HLIB Research
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Matrix Concepts Holdings

Earnings miss but sales momentum is intact

BUY (Maintain)

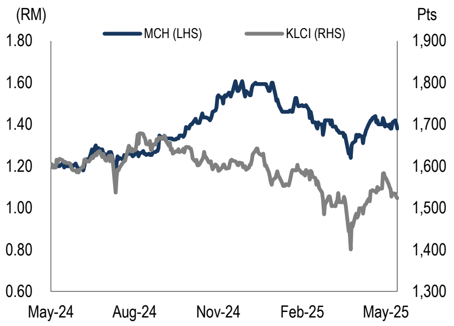
Target Price:	**RM1.73**
Previously:	**RM1.73**
Current Price:	**RM1.38**

Capital upside	25.4%
Dividend yield	5.1%
Expected total return	30.5%

Sector coverage: Property

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

Share price



Historical return (%)	1M	3M	12M
Absolute	-2.1	-2.1	15.0
Relative	-2.6	1.2	21.2

Stock information

Bloomberg Ticker	MCH MK
Bursa Code	5236
Issued Shares (m)	1,877
Market cap (RM m)	2,590
3-mth avg. volume ('000)	2,915
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	6.0%

Earnings summary

FYE (Mar)	FY25	FY26f	FY27f
PATMI - core (RM m)	202.9	255.9	295.5
EPS - core (sen)	10.8	13.6	15.7
P/E (x)	12.8	10.1	8.8

Matrix reported 4QFY25 core PATAMI of RM43.0m (-0.6% QoQ; -16.9% YoY), which brought FY25 sum to RM202.9m (-14.6% YoY), which were below expectations. The negative deviation was due to (i) persistent delay in conversion of sales to revenue; and (ii) higher-than-expected admin expenses. Despite the weaker quarter, sales momentum remains healthy, and its launch pipeline remains robust, setting the stage for earnings normalization in the coming quarters. Maintain forecasts and our BUY rating with an unchanged TP of RM1.73, based on SOP-valuation.

Below expectations. Matrix reported 4QFY25 core PATAMI of RM43.0m (-0.6% QoQ; -16.9% YoY), which brought FY25 sum to RM202.9m (-14.6% YoY). The results were below expectations, making up 88.9% and 89.3% of our and consensus full-year forecasts, respectively. The negative deviation was due to (i) persistent delay in conversion of sales to revenue; and (ii) higher-than-expected admin expenses. FY25 core PATAMI was arrived at after subtracting net EIs of +RM11.2m from (i) gain on disposal of PPE (+RM11.5m); and (ii) impairment loss on receivables (-RM382k).

Dividend. 1.35 sen, ex-date: 19 Jun 2025 (4QFY24: 1.67 sen). FY25: 6.2 sen (FY24: 6.67 sen).

QoQ. Revenue rose by +8.6%, supported by higher revenue recognition from previously secured sales that were delayed. However, despite the improvement in top line, core PATAMI remained largely flat (-0.6%). This was mainly due to a sharp increase in administrative expenses (+53.2%), driven by higher staff cost and pre-launch expenses related to the group's MVV township development, which were previously under provided.

YoY/YTD. Revenue declined by -13.6% YoY and -11.4% YTD, primarily due to delays in converting sales into revenue, as processing by panel bankers took longer than expected. In line with the softer top line, core PATAMI also fell by -16.9% YoY and -14.6% YTD.

Sales and launches. Matrix recorded 4QFY25 sales of RM360.6m (+1.8% QoQ; +25.6% YoY), which brought FY25 sum to RM1.38bn (+10.4% YoY), matching and making up 102.1% of its full-year sales target of RM1.35bn. In 4QFY25, the group launched projects amounting to RM291.3m, which brought FY25 sum to RM1.45bn (+10.2% YoY). As at 4QFY25, unbilled sales stood at RM1.46bn (+3.3% QoQ), representing 1.30x cover of its FY25 property development revenue.

For FY26, the group has a sales target of RM1.6bn (+18.5% YoY) and indicative launch pipeline of RM1.7bn (+17.1% YoY).

Soft patch but solid pipeline. The group is currently going through a soft patch in 2HFY25, mainly due to (i) delayed revenue recognition from secured sales, stemming from processing bottlenecks; and (ii) a rise in preparatory expenses ahead of the maiden launch of its MVV township. That said, these headwinds are expected to be temporary. The group anticipates that the processing hiccups will normalise within the next 3-6 months. Underlying sales momentum remains strong, reflecting healthy operational fundamentals and suggesting no signs of structural demand weakness. Looking ahead, the group has set an ambitious sales target, underpinned by a robust pipeline of upcoming launches. FY26 is shaping up to be a pivotal year, with the group targeting first launch from the MVV township as well as from Banting and Sepang via its newly acquired subsidiary, Horizon L&L. On top of that, the group expects to recognise up to 40% of the RM300m proceeds from industrial land sales in MVV by end-FY26, further reinforcing revenue visibility. Overall, the group's outlook remains positive, supported by strong sales momentum, expanding geographical exposure, and upcoming monetisation of industrial landbanks.

Forecast. Despite the results coming in below expectations, we are keeping our forecasts as we expect the temporary hiccup in processing delays to normalise in FY26.

Retain BUY with an unchanged TP of RM1.73, based on SOP-valuation. We remain positive on the group's outlook, supported by its expanding footprint in Negeri Sembilan, ongoing diversification into the Klang Valley, and growing contribution from its healthcare venture. Backed by a generous dividend payout ratio of over 50%, the stock offers an attractive FY26 dividend yield of 5.1%, enhancing its appeal as a steady growth and income play.

Financial results summary

FYE Mar (RM m)	FY23	FY24	FY25	FY26f	FY27f
Revenue	1,113.1	1,344.1	1,186.9	1,579.6	1,774.6
EBITDA	275.3	347.9	284.9	390.6	473.4
EBIT	265.1	338.1	284.9	364.8	434.6
PBT	260.7	332.4	275.1	348.1	401.7
PAT	202.8	245.8	214.9	257.4	297.1
PATMI – Core	220.6	235.5	202.9	255.9	295.5
PATMI – Reported	207.2	244.3	214.1	255.9	295.5
Core EPS (sen)	11.8	12.5	10.8	13.6	15.7
P/E (x)	11.7	11.0	12.8	10.1	8.8
EV/EBITDA (x)	9.3	6.7	7.2	7.7	6.6
DPS (sen)	5.5	6.7	6.2	7.0	8.1
Yield (%)	4.0	4.8	4.5	5.1	5.8
BVPS (RM/share)	1.1	1.1	1.2	1.3	1.3
P/B (x)	1.3	1.2	1.2	1.1	1.0
ROE (%)	11.1%	11.1%	9.2%	10.8%	11.8%
Net Gearing (%)	CASH	CASH	16.5	16.8	21.2

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Figure #1 Quarterly results comparison

FYE Mar (RM m)	4QFY24	3QFY25	4QFY25	QoQ	YoY	FY24	FY25	YoY
Revenue	353.1	280.9	305.2	*8.6%*	*-13.6%*	1,339.9	1,186.9	*-11.4%*
COGS	(177.2)	(134.8)	(146.7)	*8.8%*	*-17.2%*	(695.5)	(582.0)	*-16.3%*
Gross Profit	175.9	146.1	158.5	*8.4%*	*-9.9%*	644.4	604.9	*-6.1%*
Other income	27.4	5.1	5.5	*7.1%*	*-80.0%*	35.6	28.4	*-20.1%*
Other expenses	(117.9)	(94.0)	(112.3)	*19.4%*	*-4.7%*	(347.9)	(348.4)	*0.1%*
EBIT	85.5	57.2	51.7	*-9.7%*	*-39.6%*	332.1	284.9	*-14.2%*
Net Interest	1.1	(1.6)	(1.5)	*N.M.*	*N.M.*	2.3	(7.0)	*N.M.*
PBT	86.9	54.8	49.2	*-10.3%*	*-43.4%*	334.1	275.1	*-17.6%*
Tax	(22.3)	(11.4)	(7.5)	*-34.6%*	*-66.5%*	(85.9)	(60.2)	*-30.0%*
Reported PATMI	60.6	43.3	42.7	*-1.5%*	*-29.6%*	246.5	214.1	*-13.1%*
EI (Gain/(Losses)	8.8	-	(0.4)	*N.M.*	*N.M.*	8.8	11.2	*26.9%*
Core PATMI	**51.8**	**43.3**	**43.0**	***-0.6%***	***-16.9%***	**237.7**	**202.9**	***-14.6%***
				ppts change	*ppts change*			*ppts change*
EBIT margin	24.2%	20.4%	16.9%	*-3.4*	*-7.3*	24.8%	24.0%	*-0.8*
PBT margin	24.6%	19.5%	16.1%	*-3.4*	*-8.5*	24.9%	23.2%	*-1.8*
PAT margin	14.7%	15.4%	14.1%	*-1.3*	*-0.6*	17.7%	17.1%	*-0.6*

Company; HLIB

Figure #2 RNAV and SOP 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 property 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**
SOP		
Property division		1.63
Healthcare division (DCF)	-	0.10
		1.73

Company, HLIB

Disclaimer

1. As of 29 May 2025, Hong Leong Investment Bank Berhad has proprietary interest in the following securities covered in this report:
(a) -.

2. As of 29 May 2025, the analyst(s) whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) -.

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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.

The stock rating guide as stipulated above serves as a guiding principle to stock ratings. However, apart from the abovementioned quantitative definitions, other qualitative measures and situational aspects will also be considered when arriving at the final stock rating. Stock rating may also be affected by the market capitalisation of the individual stock under review.