

PROPERTY

Maintain POSITIVE

Rising of Puchong

KEY INVESTMENT HIGHLIGHTS

- A matured town in Klang Valley
- Good road connectivity and LRT connection
- Higher development density going forward
- Positive outlook for Selangor property market
- Maintain **POSITIVE** on property sector
- Developers in Puchong: Mah Sing Group (BUY, TP: RM1.23), Glomac Berhad (BUY, TP: RM0.43) and IOI Properties Group (NEUTRAL, TP: RM2.15)

A matured town in Klang Valley. Puchong was once a mining town and it has now become a matured town in Klang Valley, largely due to its proximity to KL City Centre which has attracted home buyers' buying interest. Puchong is located 20km away from KL City Centre and 16km from Petaling Jaya. Besides, the development of Cyberjaya and Putrajaya has also assisted in enhancing the appeal of Puchong amongst homebuyers. Meanwhile, most of property development in Puchong are landed properties which makes Puchong favoured by homebuyers.

Figure 1: Location of Puchong



Source: Google Maps

Good road connectivity and LRT connection. Puchong is connected to major highways namely Damansara-Puchong Highway (LDP), Lebuhraya Shah Alam (Kesas) and South Klang Valley Expressway (SKVE). In addition, Puchong is also connected by public transport as LRT line runs through Puchong. Sri Petaling Line has seven stops in Puchong with stations located in Puchong Prima, Puchong Perdana, Bandar Puteri, Pusat Bandar Puchong, Taman Perindustrian Puchong, IOI Puchong Jaya and Kinrara BK5. The connectivity to major highways and LRT connection has helped with the development of Puchong.

COMPANY IN FOCUS

Mah Sing Group Berhad

Maintain **BUY** | Revised Target price: RM1.23
Price @ 19th March 2024: RM1.06

- Management set higher new sales target of RM2.5b for FY24.
- M Terra in Puchong will be launched in 2QFY24.
- Balance sheet remains healthy with low net gearing of 0.08x.

Share price chart

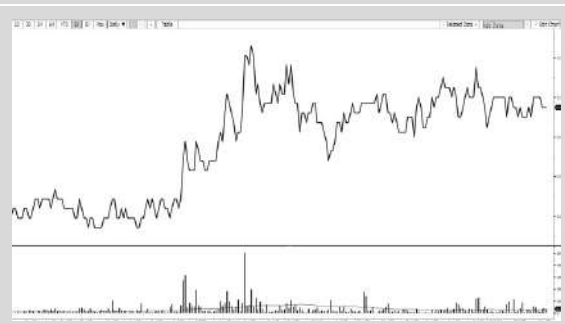


Glomac Berhad

Maintain **BUY** | Unchanged Target price: RM0.43
Price @ 19th March 2024: RM0.355

- Positive new sales prospect partly underpinned by launch of Loop Residence by FY24.
- Healthy balance sheet with low net gearing of 0.1x.
- Undemanding valuation as it is trading at 77% discount to its NTA of RM1.55.

Share price chart



Analyst(s)
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Wide range of amenities. With the growing population in Puchong, there is array of amenities in Puchong. Puchong's very first shopping mall - IOI Mall Puchong was launched in 1996. IOI Mall Puchong is a million square feet of gross development. It has four levels of shops and has over 3,000 parking bays. In addition, there are growing numbers of commercial and shop lots in Puchong. Besides, commercial development is also growing with Puchong Financial Corporate Centre (PFCC) built in Bandar Puteri Puchong. The PFCC is a finance and corporate zone comprising of four office towers and one hotel. The business hotel was run by Four Points by Sheraton which began operations in 2014.

Figure 2: IOI Mall Puchong



Source: IOI Mall Puchong website

Figure 3: Puchong Financial Corporate Centre (PFCC)



Source: IOI Properties Group website

Higher development density going forward. IOI Properties Group is one the biggest developers in Puchong. It developed Bandar Puchong Jaya and subsequently developed Bandar Puteri Puchong and 16 Sierra in Puchong South. Apart from IOI Properties Group, other prominent developers in Puchong are YTL Land & Development Bhd, Malton Berhad and Glomac Berhad. Projects by the lake in Puchong include Lake Edge by YTL Land & Development Berhad, Lakeside Residence by Glomac Berhad and Mutiara Puchong by Malton Berhad. Recently, Mah Sing Group expanded its property reach to Puchong as it acquired parcels of land in Puchong for high rise development. As urbanization of Puchong is nearing maturity and with lands getting scarce in Klang Valley, developers are planning for higher density projects such as condominiums instead of landed properties to maximize the development value of land.

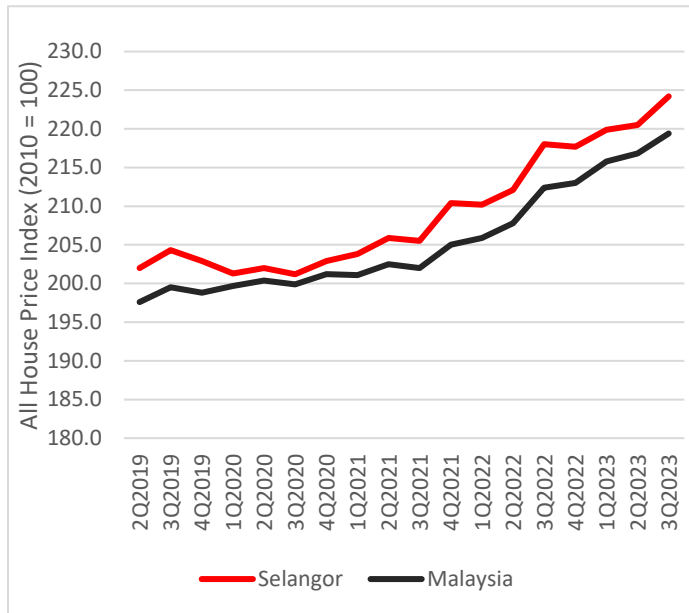
Figure 4: Major property companies in Puchong



Source: Google Maps, MIDF Research

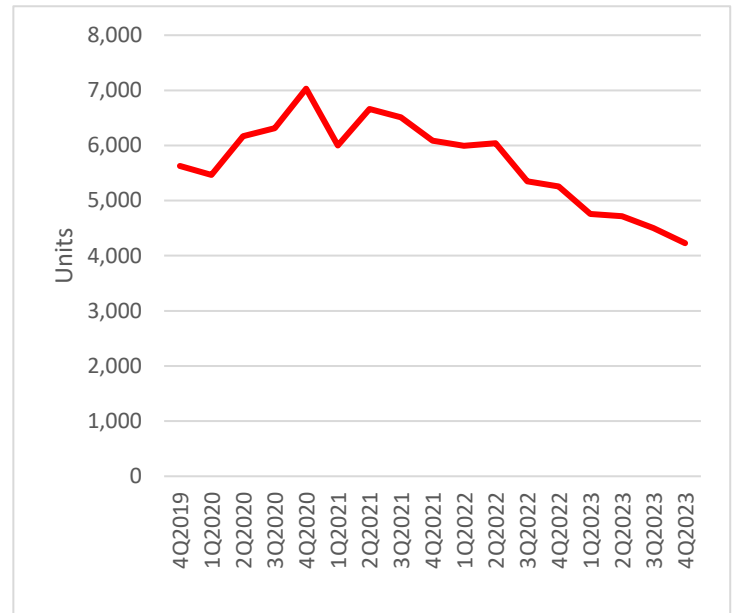
Positive outlook for Selangor property market. According to data from National Property Information Centre (NAPIC), House Price Index (HPI) for Selangor is on uptrend, supported by resilient demand for property in Selangor and recovery of property sector in Malaysia. HPI for Selangor is at 224.2 in 3QCY23, up from 220.5 in 2QCY23 and 218.0 in 3QCY22. HPI in Selangor recorded three consecutive growths in 1QCY23 to 3QCY23, in line with uptrend in HPI for Malaysia as property market is recovering post reopening of economy. Meanwhile, property landscape for Selangor is improving, evidenced by the lower residential overhang in Selangor. Residential overhang in Selangor fell to 4,228 units in 4QCY23 from 4,500 units in 3QCY23 and 5,258 units in 4QCY22. We believe that the continuous declines in residential overhang is positive for the property sector in Selangor as it eases concern on oversupply in residential properties. Overall, we see that outlook for property sector in Selangor to be stable and positive, supported by the stable house price outlook and easing concern on residential oversupply.

Figure 5: House Price Index



Source: NAPIC, MIDF Research

Figure 6: Selangor Residential Overhang



Source: NAPIC, MIDF Research


Maintain POSITIVE on property sector. We remain **POSITIVE** on property sector as we think that the recovery in property sector will continue to drive new sales and earnings of property developers. Property price outlook in Malaysia is expected to remain positive due to healthy buying interest. Our top picks for the sector are **Mah Sing Group (BUY, TP: RM1.23)** and **Matrix Concepts (BUY, TP: RM1.91)**. We like Mah Sing for its quick turnaround strategy and high exposure to affordable homes via its M series projects. Besides, its growing presence in industrial property segment will support earnings growth in the medium to long term. Meanwhile, we like Matrix Concepts as its new sales remain encouraging while landbank expansion in Labu will further buoy earnings growth. Besides, dividend yield of Matrix Concepts is attractive at 5.4%. 

Figure 7: Peers comparison table

Stock	Rec.	Price @ 19-March-2024	Target Price (RM)	Core EPS (sen)		Core PER (x)		Net DPS (sen)		Net Dvd Yield		P/NTA (x)
				FY24F	FY25F	FY24F	FY25F	FY24F	FY25F	FY24F	FY25F	
MAHSING	BUY	1.06	1.23	9.8	11.2	10.8	9.4	4.0	4.2	3.8%	4.0%	0.70
SPSETIA	BUY	1.12	1.16	6.7	8.1	9.2	7.9	1.7	1.8	2.5%	2.6%	0.33
ECOWLD	BUY	1.47	1.33	9.5	9.6	15.5	15.2	6.0	6.0	4.1%	4.1%	0.92
GLOMAC	BUY	0.36	0.45	2.0	4.3	17.8	8.4	1.3	1.3	3.7%	3.7%	0.23
MATRIX	BUY	1.82	1.91	20.4	22.4	8.9	8.1	9.80	10.75	5.4%	5.9%	1.08
SUNWAY	BUY	3.32	3.01	11.2	11.9	29.7	27.9	6.5	7.0	2.0%	2.1%	1.59
IOIPG	NEUTRAL	2.26	2.15	11.6	13.3	19.5	17.0	5.0	5.0	2.2%	2.2%	0.55
UOADEV	NEUTRAL	1.86	1.82	8.5	8.3	21.9	22.5	10.0	10.0	5.4%	5.4%	0.86

Source: MIDF Research

Mah Sing Group Berhad

(8583 | MSGB MK) Main | Property

M Series project in Puchong


KEY INVESTMENT HIGHLIGHTS

- Expanded property reach to Puchong
- M-Series project in Puchong
- Positive new sales outlook
- Earnings forecast unchanged
- Maintain BUY with a revised TP of RM1.23

Expanded property reach to Puchong. Mah Sing Group (Mah Sing) expanded its property reach to Puchong after acquiring two parcels of land measuring 8.2 acres located in Puchong Perdana, Puchong in January 2023. Mah Sing is planning to launch first phase of project on the land in 2Q2024, in line with its quick turnaround strategy. First phase of the project is named M Terra which is a high-rise development with GDV of RM369m while M Hana is the second phase of the project which is a mixed-use development.

M-Series project in Puchong. M Terra is the addition to Mah Sing's M Series project which offers affordable development range. The project spread across 3.7-acre land, featuring 39-storey serviced apartment tower with a total of 999 units. The build-up sizes range from 549 to 1,023 square feet with selling prices start from RM250k (for Rumah Mampu Milik) to ~RM650k. Note that Rumah Mampu Milik makes up about 25% of total units. The project has good connectivity as it is situated close to Puchong Perdana and Puchong Prima LRT stations. Meanwhile, the project has opened for registration of interest and we gathered that respond was overwhelming. Hence, we expect take up rate for M Terra to be strong upon its official launch in 2Q2024.

Positive new sales outlook. New property sales outlook for Mah Sing is better as management targets higher new sales of RM2.5b for FY24 against new sales of RM2.2b in FY23. We see brighter new sales prospect for Mah Sing as we see that demand for its M Series affordable homes to remain resilient. New sales momentum is expected to sustain by its projects in the pipeline namely M Terra and M Hana in Puchong, M Tiara in Johor, M Legasi in Semenyih, M Zenya in Kepong, and M Azura in Setapak. Besides, contribution from industrial property development will further drive new property sales and earnings growth going forward.

Maintain BUY with a revised TP of RM1.23. We maintain our earnings forecast for Mah Sing. We revise our TP for Mah Sing to **RM1.23** from RM1.12 as we narrowed our RNAV discount to 45% from 50% in view of the positive new sales outlook. We maintain our **BUY** call on Mah Sing as we see that its M-series project will continue to spur new sales growth while its growing exposure to industrial property development support sales growth. Meanwhile, balance sheet of Mah Sing remains healthy with low net gearing of 0.11x as of 4QFY23. 

Maintain BUY

Revised Target Price: RM1.23
(Previously: RM1.12)

RETURN STATISTICS

Price @ 19 th March 2024 (RM)	1.06
Expected share price return (%)	+16.0
Expected dividend yield (%)	+3.9
Expected total return (%)	+19.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	15.2	14.7
3 months	27.7	22.6
12 months	73.8	58.8

INVESTMENT STATISTICS

FYE Dec	2024E	2025F	2026F
Revenue	2,630	2,664	2,719
Operating Profit	345	389	420
Profit Before Tax	317	362	389
Core PATAMI	239	273	291
Core EPS	9.82	11.23	11.98
DPS	4.00	4.20	4.30
Dividend Yield	3.77%	3.96%	4.06%

KEY STATISTICS

FBM KLCI	1,544.96
Issue shares (m)	2427.69
Estimated free float (%)	49.62
Market Capitalisation (RM'm)	2,573
52-wk price range	RM0.58-RM1.07
3-mth average daily volume (m)	7.49
3-mth average daily value (RM'm)	6.92
Top Shareholders (%)	
Mayang Teratai Sdn Bhd	26.90
Amanah Saham Nasional Bhd	12.15
Bank of Singapore Limited	7.45
Mayang Teratai Limited	7.41

Analyst

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Figure 8: M Terra in Puchong



Source: Company

Mah Sing Group RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Greater KL Projects				
Southgate	100%	2	10%	2
Star Avenue	100%	88	10%	7
Hijauan Residence	100%	226	10%	17
Aman Perdana	100%	74	10%	6
Garden Residence	100%	76	10%	6
Perdana Residence 2	100%	13	10%	1
M Suites @ Jalan Ampang	100%	6	10%	1
Bayu Sekamat	100%	7	10%	1
Icon Residence Mont' Kiara	100%	12	10%	1
Garden Plaza, Cyberjaya	100%	31	10%	3
M City, Jalan Ampang	100%	2	10%	0
M Residence 1 @ Rawang	100%	173	10%	13
M Residence 2 @ Rawang	100%	33	10%	3
Southville City @ KL South, Bangi	100%	8465	10%	508
Icon City, PJ	100%	1901	10%	147
D'sara Sentral	100%	51	10%	4
Lakeville Residence	100%	1	10%	0
M Aruna Rawang	100%	170	10%	14
M Centura, M Arisa, Sentul	78%	7	10%	0
M Vertica, Cheras	100%	217	10%	17
M Oscar	100%	28	10%	2
M Luna	100%	18	10%	1
M Adora	100%	9	10%	1
M Senyum	100%	134	10%	10

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
M Astra	100%	29	10%	2
M Nova	100%	578	10%	43
M Terra & M Hana	100%	726	10%	54
M Legasi (Glengowrie Estate) Semenyih	100%	3300	10%	198
M Zenya	100%	500	10%	37
M Azura, Setapak	100%	508	10%	39
Mah Sing Businss Park	56%	728	10%	32
Johor Projects				
Sierra Perdana	100%	140	10%	11
Meridin @ Medini	100%	227	10%	18
Meridin East	100%	3536	10%	196
Mah Sing i-Parc	100%	0	10%	0
M Minori	100%	369	10%	27
M Tiara	100%	480	10%	36
Penang Projects				
Ferringhi Residence	100%	378	10%	31
Southbay City	100%	1418	10%	92
Unbilled sales		2330		179
Total				1,761
Shareholder Funds				3,701
Total RNAV				5,462
Number of shares				2,438
RNAV per share (RM)				2.24
Discount				45%
Target Price (RM)				1.23

Source: MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024E	2025F	2026F
Revenue	2,317	2,603	2,630	2,664	2,719
EBIT	320	379	345	389	420
PBT	264	327	317	362	389
Net Income	180	215	238	271	291
Core Net Income	158	216	239	273	291
Core EPS (sen)	6.5	8.9	9.8	11.2	12.0
Core PER (x)	16.3	11.9	10.8	9.4	8.8
NTA/share	1.46	1.54	1.57	1.60	1.62
P/NTA	0.72	0.69	0.68	0.66	0.65

Balance Sheet (RM'm)	2022A	2023A	2024E	2025F	2026F
Property, plant and equipment	392	408	424	428	433
Land held for property development	1,839	1,766	1,740	1,705	1,671
Total non-current assets	2,685	2,627	2,730	2,790	2,851
Property development costs	1,017	1,000	1,032	1,042	1,052
Inventories	674	530	556	568	581
Cash and bank balances	580	981	1,140	1,341	1,644
Other assets	1,434	1,279	1,254	1,206	1,068
Total Assets	6,390	6,417	6,712	6,947	7,196
Medium Term Notes	1,001	1,003	1,053	1,127	1,206
LT Term Loans	255	266	287	294	300
Other Liabilities	1,547	1,411	1,548	1,637	1,734
Total Liability	2,803	2,680	2,889	3,058	3,240
Share capital	1,776	1,776	1,776	1,776	1,776
Other Equity	1,811	1,961	2,047	2,113	2,180
Total Equity	3,587	3,737	3,823	3,889	3,956
Equity + Liability	6,390	6,417	6,712	6,947	7,196

Cash Flow (RM'm)	2022A	2023A	2024E	2025F	2026F
Cash flows from operating activities					
Net income before taxation	264	327	317	362	389
Net cash from operating activities	716	1090	1103	1081	1059
Cash flows from investing activities					
Addition to land held for property development	-50	-46	-35	-30	-26
Net cash used in investing activities	-209	-496	-543	-580	-441
Cash flows from financing activities					
Net proceeds from issuance of Medium Term Notes	0	0	0	0	0
Net cash from/(used in) financing activities	-540	-298	-311	-305	-308
Net increase/(decrease) in cash and cash equivalents	-33	296	249	196	310
Cash and cash equivalent at 1 January	512	480	781	1030	1226
Cash and cash equivalent at 1 December	480	781	1030	1226	1536

Key Metrics	2022A	2023A	2024E	2025F	2026F
EBIT margin	13.8%	14.6%	13.1%	14.6%	15.4%
PBT margin	11.4%	12.6%	12.0%	13.6%	14.3%
PAT margin	7.8%	8.3%	9.0%	10.2%	10.7%
Core PATAMI margin	6.8%	8.3%	9.1%	10.2%	10.7%
ROE	4.4%	5.8%	6.2%	7.0%	7.4%

Glomac Berhad

(5020 | GLMC MK) Main | Property


New integrated development in Puchong**KEY INVESTMENT HIGHLIGHTS**

- **Lakeside Residence, Glomac's flagship township in Puchong**
- **Loop City the new integrated development in Puchong**
- **Loop Residence to be launched by FY24**
- **Stronger new sales outlook**
- **Maintain BUY with an unchanged TP of RM0.43**

Lakeside Residence. Lakeside Residence is Glomac flagship integrated residential project in Puchong, Selangor. The township is a 200-acre of development with total estimated GDV of ~RM4b. Lakeside Residence is strategically located within the proximity to Puchong commercial hub. Most of the projects at Lakeside Residence are landed homes. Meanwhile, Glomac is planning a new integrated development in Puchong, named Loop City @ Puchong next to its Lakeside Residence. As land is getting scarce in Puchong, projects at Loop City @ Puchong will be mainly high-rise which comprise of residences, commercial and retail components.

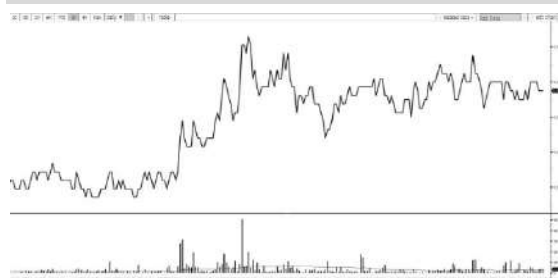
Loop City @ Puchong. Loop City @ Puchong is on 15.3 acres of land located next to Glomac's Lakeside Residence in Puchong. Estimated GDV of Loop City @ Puchong is at RM1.57b. The project is a JV by Glomac Al Batha Sdn Bhd, jointly owned by Glomac (51%) and Al Batha Real Estate Co (49%). Glomac plans to launch first phase of project being Loop Residence by FY24. Loop Residence has a GDV of about RM338m, consists of 980 units of serviced apartment. The unit sizes range from 450 square feet to 750 square feet with indicative average selling price at RM320k.

Stronger new sales outlook. Glomac recorded new sales of RM138m in 1HFY24 and we expect stronger new sales in 2HFY24. Going forward, we expect new sales in 2HFY24 and FY25 to be stronger as sales of Loop Residence should support new sales growth. Besides, sales of new project at it established township namely Saujana KLIA, Lakeside Residence and Bandar Saujana Utama will continue to drive its new sales growth going forward.

Maintain BUY with an unchanged TP of RM0.43. We maintain our earnings forecast for FY24F/25F/26F. We maintain our **TP** for Glomac at **RM0.43**, based on 80% discount to RNAV. We expect new sales growth to be positive for FY24F and FY25F and that will support earnings growth going forward. Meanwhile, Glomac has sturdy balance sheet with low net gearing of 0.1x. Besides, valuation of Glomac is undemanding, trading at 77% discount to latest NTA of RM1.55 per share. Hence, we maintain our **BUY** call on Glomac. 

Maintain BUY**Unchanged Target Price: RM0.43****RETURN STATISTICS**

Price @ 19 March 2024 (RM)	0.355
Expected share price return (%)	+21.1
Expected dividend yield (%)	+3.7
Expected total return (%)	+24.8

SHARE PRICE CHART

Price performance (%)	Absolute	Relative
1 month	-1.4	-1.8
3 months	-1.4	-5.1
12 months	14.5	4.6

INVESTMENT STATISTICS

FYE April	2024E	2025F	2026F
Revenue	327	400	442
Gross Profit	80	110	130
Profit Before Tax	15	33	44
Core PATAMI	15	33	44
Core EPS	2.00	4.25	5.69
DPS	1.30	1.30	1.50
Dividend Yield	3.66%	3.66%	4.23%

KEY STATISTICS

FBM KLCI	1,544.96
Issue shares (m)	767.49
Estimated free float (%)	25.65
Market Capitalisation (RM'm)	272
52-wk price range	RM0.29-RM0.40
3-mth average daily volume (m)	0.31
3-mth average daily value (RM'm)	0.11
Top Shareholders (%)	
Bin Fateh Din Mohamed	21.01
Mohamed Mansor Fateh	19.14
Fong Loong Tuck	17.05
Shapadu Capital Sdn Bhd	11.45

Analyst

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Figure 9: Loop Residence



Source: Company

Figure 10: Loop Residence Location Map



Source: Company

GLOMAC RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Projects				
Lakeside Residences	100%	3446	10%	159.68
Loop City, Puchong	51%	1555	10%	50.17
Saujana KLIA	100%	835	10%	65.65
Saujana Perdana	100%	182	10%	9.63
Saujana Utama 5	100%	325	10%	23.93
Saujana Rawang	100%	290	10%	22.37
Sri Saujana, Johor	100%	178	10%	14.06
Saujana Jaya, Johor	100%	612	10%	45.45
Glomac Cyberjaya	100%	123	10%	9.56
Glomac Cyberjaya 2	100%	126	10%	9.79
Unbilled sales		451		33.50
Total				443.79
Shareholders Funds				1,193.54
Number of shares (m)				768.07
RNAV per share				2.13
Discount				80%
Target Price (RM)				0.43

Source: MIDFR

FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024E	2025F	2026F
Revenue	259	341	327	400	442
Gross Profit	96	107	80	110	130
Core PBT	58	51	24	52	69
Net Income	36	31	15	33	44
Core Net Income	37	31	15	33	44
Core EPS (sen)	4.8	4.1	2.0	4.3	5.7
Core PER (x)	7.4	8.7	17.7	8.3	6.2
NTA/share	1.49	1.53	1.54	1.57	1.62
P/NTA	0.24	0.23	0.23	0.23	0.22

Balance Sheet (RM'm)	2022A	2023A	2024E	2025F	2026F
ASSETS					
Non-current Assets					
Property, plant and equipment	40.18	39.23	41.19	43.25	45.42
Investment properties	345.10	344.80	348.25	351.73	355.25
Inventories	719.66	766.44	791.73	839.23	889.59
Other non-current assets	96.70	114.15	95.38	101.69	101.69
Total Non-current Assets	1201.64	1264.62	1276.55	1335.91	1391.94
Current Assets					
Inventories	238.35	167.34	165.67	164.01	162.37
Contract assets	169.28	189.76	185.97	182.25	178.60
Deposits, cash and bank balances	215.41	288.84	324.14	338.73	353.97
Other current assets	119.74	120.64	95.60	66.71	66.40
Total Current Assets	742.77	766.59	771.38	751.70	761.35
TOTAL ASSETS	1944.40	2031.21	2047.93	2087.61	2153.29
EQUITY & LIABILITIES					
Capital and Reserves					
Issued capital	418.63	418.63	418.63	418.63	418.63
Retained earnings	740.10	772.68	778.06	800.74	844.52
Other capital and reserves	-13.25	-13.48	-14.15	-14.86	-15.60
Equity att. To owners of the company	1145.48	1177.83	1182.54	1204.51	1247.55
Non-controlling interests	66.56	66.45	68.45	70.50	72.62
Total Equity	1212.04	1244.29	1250.98	1275.01	1320.16
Non-current Liabilities					
Borrowings	240.01	147.42	143.00	147.58	152.30
Other non-current liabilities	0.45	1.91	1.97	2.03	2.09
Total Non-current Liabilities	240.46	149.34	144.97	149.61	154.39
Current Liabilities					
Trade payables	85.43	106.13	108.25	110.42	112.62
Borrowings	251.64	331.17	341.44	348.27	359.76
Other current liabilities	154.84	200.28	202.28	204.31	206.35
Total Current Liabilities	491.91	637.58	651.97	662.99	678.73
Total Liabilities	732.36	786.92	796.95	812.60	833.13
TOTAL EQUITY & LIABILITIES	1944.40	2031.21	2047.93	2087.61	2153.29
Cash Flow (RM'm)	2022A	2023A	2024E	2025F	2026F
Cash Flows From/(Used In) Operating Activities					
Profit before tax	57.51	50.45	24.38	51.87	69.50
Adjustments	38.51	31.91	59.63	33.83	17.91
Operating Profit/(Loss) Before Working Capital Changes	96.02	82.37	84.01	85.69	87.41
Cash Generated From/(Used In) Operations	47.87	145.55	126.63	130.43	134.34
Net Cash From/(Used In) Operating Activities	13.61	101.40	102.62	76.97	79.12
Cash Flows (Used In)/From Investing Activities					
Purchase of PPE	-0.36	-1.11	-1.15	-1.20	-1.24
Interest Received	2.68	3.70	3.77	3.98	4.20
Others	0.68	1.08	1.10	1.14	1.18
Net Cash (Used In)/From Investing Activities	3.00	3.67	3.72	3.92	4.13

Cash Flows From/(Used In) Financing Activities					
Net Cash From/(Used In) Financing Activities	-19.00	-30.74	25.02	21.34	17.96
Net Increase In Cash and Cash Equivalents	-2.39	74.33	131.36	102.23	101.21
Cash and Cash Equivalents at Beginning of FY	194.11	191.69	263.74	395.10	497.33
Cash and Cash Equivalents at End of FY	191.69	263.74	395.10	497.33	598.54
Profitability Margins	2022A	2023A	2024E	2025F	2026F
EBIT margin	37.1%	31.4%	24.5%	27.5%	29.5%
PBT margin	22.2%	14.8%	7.5%	13.0%	15.7%
Core PATAMI margin	14.1%	9.2%	4.7%	8.2%	9.9%
ROE	3.2%	2.7%	1.3%	2.7%	3.5%
ROA	1.9%	1.5%	0.8%	1.6%	2.0%

IOI Properties Group Berhad

(5249 | IOIPG MK) Main | Property

Maintain NEUTRAL

16 Sierra township at Puchong South

Unchanged Target Price: RM2.15

KEY INVESTMENT HIGHLIGHTS

- **16 Sierra township**
- **Landed projects in 16 Sierra**
- **Covo the first TOD project in 16 Sierra**
- **Earnings forecast maintained**
- **Downgrade to NEUTRAL with an unchanged TP of RM2.15**

16 Sierra township. Having successfully developed Bandar Puchong Jaya and Bandar Puteri Puchong, IOI Properties Group started to establish a new township, 16 Sierra, at Puchong South in 2008. The original development land size for 16 Sierra is 548 acres while remaining development land size is 163 acres. Meanwhile estimated remaining GDV for 16 Sierra is RM6.5b. The name 16 Sierra is drawing from 16 themed gardens. The township has good connectivity as it has accessibility to South Klang Valley Expressway (SKVE), Lebuhraya Damansara-Puchong (LDP) and Maju Expressway (MEX). Besides, connectivity of 16 Sierra improved with 16 Sierra MRT station located within the township.

Landed projects. Property developments in 16 Sierra are mainly landed homes to meet demand for home buyers who seek for larger living spaces. Besides, IOI Properties completed two high rise projects in 16 Sierra namely La Thea Residences and Zentro Residences. Meanwhile, IOI Properties recently launched its latest landed property project, Aster. It offers 121 units of 2-storey terrace homes with built-ups from 2,349 to 2,421 square feet with selling price starts from RM1.4m. Upcoming landed projects in 16 Sierra include Oakleaf with 272 units of 3-storey townhouse units. Going forward, IOI Properties plans to launch more high-rise projects in 16 Sierra due to scarcity of land in 16 Sierra.

TOD project in 16 Sierra. IOI Properties plans to launch its maiden Transit-Oriented Development (TOD) project in 16 Sierra, named Covo. Covo is located 100m away from the 16 Sierra MRT station with covered walkway. It comprises of 601 units of serviced apartments with built-ups from 550 square feet to 1,130 square feet. Overall, we think that new sales of IOI Properties Group going forward will be mainly driven by its township projects in Malaysia.

Maintain NEUTRAL with an unchanged TP of RM2.15. We keep our earnings forecast for FY24F/25F/26F unchanged. We maintain our **TP** for IOI Properties at **RM2.15** based on 55% discount to RNAV. We see that long-term prospect for IOI Properties to be stable as its township projects in Malaysia continue to contribute stable sales. Besides, potential listing of its investment properties will unlock value of its investment properties. Nevertheless, we maintain our **NEUTRAL** call on IOI Properties due to limited upside.



RETURN STATISTICS

Price @ 19 th March 2024 (RM)	2.26
Expected share price return (%)	-4.9
Expected dividend yield (%)	2.2
Expected total return (%)	-2.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.3	-1.7
3 months	29.1	24.7
12 months	103.6	86.0

INVESTMENT STATISTICS

FYE Dec	2024E	2025F	2026F
Revenue	2,483	2,775	3,373
Operating Profit	801	930	1,162
Profit Before Tax	873	1,002	1,234
Core PATAMI	642	737	907
Core EPS	11.59	13.30	16.37
DPS	5.00	5.00	5.00
Dividend Yield	2.2%	2.2%	2.2%

KEY STATISTICS

FBM KLCI	1,544.96
Issue shares (m)	5,506.15
Estimated free float (%)	13.37
Market Capitalisation (RM'm)	9,525
52-wk price range	RM1.05-RM2.36
3-mth average daily volume (m)	7.55
3-mth average daily value (RM'm)	16.01
Top Shareholders (%)	
Vertical Capacity Sdn Bhd	65.67
Employees Provident Fund Board	6.44
Amanah Saham Nasional Bhd	6.35

Analyst

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Figure 11: 16 Sierra Master Plan



Source: Company

Figure 12: Covo Scale Model



Source: MIDF Research

IOIPG RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Klang Valley Projects				
16 Sierra, South Puchong	100%	5600	11%	532
Bandar Puchong Jaya, Puchong	100%	500	11%	66
Bandar Puteri, Puchong	100%	12000	11%	1140
IOI Resort City, Putrajaya	100%	14900	11%	920
Bandar Puteri Bangi, Selangor	100%	5400	11%	513
Bandar Puteri Warisan, Sepang	100%	3400	11%	369
BC Industrial Park	100%	2100	11%	339
Johor Projects				
Bandar Putra Kulai, Johor	100%	5400	11%	513
Bandar IOI Segamat, Johor	100%	500	11%	66
Taman Lagenda Putra, Kulai, Johor	100%	100	11%	15
Taman Kempas Utama, Johor Bahru, Johor	100%	800	11%	100
i-Synergy, Senai, Kulai, Johor	100%	1800	11%	215
Other States Projects				
Desaria , Sungai Ara, Penang	100%	200	11%	26
Bandar IOI, Bahau, Negeri Sembilan	100%	200	11%	24
Singapore Projects				
Cape Royale @ Sentosa Cove, Singapore	65%	4760	11%	299
Seascape @ Sentosa Cove	50%	1020	11%	67
Marina View	100%	8840	11%	995
China Projects				
IOI Palm International Parkhouse, Xiamen, PRC	100%	715	11%	94
IOI Palm City, Xiamen, PRC	100%	195	11%	22

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Unbilled sales		1500		69
Subtotal				6380
Total				6380
Shareholder Funds				2,1742.3
Total RNAV				28,123
Enlarged share base				5,506.0
Fully-diluted RNAV per share (RM)				5.11
Discount				55%
Target Price (RM)				2.15

FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024F	2025F	2026F
Revenue	2,590	2,593	2,483	2,775	3,373
EBIT	1,040	1,276	801	930	1,162
PBT	1,103	867	873	1,002	1,234
Net Income	687	1,393	642	737	907
Core Net Income	715	640	642	737	907
Core EPS (sen)	13.0	11.6	11.6	13.3	16.4
Core PER (x)	17.4	19.4	19.5	17.0	13.8
NTA/share	3.71	3.87	3.92	4.00	4.10
P/NTA	0.61	0.58	0.58	0.57	0.55

Balance Sheet (RM'm)	2022A	2023A	2024F	2025F	2026F
Property, plant and equipment	3,054	3,296	3,263	3,231	3,037
Land held for property development	9,077	5,607	6,034	5,607	5,534
Total non-current assets	32,562	31,753	31,635	31,350	31,183
Property development costs	568	5,125	4,735	5,382	6,822
Inventories	3,052	2,414	3,500	3,570	3,641
Cash and bank balances	1,105	1,758	1,113	883	1,578
Other assets	2,214	1,575	2,502	2,817	1,418
Total Assets	39,501	42,624	43,485	44,002	44,641
Long Term Borrowings	3,331	2,829	4,961	4,713	4,478
Short-term Borrowings	13,486	15,035	14,734	15,058	15,389
Other Liabilities	2,074	2,320	1,980	1,976	1,972
Total Liability	18,891	20,183	21,676	21,748	21,839
Share capital	18,514	18,514	18,514	18,514	18,514
Other Equity	2,096	3,926	3,295	3,740	4,288
Total Equity	20,611	22,441	21,809	22,254	22,802
Equity + Liability	39,501	42,624	43,485	44,002	44,641

Cash Flow (RM'm)	2022A	2023A	2024F	2025F	2026F
Cash flows from operating activities					
Net income before taxation	1103	1620	873	1002	1234
Net cash from operating activities	694	1594	356	489	693
Cash flows from investing activities					
Net cash used in investing activities	-5246	-214	-103	-190	-190
Cash flows from financing activities					
Drawdown of borrowings	5901	1700	254	-230	-218
Net cash from/(used in) financing activities	5038	-1057	-137	-503	-490
Net increase/(decrease) in cash and cash equivalents	486	322	116	-204	13
Cash and cash equivalent at 1 January	1848	2351	2682	2802	2601
Cash and cash equivalent at 1 December	2351	2682	2802	2601	2620

Profitability Margins	2022A	2023E	2024F	2025F	2025F
EBIT margin	40.1%	49.2%	32.3%	33.5%	34.4%
PBT margin	42.6%	33.4%	35.2%	36.1%	36.6%
PAT margin	26.5%	53.7%	25.9%	26.5%	26.9%
Core PATAMI margin	27.6%	24.7%	25.9%	26.5%	26.9%
ROE	3.5%	3.0%	3.0%	3.3%	4.0%
ROA	1.8%	1.5%	1.5%	1.7%	2.0%

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology