

28 February 2025

Mah Sing Group

On Track, with more DC Plans

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MAHSING's FY24 results met expectations. Its FY24 revenue declined 3% YoY with ongoing projects mostly at early stages of construction. However, CNP rose 12% from higher-margin products. It is venturing further into the data centre space including possible land sale opportunities in its Meridin East township in Johor. We introduce our FY26F numbers and maintain our OUTPERFORM call. We raised our TP to RM2.46 (from RM2.32) from RNAV updates.

MAHSING's FY24 core net profit of RM240.7m met expectations at 98% and 99% of our forecast and consensus estimate, respectively.

YoY, its FY24 revenue declined 3% on slower progress billings as most of its on-going projects are new and at early stages of construction. However, its FY24 core net profit rose 12%, thanks to a better product mix skewed towards higher-margin products.

QoQ, its 4QFY24 revenue rose 16% as property sales and construction progress picked up during the quarter. However, its core net profit remained flat due to higher operating & finance expenses ahead of upcoming launches in 4QFY24.

Outlook. MAHSING missed its minimum sales target of RM2.5b, booking in RM2.4b of property sales as of December 2024 due to delays in approval process for M Legasi, Semenyih township. However, this is expected to spill over into FY25, and the group is positive of achieving a higher sales target of RM2.7b (+10%). Meanwhile, its unbilled sales stand at RM2.8b.

For FY25, MAHSING plans to launch more than fifteen new projects totalling RM3.3b, and of this, 64% of the total launches are in Klang Valley with 46% priced below RM500k, targeting diverse market segments, and 44% are mid-market priced at RM500k – RM700k. The group also anticipates that its portfolio will boost long-term earnings through recurring income and value-unlocking opportunities driven by its data centre strategy. It is considering another land sale in FY25 near its township in Johor, but no specific details were provided, hence we have not incorporated this into our numbers. However, the potential sale is reflected in our improved GDV realisability. Also, its data centre in Bangi is in the process of securing offtakers, with about two months left to finalize which is still a work in progress for now.

Forecast. We maintain our FY25F earnings and introduce FY26F numbers.

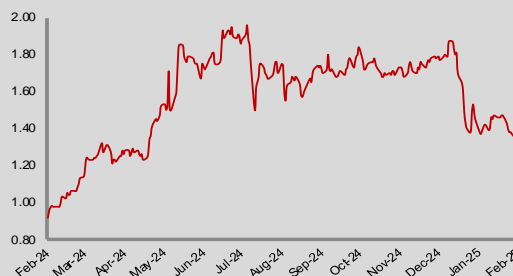
Valuations. We increase our SoP-TP to RM2.46 (from RM2.32) as we update our RNAV numbers where overall project GDVs of RM711.0m were added from FY25F onwards. We ascribe an unchanged 30% discount to MAHSING's RNAV (narrower than the industry average of 55%) to reflect improved realisability of its GDV. There is no adjustment to our TP based on ESG given a 3-star rating appraised by us (see page 5).

Investment case. We like MAHSING for: (i) its focus on affordable products targeting first-time house buyers, and (ii) sound land bank management and turn-around which minimises carrying costs, (iii) a strong war chest for land acquisitions underpinned by a clean balance sheet, and (iv) more significant recurring income stream following the venture into data centre.

OUTPERFORM ↔

Price: **RM1.30**
Target Price: **RM2.46** ↑

Share Price Performance



KLCI 1,586.60
YTD KLCI chg -3.4%
YTD stock price chg -27.8%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	MSGB MK Equity
Market Cap (RM m)	3,328.2
Shares Outstanding	2,560.1
52-week range (H)	1.96
52-week range (L)	0.96
3-mth avg. daily vol.	10,327,540
Free Float	46%
Beta	1.17

Major Shareholders

Mayang Teratai SdnBhd	25.5%
Amanah Saham Nasional	11.5%
Mayang Teratai Limited	7.0%

Summary Earnings Table

FYE Dec (RM m)	2024A	2025F	2026F
Turnover	2,520.3	2,632.4	2,576.0
Operating Profit	341.6	336.8	320.7
Profit Before Tax	337.1	356.8	343.9
Net Profit (NP)	239.1	267.6	257.9
Core NP (CNP)	239.1	267.6	257.9
Consensus (CNP)	-	239.5	284.6
Earnings Revision	-	-	NEW
FD EPS (sen)	9.8	11.0	10.6
FD EPS Growth (%)	7.6	11.9	(3.6)
NDPS (sen)	6.0	6.0	6.0
BV/Share (RM)	1.5	1.6	1.6
FD PER (x)	17.7	15.8	16.4
Price/BV (x)	1.1	1.1	1.1
Net Gearing (x)	(0.2)	(0.3)	(0.3)
Dividend Yield (%)	3.4	3.4	3.4



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Maintain OUTPERFORM.

Risks to our call include: (i) persistent overhang in the high-rise segment, (ii) widening losses at its glove division due to persistent oversupply, and (iii) sustained elevated inflation and mortgage rates, hurting affordability.

Result Highlight

	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
FYE Dec (RM m)	FY24	FY24	Chg	FY23	Chg	FY24	FY23	Chg
Revenue	744.4	639.3	16.4%	671.3	11%	2,520.3	2,603.2	-3.2%
Cost of Goods Sold	-572.1	-472.9	21.0%	-493.8	16%	-1,891.8	-2,007.6	-5.8%
Gross Profit	172.3	166.4	3.6%	177.5	-3%	628.5	595.7	5.5%
Other income	8.6	5.8	47.2%	8.3	3%	34.2	30.5	11.9%
Selling and marketing expenses	-23.1	-20.8	11.1%	-17.3	33%	-73.3	-57.6	27.3%
Administrative and other expenses	-52.4	-53.2	-1.5%	-54.4	-4%	-197.8	-189.4	4.4%
Operating Profit	105.4	98.2	7.3%	114.1	-8%	391.6	379.2	3.3%
Net Finance Income / (Cost)	-17.3	-13.3	30.0%	-13.5	28%	-54.5	-51.8	5.3%
Profit Before Tax	88.1	84.9	3.8%	100.6	-12%	337.1	327.4	3.0%
Taxation	-29.3	-24.5	19.7%	-35.4	-17%	-98.0	-105.2	-6.9%
Minority interest	1.7	-0.3	-666.1%	-0.4	-496%	1.6	-6.9	-123.9%
Net Profit	60.4	60.1	0.6%	64.7	-7%	240.7	215.3	11.8%
One-off Adjustments	0.0	0.0	n.a	0.0	N.M.	0.0	0.0	N.M
Core Net Profit	60.4	60.1	0.6%	64.7	-7%	240.7	215.3	11.8%
Gross Profit Margin	23.1%	26.0%		26.4%		24.9%	22.9%	
Operating Margin	14.2%	15.4%		17.0%		15.5%	14.6%	
Pretax Margin	11.8%	13.3%		15.0%		13.4%	12.6%	
Net Margin	8.1%	9.4%		9.6%		9.6%	8.3%	
Effective Tax Rate	33.3%	28.9%		35.2%		29.1%	32.1%	
Net Gearing	0.01	0.22		0.08		0.01	0.08	

Source: Kenanga Research

Segmental Breakdown

	4Q	3Q	QoQ	4Q	YoY	12M	12M	YoY
<u>Revenue</u>	FY24	FY24	Chg	FY23	Chg	FY24	FY23	Chg
Property	599.4	496.8	21%	552.6	8%	2,010.7	2,114.9	-4.9%
Manufacturing	130.0	127.6	2%	107.1	21%	458.2	435.2	5.3%
Investment & Others	14.9	14.9	0%	11.6	29%	51.4	53.1	-3.2%
Total Revenue	744.4	639.3	16%	671.3	11%	2,520.3	2,603.2	-3.2%
<u>Operating Profit</u>								
Property	103.5	97.7	6%	108.7	-5%	381.3	368.4	3.5%
Manufacturing	-3.8	-3.7	4%	0.4	-1048%	-8.0	-5.0	59.2%
Investment & Others	5.8	4.2	37%	5.0	15%	18.3	15.9	15.7%
Total Operating Profit	105.41	98.21	7%	114.1	-8%	391.6	379.2	3.3%
<u>Operating Margin</u>								
Property	17.3%	19.7%		19.7%		19.0%	17.4%	
Manufacturing	-3.0%	-2.9%		0.4%		-1.8%	-1.2%	
Investment & Others	38.6%	28.2%		43.2%		35.7%	29.8%	
Total Operating Margin	14.2%	15.4%		17.0%		15.5%	14.6%	

Source: Kenanga Research

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MAHSING's SoP			
Property Development	Remaining Land Bank (acres)	Outstanding GDV (RM b)	NPV of Profit (RM b)
<u>GREATER KL</u>			
<u>Commercial</u>			
Southgate	-	2	0
Star Avenue	-	88	6
<u>Industrial</u>			
Mah Sing Business Park, Sepang	185	728	45
<u>Integrated Development & Residential</u>			
Hijauan Residence	25	226	15
Garden Residence	13	76	5
Perdana Residence 2	4	13	1
Aman Perdana	25	72	5
Bayu Sekamat	3	7	0
Icon Residence Mont Kiara	-	12	1
Garden Plaza, Cyberjaya	-	31	2
M Suites @ Jalan Ampang	-	6	0
Icon City, Petaling Jaya	10	1,901	121
M City, Jalan Ampang	-	2	0
M Residence 1 / M Panora @ Rawang	67	59	4
M Residence 2 @ Rawang	7	33	2
M Aruna @ Rawang	29	160	11
Southville City @ Bangi	316	8,384	517
D'Sara Sentral	-	50	3
Lakeville Residence	-	1	0
M Centura/M Arisa, Sentul	-	4	0
M Vertica, Cheras	-	30	2
M Oscar, Sri Petaling	-	22	2
M Luna, Kepong	-	18	1
M Adora, Wangsa Melawati	-	9	1
M Senyum, Salak Tinggi	14	10	1
M Astra, Setapak	-	11	1
M Nova, Kepong	3	410	29
M Terra/M Hana, Puchong	8	644	43
M Legasi (Glengowrie Estate), Semenyih	500	3,300	211
M Zenya, Kepong	5	219	16
M Azura, Setapak	4	403	29
M Aspira, Taman Desa	4	630	45
M Aurora, Old Klang Road	4	660	47
<u>PENANG</u>			
<u>Residential/Integrated</u>			
Ferringhi Residence	30	365	25
Southbay City	21	1,415	87
<u>JOHOR</u>			
<u>Residential</u>			
Sierra Perdana	37	140	10
<u>Meridin@Medini</u>			
Meridin East	949	3,180	219
M Minori	2	21	1
M Tiara	76	35	2
M Tiara 2	100	1,450	103
<u>Industrial</u>			
Mah Sing i-Parc	-	11	1
	2,952	30,774	1,631.6
Unbilled Sales (as of FY24)		2,700.0	1,436.2
PD Net Assets (FY24)			3,932.6
PD RNAV (RM m)			7,000.4
Discount ascribed to PD RNAV			30%
Discounted PD RNAV			5,167.1
20% stake in Data Centre (DCF @ WACC: 4.5%, TG: 1.5%)			1,120.7
Total SoP Value			6,287.8
Number of shares (m shares)			2,560.1
Target Price (RM)			2.46

Source: Company, Kenanga Research

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RMm)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)		ROE		Net Div. (sen)	
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
PROPERTY DEVELOPERS																			
IOI PROPERTIES GROUP BHD	UP	1.99	1.69	-15.1%	10,957.2	N	06/2025	9.8	10.5	5.1%	8.0%	20.4	18.9	0.4	2.2%	4.5	2.3%		
MAH SING GROUP BHD	OP	1.30	2.46	89.2%	3,328.2	Y	12/2025	10.2	11.0	14.6%	8.5%	12.8	11.8	0.8	6.5%	4.0	3.1%		
MKH BHD	OP	1.10	1.64	49.1%	634.9	Y	09/2025	14.6	15.4	15.7%	5.7%	7.6	7.1	0.3	4.0%	4.0	3.6%		
S P SETIA BHD	UP	1.35	1.25	-7.4%	6,753.5	Y	12/2024	8.8	5.8	97.5%	-34.2%	15.3	23.3	0.4	3.5%	5.0	3.7%		
SIME DARBY PROPERTY BHD	OP	1.47	1.79	21.8%	9,997.2	Y	12/2025	8.0	8.1	36.7%	1.4%	18.4	18.1	0.9	5.2%	2.8	1.9%		
SUNWAY BHD	UP	4.73	3.35	-29.2%	29,221.8	Y	12/2025	14.7	15.4	27.2%	5.0%	32.2	30.6	1.8	6.7%	6.0	1.3%		
UOA DEVELOPMENT BHD	MP	1.82	1.82	0.0%	4,775.3	Y	12/2025	10.5	11.0	4.9%	4.9%	17.4	16.6	0.8	4.5%	10.0	5.5%		
SECTOR AGGREGATE					65,668.1					26.4%	-0.3%	22.2	22.3	0.8	4.6%			3.0%	

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	☆		
	Anti-Corruption Policy	★	★	☆		
	Emissions Management	★	★	☆		
SPECIFIC	Product Quality & Safety	★	★	★	★	
	Effluent/Water Management	★	★	★		
	Waste Management	★	★	★		
	Biodiversity & Conservation	★	★	★		
	Green Building	★	★	★		
	Supply Chain Management	★	★	★		
OVERALL		★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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