



# MATRIX CONCEPTS HOLDINGS BERHAD (414615-U)

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Bloomberg: MCH:MK  
Reuters: MATR.KL

## BUSINESS OVERVIEW

Matrix Concepts Holdings Berhad (Matrix Concepts), established in 1996, is a reputable property developer in Negeri Sembilan. The Group has built a strong track record in developing residential, commercial, and industrial properties in Negeri Sembilan (NS) and Johor. To date, the Group has completed projects worth RM6.0b Gross Development Value (GDV) on approximately 3,107 acres of land. The Group currently is undertaking the development of two flagship township projects, **Bandar Sri Sendayan (BSS)** in Seremban, NS, and **Bandar Seri Impian (BSI)** in Kluang, Johor. It is also developing **Sendayan TechValley (STV)** within BSS, an industrial cluster highly promoted by the NS State Government and Malaysian Investment Development Authority (MIDA) to local and foreign investors.

### BANDAR SRI SENDAYAN @ Seremban, NS

➤ Mixed developments of residential, commercial, & industrial properties

#### Key information on BSS:

- **Total acreage:** 2,714.4 acres
- **Total GDV:** RM9.4b est.
  - **Completed:** RM3,697.6m
  - **Ongoing:** RM1,798.6m
  - **Unbilled sales:** RM937.2m (inc. STV)
- **Completion:** end-2027 est.
- **Location stats:**
  - **To KL:** 70km, **KLIA:** 22km

#### Key information on STV(part of BSS development):

- **Total land:** 638.9 acres/130 lots
- **Sold:** 617.5 acres/105 lots
- **Completed end-2013**
- **Foreign Direct Investors to date:**
  - Hino Motor, Messier-Buggati-Dowty, Keen Point, TMC Metal, Akashi-Kikai, Daihatsu Motors, MBM Resources, Meditop Corp, Nippon Kayaku, Weir Group, Schmidt + Clemens Group, Hubei Dijian Construction Group, Fibertex Personal Care, Shimadzu Corporation, Perodua & Daihatsu



### BANDAR SERI IMPIAN @ Kluang, Johor

➤ Residential & commercial projects

#### Key information on BSI:

- **Total acreage:** 697.2 acres
- **Total GDV:** RM2.3b est.
  - **Completed:** RM1,013.7m
  - **Ongoing:** RM345.5m
  - **Unbilled sales:** RM150.6m
- **Completion:** 2023 est.
- Easily accessible via numerous highways, e.g. Jln Kluang-Bandar Tenggara and proposed Kluang – Pasir Gudang Expressway



## 1Q19 OPERATIONS REVIEW

Location	Start GDV (RM 'm)	Completed Projects (RM 'm)	New Projects (RM 'm)	GDV Adjust-ment	End GDV (RM 'm)	Current Take-up (%)	Unbilled sales (RM 'm)
BSS	2,047.3	512.3	271.2	-7.6	1,798.5	82.8	937.2
STV	786.7	786.7	-	-	-	80.8	42.1
BSI	401.2	62.0	-	6.3	345.5	61.2	150.6
SIGC	161.7	-	-	-	161.7	88.8	86.0
M.Carnegie	101.8	-	-	-	101.8	92.3	-
<b>Total</b>	<b>3,498.7</b>	<b>1,361.0</b>	<b>271.2</b>	<b>-1.3</b>	<b>2,407.5</b>	<b>83.2</b>	<b>1,215.9</b>

## COMPETITIVE ADVANTAGES & KEY STRENGTHS

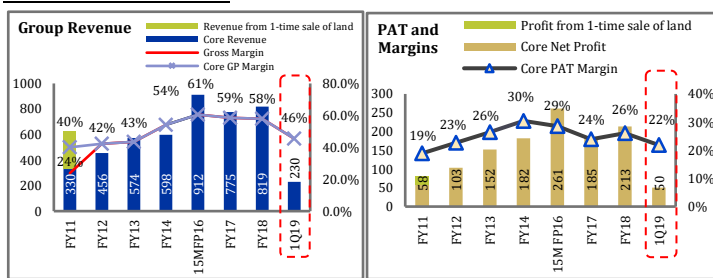
<b>Established Track Record</b> >20 years experience; incl. developing integrated township Ability to launch new projects at higher prices Experience in Joint Venture projects with State Governments	<b>High Quality &amp; Diverse Product Mix</b> Demonstrated in high take-up rates Diverse product portfolio to mitigate risk	<b>Strategic Location</b> BSS has high accessibility to key locations Bandar Seri Impian strategically located in Kluang	<b>Sustainable &amp; High-Impact Developments</b> BSS to benefit from high-impact Government and industrial developments Ongoing and future projects GDV of approx RM8.4b <sup>1</sup>	<b>Experienced Management Team</b> Founder has >30 years of experience in the sector Supported by a competent management team Ability to market and complete projects on time
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## FINANCIAL PERFORMANCE



1Q19	1Q18	Change	RM 'm	FY18 to 31.3.18	FY17 to 31.3.17	Change
230.0	172.9	33.1%	<b>Revenue</b>	818.5	775.0	5.6%
104.6	101.9	2.6%	<b>Gross Profit</b>	473.3	453.1	4.5%
45.5%	59.0%	(13.5 pt)	<b>Gross Profit margin</b>	57.8%	58.5%	(0.6 pt)
70.1	65.8	6.6%	<b>EBITDA</b>	305.0	274.7	11.0%
30.5%	38.1%	(7.6 pt)	<b>EBITDA margin</b>	37.3%	35.4%	1.8 pt
68.0	62.0	9.6%	<b>PBT</b>	295.2	260.3	13.4%
29.5%	35.9%	(6.3 pt)	<b>PBT margin</b>	36.1%	33.6%	2.5 pt
50.2	45.6	10.1%	<b>PATMI</b>	213.3	185.3	15.1%
21.8%	26.4%	(4.6 pt)	<b>Net margin</b>	26.1%	23.9%	2.2 pt
6.7	7.9	-15.5%	<b>Basic EPS (sen)</b>	32.0	28.7	11.6%

Matrix Concepts' 1Q19 net profit increased 10.1% to RM50.2m (1Q18: RM45.6m) on 33.1% growth in revenue to RM230.0m (1Q18: RM172.9m), attributed mainly to higher revenue recognition from all types of development properties. However, 1Q19 net profit growth lagged behind revenue expansion due to more affordable properties and fewer higher-premium properties in product mix in line with market demand.

Matrix Concepts declared a 1<sup>st</sup> interim single-tier dividend of 3.25 sen/share with ex-date on 21 September 2018 and payable on 10 October 2018. Estimated dividend payout for 1Q19 would amount to RM24.5 million or 48.8% of 1Q19 net profit.

### IMMEDIATE PIPELINE LAUNCHES (GDV RM 'm)

Projects	No. of Units/Type	1Q	2Q	FY2019 3Q	4Q
<b>Bandar Sri Sendayan</b>					
Hijayu Resorts Homes (Phases 5)	232 units 2-storey terrace houses			144.0	
Hijayu Resort Villa	101 units 2-storey bungalows 1 unit bungalow lot				110.0
Ara Sendayan Phase 3 (Precinct 4)	168 units 2-storey terrace houses	120.0			
Ara Sendayan Phase 4 (Precinct 3)	256 units 2-storey terrace houses		184.0		
<b>Bandar Seri Impian</b>					
Impiana Damai 2A	124 units 2-storey terrace houses				70.8
Impiana Bayu 3A	83 units 2-storey terrace houses		41.5		
Impiana Bayu 3B	416 units 2-storey terrace houses				208.0
<b>Others</b>					
Tiara Sendayan 1	192 units 1-storey terrace houses, and 212 units 2-storey terrace houses	151.2			
Tiara Sendayan 2	504 units 2-storey terrace houses		220.0		
Chambers KL (PWTC)	509 units service apartments, and 4 units commercial lots		310.6		
<b>TOTAL</b>					<b>1,560.0</b>

● To be launched ● Launched

## GROWTH STRATEGIES

- **To undertake landbanking at strategic timing**
  - To actively seek landbanking opportunities at strategic areas
  - Exploring potential lands to duplicate similar success
- **To continue promoting Seremban as part of the Greater Klang Valley**
  - Leverage on high price differential between KL & BSS prices
  - Emphasising connectivity with various highways
- **To create vibrancy in BSS**
  - Commercial activities to thrive in township
  - Job creation via high-impact industries investing in STV
  - Top-notch education facilities and curriculum, as well as sports club and other leisure amenities to attract families

## INVESTMENT MERITS

- An investment proxy to the growth proposition of Seremban as a satellite city within the Greater Klang Valley
- Future earnings to be sustained till 2035 with RM8.4b<sup>1</sup> GDV of future launches; unbilled sales as at 30 June 2018: RM1.2b
- Strong balance sheet with minimal gearing – capable of undertaking landbanking
- Consistently paid dividends since listing; FY18 payout represents 45.3% of net profit

## INVESTMENT METRICS

Based on price (24.08.18): RM2.10, No. of Shares: 752.4m shares

<b>Market Capitalisation</b>	RM1,580.0m
<b>Trailing PE Ratio</b>	7.5x
<b>Trailing EV/EBITDA</b>	5.3x
<b>FY18 Dividend Yield</b>	6.1%

<sup>1</sup> Does not include potential GDV for Sendayan Icon Park (estimated more than RM6 billion)

IR Adviser

