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# Matrix Concepts upbeat on growth streak

BY ARJUNA CHANDRAN SHANKAR

The prevailing slowdown in the property market has forced some property developers to cut their sales targets. In contrast, Matrix Concepts Holdings Bhd has no reservations about meeting — or even surpassing — its target of RM1.1 billion for the financial year ending March 2021 (FY2021).

The group continues to attract home-buyers by offering the right product based on an area's affordability and demographics. Its properties, most of which are landed, are normally priced between RM300,000 and RM500,000.

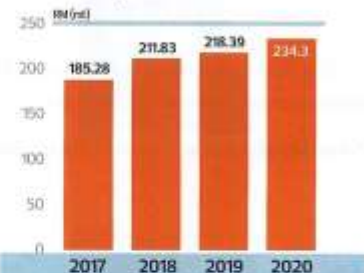
"We are confident that we can surpass or at least meet the target," Matrix Concepts founder and deputy executive chairman Datuk Lee Tian Hock told a press conference following the release of its financial results for the fourth quarter ended March 31, 2020, at the group's head office in Seremban recently. Matrix Concepts chalked up over RM1.04 billion worth of property sales in FY2020.

Several developers, including S P Setia Bhd and UEM Sunrise Bhd, have lowered their sales target for 2020, owing to the challenging local property market conditions.

However, Lee thinks the recent cut in Bank Negara Malaysia's key interest rate to 1.75% — the lowest since the floor was set in 2004 — will make it easier for people to get loans to purchase properties while encouraging those who put their money in fixed deposits to invest in properties.

Matrix Concepts is also undeterred by the Movement Control Order (MCO) as RM827 million worth of property bookings were registered between March 18 and June 30, says Lee. Pre-MCO, the group was receiving RM150 million to RM200 million worth of property bookings a month.

## Matrix Concepts Holdings Bhd net profit



SOURCE: MATRIX CONCEPTS HOLDINGS BHD

Lee is cautiously optimistic that the group can convert 70% of the bookings into sales for FY2021.

Matrix Concepts' net profit for FY2020 rose 7% year on year to RM234.3 million. This was achieved on the back of a record revenue of RM1.28 billion, up 23% y-o-y, on higher contribution from its residential and industrial properties in Negeri Sembilan.

The group has RM1.04 billion worth of property launches planned for FY2021, with RM1 billion in unbilled sales to be recognised over the next 15 months.

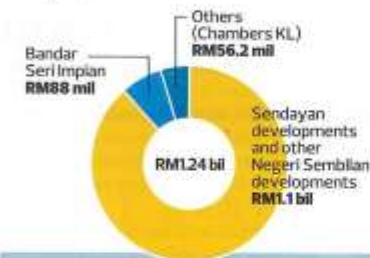
Its chairman Datuk Mohamad Haslah Mohamad Amin is bullish on the group's earnings for FY2021, saying it will be able to "show some good numbers, if not better. We should be able to sustain ourselves".

An analyst from a bank-backed brokerage, however, notes that at this juncture, it is difficult to say whether the group will post better results for FY2021 as the full impact of the MCO has yet to be factored in.

Still, comparing itself with its listed peers, Matrix Concept has recorded an impressive set of financial results so far.

## FY2020 development revenue

Projects



## Total revenue for FY2020



SOURCE: MATRIX CONCEPTS HOLDINGS BHD

"It has definitely outperformed its listed peers on Bursa Malaysia on a relative basis. Nevertheless, structural issues such as oversupply remain in the industry," the analyst cautions.

While having more affordably priced properties will certainly help in terms of being able to sell more units, the analyst notes that Matrix Concepts also faces stiff competition in this space as other developers start to shift their offerings away from the higher-end segment.

That said, he points out that Matrix Concepts' developments are mainly concentrated in Negeri Sembilan through its Sendayan developments, and there is less competition from other developers in the area.

Meanwhile, Hong Leong Investment Bank Research analyst Andrew Lim Ken-Wern believes that the RM1.1 billion sales target set for FY2021 is achievable, noting that Matrix Concepts saw over RM700 million worth of property bookings during the MCO period.

"Earnings visibility will continue to be supported by new sales and unbilled sales of 0.8 times cover (RM1 billion). To com-

pensate for the slowdown of construction progress during MCO, construction works are being ramped up to get it back on track (targeted to catch up within six months)," he writes in a July 13 note to clients.

Lim also expects the group to be able to pay at least 10.5 sen per share in dividends for FY2021, translating into a yield of 5.7%. He adds that its healthy balance sheet of 0.07 times net gearing as at FY2020 will provide the buffer to sustain itself through this difficult environment. Matrix Concepts declared a total dividend payout of 11.5 sen per share amounting to RM95.2 million for FY2020.

EquitiesTracker head of research Lim Tze Cheng says the outlook for the property sector remains challenging. However, prospects might be better for properties below the RM700,000 threshold.

"Much depends on the type of housing and the location in question," he tells *The Edge*.

He says there is still demand for properties in Negeri Sembilan as the state does not suffer from a glut in residential properties like Johor and Kuala Lumpur.

In its snapshot of the first quarter of