

MATRIX CONCEPTS HOLDINGS BERHAD (414615-U)

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Bloomberg: MCH:MK
Reuters: MATR.KL

NOV 2019

Main Market, Bursa Malaysia

MATRIX CONCEPTS HOLDINGS BERHAD

AQUILAS ADVISORY



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 RM7.7b Gross Development Value (GDV) on approximately 3,412 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:** 6,130 acres (includes land in planning stages)
- **Total GDV:** RM11.2b est.
- **Completed:** RM4,948.9m
- **Ongoing:** RM2,166.6m
- **Unbilled sales:** RM958.3m (inc. STV)
- **Completion:** end-2030 est.
- **Location stats:**
 - **To KL:** 70km, **KLIA:** 22km

Key information on STV (part of BSS development):

- **Total land:** 768.9 acres/166 lots
- **Sold:** 691.6 acres/133 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:** 1,004 acres
- **Total GDV:** RM3.6b est.
- **Completed:** RM1,184.1m
- **Ongoing:** RM229.6m
- **Unbilled sales:** RM46.1m
- **Completion:** 2026 est.
- Easily accessible via numerous highways, e.g. Jln Kluang-Bandar Tenggara and proposed Kluang – Pasir Gudang Expressway

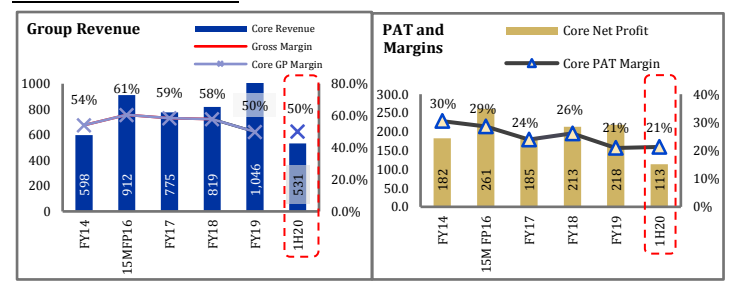
1H20 OPERATIONS REVIEW

Location	Start GDV (RM 'm)	Completed Projects (RM 'm)	New Projects (RM 'm)	GDV Adjustment	End GDV (RM 'm)	Current Take-up (%)	Unbilled sales (RM 'm)
BSS	1,851.0	362.4	692.9	-15.0	2,166.5	64.5	875.1
STV	699.2	699.2	-	-	-	86.3	83.2
BSI	345.5	170.4	50.4	4.2	229.6	49.1	46.1
Others	398.7	-	-	22.3	421.0	62.6	205.2
Total	3,294.4	1,232.0	743.3	11.5	2,817.2	71.4	1,209.6

COMPETITIVE ADVANTAGES & KEY STRENGTHS

Established Track Record >20 years experience incl. developing integrated township Ability to launch new projects at higher prices Experience in Joint Venture projects with State Governments	High Quality & Diverse Product Mix Demonstrated in high take-up rates Diverse product portfolio to mitigate risk	Strategic Location BSS has high accessibility to key locations Bandar Seri Impian strategically located in Kluang	Sustainable & High-Impact Developments BSS to benefit from high-impact Government and industrial developments Ongoing and future projects GDV of approx RM10.0b	Experienced Management Team Founder has >30 years of experience in the sector Supported by competent management team Ability to market and complete projects on time
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FINANCIAL PERFORMANCE



	2Q20 to 30.09.19	2Q19 to 30.09.18	Change	RM 'm	1H20 to 30.09.19	1H19 to 30.09.18	Change
Revenue	282.7	253.3	11.6%	531.2	483.4	9.9%	
Gross Profit	138.9	127.5	9.0%	264.9	247.9	6.8%	
Gross Profit margin	49.1%	50.3%	(1.2 pt)	49.9%	51.3%	(1.4 pt)	
EBITDA	80.3	76.2	5.4%	155.6	146.3	6.4%	
EBITDA margin	28.4%	30.1%	(1.7 pt)	29.3%	30.3%	(1.0 pt)	
PBT	79.5	74.4	6.8%	152.5	142.4	7.1%	
PBT margin	28.1%	29.4%	(1.3 pt)	28.7%	29.5%	(0.7 pt)	
PATMI	58.7	52.9	11.0%	113.4	103.1	10.0%	
Net margin	20.8%	20.9%	(0.1 pt)	21.3%	21.3%	0.0 pt	
Basic EPS (sen)	7.4	7.0	5.1%	12.8	13.7	(6.5%)	

Matrix Concepts' 1H20 revenue rose 9.9% to RM531.2m (1H19: RM483.4m) on increased higher recognition from BSS and Chambers KL. The Group noted lower gross margin in 1H20 due to product mix comprising more affordable-range properties. However, 1H20 net profit rose 10.0% to RM113.4m (1H19: RM103.1m) due to narrowing losses from MGS and higher contribution of other income coupled with lower finance costs and income tax expenses.

Matrix Concepts declared a 2nd interim single-tier dividend of 3.00 sen/share with ex-date on 20 December 2019, payable on 8 January 2020. Estimated dividend payout for 1H19 amounts to RM49.4 million or 43.5% of 1H20 net profit.

IMMEDIATE PIPELINE LAUNCHES (GDV RM 'm)

Projects	No. of Units/Type	FY2020 (RM'mil)			
		1Q	2Q	3Q	4Q
Bandar Sri Sendayan					
Hijayu Resorts Homes (Phases 5)	175 units 2-storey terrace houses		135.7		
Hijayu Aman P1	251 units 2-storey terrace houses	164.9			
Hijayu Aman P2	109 units 2-storey terrace houses			72.6	
Hijayu (Residence) Phase 1	366 units 2-storey houses				260.0
Ara Sendayan Phase 6 (Precinct 3A2[1])	12 units 2-storey terrace houses	9.2			
Ara Sendayan Phase 7 (Precinct 3A2[2])	47 units 2-storey terrace houses		50.1		
Tiara Sendayan 4 (Precinct 3)	429 units 2-storey terrace houses	210.0			
Tiara Sendayan 5 (Precinct 5)	245 units 2-storey terrace houses		123.0		
Tiara Sendayan 6 (Precinct 6)	292 units 2-storey terrace houses				153.0
Bandar Seri Impian					
Impiana Bayu 3A	83 units 2-storey terrace houses		50.4		
TOTAL					1,228.9

● 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 further enhance vibrancy of 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 country 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 2030 with more than RM7.2b¹ GDV of future launches; unbilled sales as at 30 September 2019: RM1.2b
 - Strong balance sheet with minimal gearing – capable of undertaking landbanking
 - Consistently paid dividends since listing; 1H20 payout represents 43.5% of net profit
- ¹ Does not include potential GDV for Sendayan Icon Park (estimated more than RM6 billion)

INVESTMENT METRICS

Based on price (15.11.19): RM1.96, No. of Shares: 822.8 shares

Market Capitalisation	RM1,612.8m
Trailing PE Ratio	7.1x
Trailing EV/EBITDA	5.3x
FY19 Dividend Yield	6.5%

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