

HLIB Research

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Tan Kai Shuen, CFA
kstan@hlib.hongleong.com.my

(603) 2083 1714

BUY (Maintain)

Target Price: **RM1.63**
Previously: **RM1.63**
Current Price: **RM1.44**

Capital upside 13.2%

Dividend yield 4.3%

Expected total return 17.5%

Sector coverage: Property

Company description: Matrix involves in property development and construction businesses primarily focus in Negeri Sembilan and Johor.

Share price


	1M	3M	12M
Historical return (%)	54.1	46.8	84.4
Absolute	-3.1	-5.0	16.0
Relative			

Stock information

Bloomberg Ticker	MCH MK
Bursa Code	5236
Issued Shares (m)	1,877
Market cap (RM m)	2,703
3-mth avg. volume ('000)	2,891
SC Shariah-compliant	Yes
F4GBM Index member	Yes
ESG rating	★★★

Major shareholders

Shining Term Sdn Bhd	12.7%
Lee Tian Hock	10.3%
Lembaga Tabung Haji	5.5%

Earnings summary

	FY24	FY25f	FY26f
FYE (Mar)			
PATMI - core (RM m)	235.5	228.4	255.9
EPS - core (sen)	12.5	12.2	13.6
P/E (x)	11.5	11.8	10.6

Matrix Concepts Holdings

Earnings miss but sales momentum is intact

Matrix reported 3QFY25 core PATAMI of RM43.3m (-22.5% QoQ; -24.3% YoY), which brought 9MFY25 sum to RM159.9m (-14.0% YoY). The results were below expectations, making up 62.2% and 61.7% of our and consensus full-year forecasts, respectively. The negative deviation was due to higher-than-expected admin expenses and slower-than-expected progress billings. Despite the weaker quarter, sales momentum remains healthy, and its launch pipeline remains robust, setting the stage for earnings normalization in the coming quarters as construction activity accelerates. We lower our FY25/26/27 forecasts by -11.1%/-5.3%/-0.8% to account for slower billings and higher admin expenses assumptions. Maintain BUY with an unchanged TP of RM1.63 based on 30% discount to our estimated RNAV of RM2.32.

Below expectations. Matrix reported 3QFY25 core PATAMI of RM43.3m (-22.5% QoQ; -24.3% YoY), which brought 9MFY25 sum to RM159.9m (-14.0% YoY). The results were below expectations, making up 62.2% and 61.7% of our and consensus full-year forecasts, respectively. The negative deviation was due to (i) higher-than-expected admin expenses; and (ii) slower-than-expected progress billings. 9MFY25 core PATAMI was arrived at after subtracting net EIs of +RM11.5m from PPE disposal gain.

Dividend. 1.35 sen, ex-date: 20 Mar 2025 (3QFY24: 1.67 sen). 9MFY25: 4.85 sen (9MFY24: 5 sen).

QoQ. Revenue contracted by 12.5%, primarily due to there was recognition of sale of IBS factory in preceding in quarter amounting to RM35.7m. Excluding this, revenue would have declined by -1.5%. Despite the revenue decline, GP margin expanded to 52.0% (from 49.8% in 2QFY25), supported by a more favourable product mix. However, admin expenses surged by 50.4% during the quarter due to staff bonus payout. Consequently, core PATAMI declined by 24.3%.

YoY. Revenue fell by -5.1% due to lower contribution from its Sendayan township. In turn, core PATAMI declined by -24.3% due to (i) revenue decline; and (ii) rise in admin expenses by +12.9%.

YTD. Revenue declined by -10.6% due to lower contribution from its Sendayan township. However, due to better GP margin of 50.6% (9MFY25: 47.5%) from favourable product mix, core PATAMI declined by a slower pace of -14.0%.

Sales and launches. Matrix recorded 3QFY25 sales of RM354.3m (+3.7% QoQ; +2.6% YoY), which brought 9MFY25 sum to RM1.02bn (+5.8% YoY), making up 75.4% of its full-year sales target of RM1.35bn. In 3QFY25, the group launched projects amounting to RM542.1m, which brought 9MFY25 sum to RM1.16bn (+18.6% YoY). For 4QFY25, the group has an indicative launch pipeline amounting to RM657m from BSS, indicating a strong ramp up in launches ahead. As at 3QFY25, unbilled sales stood at RM1.42bn (+7.0% QoQ), representing 1.09x cover of its FY24 property development revenue.

Positioned for growth amid near-term challenges. The group experienced a weaker quarter, impacted by slower progress billings and a rise in administrative expenses. However, sales momentum remains healthy, and its launch pipeline remains robust, setting the stage for earnings normalization in the coming quarters as construction activity accelerates. Additionally, the group has commenced groundwork on its new township, with its maiden project set to launch in FY26, introducing a new revenue stream to the business. With landed homes in Klang Valley becoming increasingly scarce and expensive, homebuyers are shifting towards more affordable housing

options in areas further from the city centre. Matrix's townships in Negeri Sembilan, located at the fringe of Klang Valley, are well-positioned to capitalize on this growing demand. Moreover, the Malaysian Vision Valley (MVV) region is also emerging as a key economic hub, with Matrix integrating industrial developments as a core component of its MVV township. The expanding economic activity within MVV should further drive residential demand, strengthening Matrix's foothold in the region and supporting sustainable earnings growth.

Forecast. We lower our FY25/26/27 forecasts by -11.1%/-5.3%/-0.8% to account for slower billings and higher admin expenses assumptions.

Maintain **BUY** with an unchanged TP of **RM1.63** based on 30% discount to our estimated RNAV of RM2.32. We are positive on the group prospects as it will be activating its new MVV township soon, providing it with a new avenue of growth. The stock has a generous dividend payout ratio of >50% with a decent projected dividend yield of 4.3% for FY25.

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Mar	FY23	FY24	FY25f	FY26f	FY27f
Cash	250.2	375.6	297.5	284.2	200.9
Receivables	778.8	709.7	498.8	834.1	583.4
Inventories	397.6	464.1	542.0	545.4	633.9
Others	1,211.8	1,140.6	1,815.7	1,884.9	2,383.5
Assets	2,638.4	2,689.9	3,153.9	3,548.6	3,801.8
Payables	382.2	396.9	448.0	466.4	524.0
Debt	222.7	131.7	431.7	681.7	731.7
Others	45.6	39.2	39.2	39.2	39.2
Liabilities	650.6	567.8	918.9	1,187.3	1,294.9
Shareholder's equity	2,003.6	2,136.4	2,247.7	2,372.5	2,516.5
Minority interest	(15.8)	(14.2)	(12.7)	(11.2)	(9.6)
Equity	1,987.9	2,122.1	2,235.0	2,361.3	2,506.9

Cash Flow Statement

FYE Mar	FY23	FY24	FY25f	FY26f	FY27f
Profit before taxation	260.7	332.4	310.8	348.1	401.7
D&A	10.3	9.8	9.8	25.8	38.8
Working capital	0.5	69.6	(149.0)	(113.6)	(165.9)
Taxation	(68.1)	(80.1)	(80.9)	(90.6)	(104.6)
Others	8.0	(0.6)	-	-	-
CFO	211.3	331.0	90.7	169.6	170.0
Capex	(2.4)	(1.8)	(1.8)	(1.8)	(1.8)
Others	21.7	(1.1)	(350.0)	(300.0)	(150.0)
CFI	19.3	(2.9)	(351.8)	(301.8)	(151.8)
Changes in debt	(111.7)	(91.9)	300.0	250.0	50.0
Shares issued	1.2	(0.8)	-	-	-
Dividends	(112.6)	(115.7)	(117.0)	(131.1)	(151.4)
Others	52.1	(1.1)	-	-	-
CFF	(171.0)	(209.6)	183.0	118.9	(101.4)
Net cash flow	59.7	118.5	(78.1)	(13.3)	(83.2)
Forex	(9.9)	9.6	-	-	-
Others	32.2	33.6	33.6	33.6	33.6
Beginning cash	150.3	200.1	328.3	250.2	236.9
Ending cash	250.2	375.6	297.5	284.2	200.9

Income statement

FYE Mar	FY23	FY24	FY25f	FY26f	FY27f
Revenue	1113.1	1344.1	1517.1	1579.6	1774.6
Operating cost	(837.7)	(996.1)	(1177.1)	(1189.1)	(1301.2)
EBITDA	275.3	347.9	340.0	390.6	473.4
D&A	(10.3)	(9.8)	(9.8)	(25.8)	(38.8)
Net Interest	(6.2)	(5.1)	(19.4)	(16.7)	(32.9)
JV & associates	1.8	(0.7)	0.0	0.0	0.0
Pretax profit	260.7	332.4	310.8	348.1	401.7
Taxation	(57.9)	(86.6)	(80.9)	(90.6)	(104.6)
Minority Interest	(4.4)	1.5	1.5	1.5	1.5
Core PATMI	220.6	235.5	228.4	255.9	295.5
Exceptionals	(13.4)	8.8	0.0	0.0	0.0
Reported PATMI	207.2	244.3	228.4	255.9	295.5
Basic shares (m)	1877.0	1877.0	1877.0	1877.0	1877.0
Consensus core PATMI			259.2	273.8	289.9
HLIB/ Consensus			88%	93%	102%

Valuation ratios

FYE Mar	FY23	FY24	FY25f	FY26f	FY27f
Net DPS (sen)	5.5	6.7	6.2	7.0	8.1
Yield (%)	3.8	4.6	4.3	4.9	5.6
Core EPS (sen)	11.8	12.5	12.2	13.6	15.7
P/E (x)	12.3	11.5	11.8	10.6	9.1
Market capitalization (m)	2702.9	2702.9	2702.9	2702.9	2702.9
Net cash (m)	27.5	243.9	(134.2)	(397.5)	(530.7)
Net gearing (%)	CASH	CASH	6.0	16.8	21.2
BV / share	1.1	1.1	1.2	1.3	1.3
P/BV (x)	1.3	1.3	1.2	1.1	1.1
ROA (%)	8.4	8.8	7.2	7.2	7.8
ROE (%)	11.1	11.1	10.2	10.8	11.8
Enterprise value	2675.4	2459.0	2837.1	3100.4	3233.6
EV/ EBITDA (x)	9.7	7.1	8.3	7.9	6.8

Figure #1 Quarterly results comparison

FYE Mar (RM m)	3QFY24	2QFY25	3QFY25	QoQ	YoY	9MFY24	9MFY25	YoY
Revenue	296.0	321.0	280.9	-12.5%	-5.1%	986.8	881.7	-10.6%
COGS	(136.4)	(161.1)	(134.8)	-16.4%	-1.2%	(518.3)	(435.3)	-16.0%
Gross Profit	159.5	159.9	146.1	-8.6%	-8.4%	468.5	446.4	-4.7%
Other income	4.4	12.6	5.1	-59.3%	16.5%	8.2	23.0	179.5%
Other expenses	(89.3)	(78.7)	(94.0)	19.5%	5.3%	(230.0)	(236.1)	2.6%
EBIT	74.6	93.8	57.2	-39.0%	-23.3%	246.7	233.3	-5.4%
Net Interest	2.4	(3.0)	(1.6)	-46.7%	-167.1%	1.2	(5.5)	N.M.
PBT	76.1	90.1	54.8	-39.2%	-28.0%	247.2	225.9	-8.6%
Tax	(19.5)	(21.7)	(11.4)	-47.4%	-41.3%	(63.7)	(52.7)	-17.2%
Reported PATMI	57.2	67.4	43.3	-35.7%	-24.3%	185.9	171.4	-7.8%
EI (Gain/(Losses))	-	11.5	-	N.M.	-	-	11.5	N.M.
Core PATMI	57.2	55.9	43.3	-22.5%	-24.3%	185.9	159.9	-14.0%
				<i>ppts change</i>	<i>ppts change</i>			<i>ppts change</i>
EBIT margin	25.2%	29.2%	20.4%	-8.9	-4.8	25.0%	26.5%	1.5
PBT margin	25.7%	28.1%	19.5%	-8.6	-6.2	25.0%	25.6%	0.6
PAT margin	19.3%	17.4%	15.4%	-2.0	-3.9	18.8%	18.1%	-0.7

Company, HLIB

Figure #2 RNAV Table

Projects	Stake (%)	NPV (RM m)
Bandar Sri Sendayan		
BSS & MVV	100%	1,875.1
BSI	100%	156.0
Klang Valley	100%	148.4
Australia	100%	22.9
Indonesia	30%	24.5
Total NPV		2,226.9
Shareholders funds		2,136.4
RNAV		4,363.3
Share base		1,877.0
RNAV/share		2.32
Discount		30%
Discounted RNAV/share		1.63

Company, HLIB

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Hong Leong Investment Bank Berhad (10209-W)

Level 28, Menara Hong Leong,

No. 6, Jalan Damanlela,

Bukit Damansara,

50490 Kuala Lumpur

Tel: (603) 2083 1800

Fax: (603) 2083 1766

Stock rating guide

BUY	Expected absolute return of +10% or more over the next 12 months.
HOLD	Expected absolute return of -10% to +10% over the next 12 months.
SELL	Expected absolute return of -10% or less over the next 12 months.
UNDER REVIEW	Rating on the stock is temporarily under review which may or may not result in a change from the previous rating.
NOT RATED	Stock is not or no longer within regular coverage.

Sector rating guide

OVERWEIGHT	Sector expected to outperform the market over the next 12 months.
NEUTRAL	Sector expected to perform in-line with the market over the next 12 months.
UNDERWEIGHT	Sector expected to underperform the market over the next 12 months.

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