



News Flash – Matrix Concept

BUY ◀▶

Beefing Up – Sendayan TechPark (STP)

Price:

RM3.25

Target

(+9.0%) RM3.55

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Acquisition of land in Seremban. Matrix Concepts is acquiring a piece of prime freehold land in Sendayan, Seremban measuring 164 acres at the price of RM71.5m or RM10.0 psf. This is an intentional purchase as the group intends to expand the current Sendayan TechValley industrial park.

Fairly priced. We deemed the land cost of RM71.5m fair as this translates to a low land cost of 42% with estimated GDV or selling price of RM170m. This translates into a commendable profit margin of 57.9% (RM98.5m). Our check reveals the current average market value for the surrounding area is on par with the purchase price.

Financing. Of the total purchase consideration of RM71.5m, 50% would be backed by bank borrowings, whilst the balance to be paid via internal funds. Notwithstanding this, the group is to remain at net cash position for FY2014 & FY2015.

Enlarged landbank. We reckon this acquisition is well-intentioned and positive as the 164 acre land is adjacent to the existing 1,000 acre Sendayan TechValley (STV) industrial park in Seremban. The new land will enlarge the Group's industrial land bank to 1,164 acres in total.

Favorable move. We reckon that the current two phases of STV have been very well-received with more than 760 acres sold to date, mainly to leading high-technology manufacturing companies across the globe, (Refer to Figure 1).

Valuation and recommendation. We maintain our FY14/15 forecasts for now pending further updates from management. Our TP of RM3.55 is based on 1.4x PBV and 10x PER. Maintain BUY on the stock.

Figure 1: Aerial View of Sendayan TechValley Industrial Park



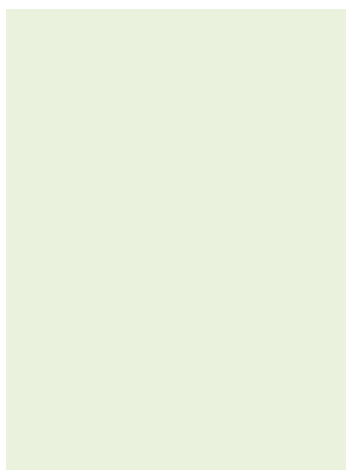
Source: Company

Figure 2 : List of current FDI in the existing Sendayan TechValley

Existing Foreign Direct Investment (FDI)

No	Company	Country
1	Akashi Kikai Industry (M)	Japan
2	Hino Motors Manufacturing (M)	Japan
3	Meditop Corporations(M)	Japan
4	Kayaku Safety Systems (M)	Japan
5	Keen Point (M)	China
6	Messier-Bugatti-Dowty(M)	France
7	Schmidt + Clemens (Asia)	Germany
8	TMC Metal (M)	Taiwan
9	Linatex Rubber Products	UK
10	Others	

Source: Company



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BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
NEUTRAL	Share price may fall within the range of +/- 10% over the next 12 months
TAKE PROFIT	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL	Share price may fall by more than 15% in the next 3 months.
SELL	Share price may fall by more than 10% over the next 12 months.
NOT RATED	Stock is not within regular research coverage.

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OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
UNDERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

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