



BIMB SECURITIES RESEARCH MARKET INSIGHT

PP16795/03/2013(031743)

4QFY15

Matrix Concept

BUY ◀ ▶

Inline

Acing the Game

Price: RM2.40
Target Price: (+20%) RM2.91

Stock Data

Bloomberg Ticker	MCH MK	Altman Z-score	-
Market Cap	1,332.4	YTD price chg	-4.8%
Issued shares	562.2	YTD KLIC chg	-1.7%
52-week range (H)	2.87	Beta	0.8
2-week range (L)	2.10	Major Shareholders	
3-mth avg daily volume	252,035	Lee Tian Hock	19.2%
Free Float	61.1%	Shining Term SB	15.1%
Shariah Compliant	Y	Ambang Kussa	4.7%
Financial Derivatives	N		

Share Performance (%)	1mth	3mth	12mth
Absolute	3.0	(1.5)	1.0
vs. KLIC	0.6	(1.7)	3.8

Consensus	2016	2017
Net Profit	217.8	229.3
EPS (sen)	39.0	43.0

Historical Price Ratio (x)	FY 2012	FY 2013	FY 2014
Price Earnings	NA	9.7	8.4
Price to Book	NA	2.0	1.9

Financial Highlights

FYE 31 Dec	2013	2014	2015	2017E	2018E
Turnover	574.7	598.8	700.9	760.0	798.3
EBIT	208.6	247.3	289.4	281.6	320.1
Pretax profit	207.2	244.6	286.5	282.2	310.7
Net Profit	152.9	182.2	213.2	211.7	220.3
EPS (sen)	27.7	38.2	42.6	39.9	39.2
PER (x)	8.7	6.2	5.6	6.0	6.1
DPS (sen)	11.1	13.3	14.4	15.4	15.6
Div. Yield (%)	4.6%	5.5%	6.0%	6.4%	6.5%
NTA/share (RM)	1.21	1.27	1.50	1.70	1.80

Margins

EBIT margin	36%	41%	35%	35%	40%
Pretax margin	36%	41%	35%	35%	39%
Effective tax rate	26%	25%	25%	25%	25%
ROE	28%	27%	26%	27%	27%
ROA	17%	18%	18%	19%	20%
Net Gearing (x)	NC	NC	NC	NC	0.1

Growth ratios

Turnover	26%	4%	17%	9%	5%
EBIT	46%	16%	17%	-3%	14%
Pretax profit	34%	45%	18%	7%	7%
Net profit	45%	48%	19%	8%	7%

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Matrix Concept's FY15 net profit made up 100% of ours & consensus full year estimates. YTD net profit and revenue improved by 17%. Overall margins remained constant. Out of the total FY15 group revenue, the residential and commercial properties contributed RM565.7m or 81% of total revenue (FY14: RM450.5m). Meanwhile the industrial properties and land sales made up RM120.8m, declining slightly from RM147.8m in FY14. Besides, the group's investment properties namely Matrix Global Schools and d'Tempat Country Club, contributed the balance RM14.4m to the topline. The Group declared a 4th interim single tier dividend of 3.75 sen making up the total payout to 14.4 sen per share for the year. The payout of RM78.9m is inline with the group's dividend policy of 40%. We maintain our FY17/18E with TP of RM2.91 based on a blended valuation of group's historical average PE & PBV of 6.5x and 1.9x respectively premised on FY16E. Maintain BUY.

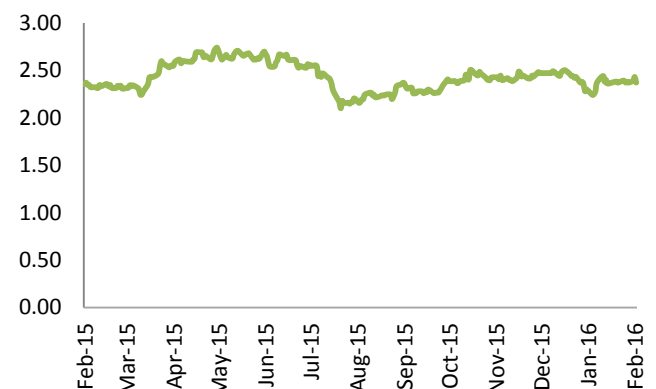
Within expectations. Matrix's FY15 results were within ours and consensus' expectations, acing 100% of full year estimates. QoQ the top and bottomline recorded double digits growth.

Earnings visibility. Unbilled sales for the 4Q totalled RM633.2m, eased by -1.1% from RM640.5m achieved in 3Q. New sales achieved for the quarter was RM193.7m (3Q: RM244.5m) declined by 21%, (of which industrial property sales made up RM16m). While the average take-up rates of the latest launches was 57% vs historical take-up rate of 70%.

4th Interim Dividend of 3.75sen. Inclusive this, YTD dividend declared totalled 14.4sen (1Q15: 3.6sen; 2Q: 3.5sen, 3Q: 3.5sen). This translates into a total payout of RM78.9m which is in tandem with the group's dividend payout policy of 40%. Based on current share price, the dividend looking attractive at 6.0%.

Recommendation. We maintain our FY17/18E and continue to favour the group's steady contribution from the investment division namely Matrix Global School which has seen steady sales contribution QoQ since it kick-started mid-2015. Maintain BUY at RM2.91.

Share Price Chart



Quarterly figures

FYE 31 Dec (RM'm)	4Q14	1Q15	2Q15	3Q15	4Q15	QoQ Chg	YoY Chg	FY14	FY15	YTD Chg
Revenue	151.0	317.6	120.4	121.4	141.5	16.6%	-6.3%	598.8	700.9	17.1%
Operating Profit	74.2	156.0	43.0	40.1	50.4	25.5%	-32.2%	247.3	289.4	17.0%
Pretax profit	78.9	155.4	41.4	40.2	49.5	23.2%	-37.2%	244.6	286.5	17.1%
Taxation	18.3	39.9	11.5	9.1	12.7	39.1%	-30.5%	62.4	73.2	17.5%
Minority interest	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
Net Profit	56.5	115.4	29.9	31.1	36.8	18.5%	-34.8%	182.2	213.2	17.0%
EPS (sen)	12.4	21.0	5.4	5.6	6.7	18.5%	-45.9%	40.0	42.6	6.5%
Net gearing (x)	NetCash	0.0	0.0	0.1	0.1	30.4%	n.a	NetCash	0.1	n.a
OP margin (%)	49.2%	49.1%	35.7%	33.1%	35.6%	7.6%	-27.6%	41.3%	41.3%	0.0%
PBT margin (%)	48.9%	48.9%	34.3%	33.1%	35.0%	5.6%	-28.4%	40.8%	40.9%	0.1%
Net margin (%)	37.4%	36.3%	24.8%	25.6%	26.0%	1.6%	-30.5%	30.4%	30.4%	0.0%
Effective tax rate (%)	24.8%	25.7%	27.8%	22.7%	25.6%	12.9%	3.5%	25.5%	25.6%	0.3%

Source: BIMB Securities

