



MATRIX CONCEPTS HOLDINGS

Neutral

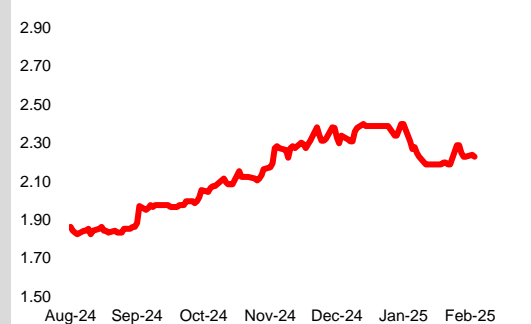
DESCRIPTION

Matrix Concepts Holdings is a township developer with flagship development based in Seremban, Negeri Sembilan.

12-Month Target Price	RM1.40
Current Price	RM1.44
Expected Return	-3%
Previous Target Price	RM2.00

Market Sector	Main Property
Bursa Code	5236
Bloomberg Ticker	MCH MK
Shariah-Compliant	Yes

SHARE PRICE CHART



52 Week Range (RM)	1.15 – 1.63
3-Month Average Vol ('000)	2,890.5

SHARE PRICE PERFORMANCE

	1M	3M	12M
Absolute Returns	-1.8	-1.5	26.0
Relative Returns	-1.9	-3.9	17.4

KEY STOCK DATA

Market Capitalisation (RMm)	2,352.4
No. of Shares (m)	1,877.0

MAJOR SHAREHOLDERS

	%
Shining Term	12.7
Lee Tian Hock	12.0
EPF	8.2

Tan Siang Hing

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Lower 3QFY25 Profit

Matrix Concepts Holdings' (MCH) 3QFY25 net profit came in at RM43.3m (-24.3% YoY, -28.6% QoQ) which was slightly below our and consensus expectations. YTD Group net profit only constituted about 68% and 66% of our and consensus full year estimates, with billings came in slower-than-expected and higher costs incurred due to an increase in administrative & general expenses. As such, we adjusted our FY25 downwards by 11% after lowering our billings and margins assumptions. Pre-sales remained good however, with new property sales totaling RM354.3m secured in 3QFY25, largely driven by Sendayan Developments, which contributed RM260.6m or 73.6% of total new sales. The Group's unbilled sales now stood at RM1.4bn, providing solid earnings visibility near term. Maintain **Neutral** with target price (TP) adjusted to RM1.40 (from RM2.00 previously) post bonus issue; pegged at c.20% premium to its book value, which we believe is justifiable, given its consistency in delivering earnings and its decent dividend yields of about 4.5%. Separately, it announced a 1.35sen dividend in 3QFY25.

§ **3QFY25 revenue dropped by 5.1% YoY** to RM280.9m, primarily attributed to lower revenue recognition from property development, which declined by 7.5% YoY to RM264.6m. The Group's flagship Sendayan Developments contributed RM242.7m, a 9.5% decrease YoY but the decline was partially offset by contributions from Levia Residences, its second high-rise development in Kuala Lumpur, which generated RM14.3m in revenue. The healthcare segment, meanwhile, contributed RM2.7m in revenue after commencing contributions in the 2HFY24. The Group's gross profit declined by 8.4% YoY to RM146.1m, with the gross profit margin softening to 52.0% from 53.9% in 3Q24. This was largely due to the Group's product mix, which included its high-rise development, which typically contributes lower margins.

§ **FY25 launch target worth RM1.8bn** largely includes new phases within its flagship Sendayan Developments. Elsewhere, the Group's Indonesian development, Menara Syariah in Pantai Indah Kapuk 2, Jakarta, Indonesia was successfully completed at end-23. As reported earlier, MCH is looking to either dispose one block or keep both for recurring income. We understand that MCH had initially expected at least 20% margins if it disposes the two towers outright. Now, we believe the value could be higher, given the land value alone is already transacted at 3x its original cost (MCH's initial investment of USD31.75m for a 30% stake). It has sold about RM1bn YTD, or 77% of its FY25 sales target of RM1.3bn.

KEY FINANCIAL SUMMARY

FYE Mar (RM m)	2023A	2024A	2025F	2026F	2027F	CAGR
Revenue	1,113.1	1,339.9	1,291.0	1,379.3	1,388.2	4.5%
Gross Profit	488.8	644.4	623.9	663.3	679.2	6.8%
Pre-tax Profit	260.7	334.1	296.2	320.7	319.8	4.2%
Net Profit	207.2	246.5	225.1	243.7	243.1	3.2%
EPS (Sen)	11.0	13.1	12.0	13.0	13.0	3.2%
P/E (x)	13.2	11.1	12.2	11.2	11.3	
DPS (Sen)	10.0	10.0	6.5	6.5	6.5	
Dividend	6.8	6.8	4.5	4.5	4.5	
Yield (%)						

Source: Company, PublicInvest Research estimates

Table 1: Results Review

<u>FY Mar (RMm)</u>	<u>3QFY25</u>	<u>3QFY24</u>	<u>2QFY25</u>	<u>YoY chg (%)</u>	<u>QoQ shg (%)</u>	<u>YTD FY24</u>	<u>YTD FY23</u>	<u>YTD yoy</u>
Revenue	280.9	296.0	279.7	-5.1	0.4	881.7	986.8	-10.6
Gross profit	146.1	159.5	140.4	-8.4	4.1	446.4	468.5	-4.7
EBIT	58.7	77.5	82.3	-24.2	-28.6	236.4	252.6	-6.4
Pretax profit	54.8	76.1	81.1	-28.0	-32.4	225.9	247.2	-8.6
Net profit	43.3	57.2	60.7	-24.3	-28.6	171.4	185.9	-7.8
Margins:								
Gross Profit Margin	52.0	53.9	50.2			50.6	47.5	
EBIT	20.9	26.2	29.4			26.8	25.6	
Net Profit Margin	15.4	19.3	21.7			19.4	18.8	

Source: Company, PublicInvest Research estimates

KEY FINANCIAL DATA

INCOME STATEMENT DATA

FYE Mar (RM m)	2023A	2024A	2025F	2026F	2027F
Revenue	1,113.1	1,339.9	1,291.0	1,379.3	1,388.2
Gross Profit	488.8	644.4	623.9	663.3	679.2
Operating expenses	-250.2	-347.9	-365.3	-387.2	-410.4
Operating Profit	238.5	296.5	258.6	276.1	268.8
Other Gains / (Losses)	26.6	42.7	37.8	44.8	51.3
Finance Costs	-6.2	-4.8	-0.2	-0.2	-0.2
Pre-tax Profit	260.7	334.1	296.2	320.7	319.8
Income Tax	-57.9	-85.9	-71.1	-77.0	-76.8
Effective Tax Rate (%)	-22%	-26%	-24%	-24%	-24%
Minorities	4.4	-1.6	0.0	0.0	0.0
Net Profit	207.2	246.5	225.1	243.7	243.1
Growth					
Revenue (%)	-1.3	20.4	-3.6	6.8	0.6
Operating Profit (%)	-13.5	31.8	-3.2	6.3	2.4
Net Profit (%)	-18.1	18.9	-8.7	8.3	-0.3

Source: Company (actual), PublicInvest Research estimates

BALANCE SHEET DATA

FYE Mar (RM m)	2023A	2024A	2025F	2026F	2027F
Property, Plant & Equipment	1,142.3	1,336.5	1,397.2	1,455.8	1,520.3
Land Held for Property Development	821.7	639.6	607.6	577.3	548.4
Cash and Cash Equivalents	0.0	0.0	0.0	0.0	0.0
Receivables	245.8	335.4	419.0	518.5	600.0
Other Assets	427.3	431.9	431.9	432.9	432.9
Total Assets	2,637.2	2,743.4	2,855.7	2,984.5	3,101.6
Payables	354.8	446.6	451.0	455.5	460.1
Borrowings	1.4	4.7	4.7	4.7	4.7
Provisions	0.0	0.0	0.0	0.0	0.0
Other Liabilities	291.5	175.3	179.6	180.6	180.6
Total Liabilities	647.7	626.6	635.3	640.8	645.4
Shareholders' Equity	1,989.5	2,116.8	2,220.4	2,343.6	2,456.2
Total Equity and Liabilities	2,637.2	2,743.4	2,855.7	2,984.5	3,101.6

Source: Company (actual), PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Mar (RM m)	2023A	2024A	2025F	2026F	2027F
Book Value Per Share	1.1	1.1	1.2	1.2	1.3
NTA Per Share	1.1	1.1	1.2	1.2	1.3
EPS (Sen)	11.0	13.1	12.0	13.0	13.0
DPS (Sen)	10.0	10.0	6.5	6.5	6.5
Payout Ratio (%)	90.6	76.2	54.2	50.1	50.2
ROA (%)	7.9	9.0	7.9	8.2	7.8
ROE (%)	10.4	11.6	10.1	10.4	9.9

Source: Company (actual), PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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