Such optimism stems from the observation that more people have moved away from Kuala Lumpur to stay in newly-developed townships on the fringes of the capital city such as Seremban in the last five years.

The location of Seremban is no longer an issue among housebuyers, said Lee, anticipating the 379,087-acre Malaysia Vision Valley 2.0 (MVV 2.0) megaproject to further boost demand for houses in the area.

Lee sees Matrix Concepts as one of the beneficiaries of the project, which spans over a 30-year development period, as it presents the group with a good headstart and competitive advantage since it has already established itself there.

Sime Darby Property Bhd is the master developer of MVV 2.0, which has a gross development value of RM640 billion.

Matrix Concepts also takes comfort from the fact that its land bank is located smack in the middle of MVV 2.0.

In fact, it is on the lookout to buy more land in the vicinity of the mega project.

Matrix Concepts recently acquired another 200 acres in Bandar Sri Sendayan, Seremban and expects the transaction to be completed by May. It is also looking to acquire another 600 acres nearby.

As at Dec 31, 2018, Matrix Concepts has an unbilled sales of RM1.4 billion and total undeveloped landbank of 1,320 acres, which Lee says will keep the group busy for the next seven years.

He also noted that the group is targeting to achieve collective sales of RM3 billion for FY20 and FY21.

For 9MFY19, Matrix Concepts recorded a lower net profit of RM151.7 million, down

As construction works progress further, Matrix Concepts margins from property development should gradually improve

10% y-o-y due to its product mix comprising more affordably-priced residential properties which fetched lower margin.

Revenue, however, climbed 20% y-o-y to RM769 million on the back of higher revenue recognition from the sales of residential and commercial development properties.

Analysts still positive on Matrix despite subdued property market

Bloomberg data shows all three analysts covering the stock have a "buy" call with target prices ranging between RM2.17 and RM2.40.

"We continue to like Matrix for its impeccable track record in township developments," said AllianceDBS Research analyst Quah He Wei in a note dated Feb 21.

Quah added that the stock's valuation remains undemanding at six times FY20 earnings per share despite having sustainable earnings visibility and a high dividend yield of about 6.5%.

RHB Research analyst Loong Kok Wen said the weaker-than-expected 9MFY19 results are not a major concern, given that Matrix Concepts' unbilled sales and news sales remained healthy.

"As construction works progress further, Matrix margins from property development should gradually improve," she said in a report dated Feb 21.

Matrix shares closed up one sen or 0.51% at RM1.96 last Friday, bringing a market capitalisation of RM1.48 billion. Year-to-date, its share price has risen 4.3% from RM1.88 on Dec 31, 2018.

Matrix Concepts seeking more development projects overseas

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From the proceeds, RM146.35 million is intended to fund Matrix Concepts' equity participation in FCS, it said in a filing to Bursa Malaysia.

RHB Research analyst Loong Kok Wen, in a report dated March 13, said although the market may be cautious on the potential risks involved — since Indonesia is a new market for Matrix Concepts, the venture is worthwhile because the project is backed by a well-known conglomerate.

"The local property market is becoming more saturated and Indonesia has a large population that should support long-term demand for properties," she said.

Loong also raised the FY20 and FY21

earnings forecasts by 1% to 2% as the research house incorporate the earnings contribution from the JV project.

Apart from Indonesia, Matrix Concepts is also seeking to develop more projects overseas.

In Australia, being its first overseas venture, Matrix Concepts plans to launch another two projects — Greenvale and St Kilda — worth a combined gross development value A\$110 million (RM319 million) over the next three years, said Lee.

"The proceeds from the first project, M Carnegie, which has been completed, will be reinvested into the two new projects," he said, adding that the group has no plans to increase its land bank in Australia soon.