

# Mah Sing stands tall after strong FY23 results

Firm has set higher target of a minimum RM2.5bil sales

## PROPERTY

**PETALING JAYA:** Analysts are mostly positive on Mah Sing Group Bhd's strong results for the financial year 2023 (FY23), which have exceeded their expectations and consensus estimates.

UOB Kay Hian (UOBKH) Research, which describes Mah Sing as "King of Urban Residential Projects", said the strong performance was mainly driven by higher sales of RM2.26bil and progressive billing as well as improvement from its manufacturing segment.

The research house said Mah Sing has set a higher target of a minimum RM2.5bil in sales with RM2.8bil in launches in 2024.

Ever since Mah Sing launched its affordable property products (its fully sold-out M Centura was completed in 2021) from its M-Series range, UOBKH Research said the group achieved higher take-up rate of about 95% from new launches as compared to its pre-pandemic take-up rate of 70% to 80%.

"Despite formidable competition, Mah Sing stands tall as one of the leaders in residential sales in Malaysia, thanks to its right product offerings with strategic locations and affordable price points," it added.

The research house, which maintained a "buy" call on the stock with a higher target price (TP) of RM1.38, said: "We remain optimistic that its M-Series products will continue to gain traction. Mah Sing will also launch its industrial property product in the fourth quarter of 2024."

The research house also likes Mah Sing for its swift turnaround strategy, which has enabled the group to turn around parcels of land into affordable housing products with appealing pricing aimed at the more resilient segment.

According to Hong Leong Investment Bank (HLIB) Research, Mah Sing closed the year on a strong note with multi-year highs across several metrics including highest revenue since 2018 and highest property

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sales since 2016.

The group also remains optimistic and confident that it can chart new heights in FY24.

This optimism is reflected in its higher sales target of RM2.5bil, the brokerage firm added.

In 2023, the group acquired six pieces of land with potential gross development value (GDV) of RM6.23bil. These projects are targeted to be launched in 2024.

With the labour shortage issue fully resolved in 2023, HLIB Research said the group is entering a virtuous cycle as it can now expedite its site progress and accelerate its launches.

This bodes well for the group's fast turnaround strategy as the cash flow can be ploughed back for its land bank acquisition and expansion activities.

Hence, HLIB Research has increased its FY24-FY25 forecasts by 18.1% and 16%, respectively, to account for higher property sales assumptions.

It also maintained a "buy" call with a higher TP of RM1.20.

HLIB Research said it continues to like Mah Sing for its agile business model, which allows it to adapt and pivot its launching strategy in response to the changing sector dynamics.

Furthermore, given the gradual improvement and turnaround in its manufacturing segment, this should alleviate investors'

concern on the performance drag from the segment, it added.

Meanwhile, TA Research has raised its FY24-FY25 earnings forecasts by 1%-3% after factoring in the actual FY23 results and adjusting progress billings and margins for its ongoing projects.

"We introduce FY26 net profit forecast of RM244.3mil, representing a steady growth of 6.3%," it said.

In addition, Mah Sing's balance sheet remains solid, which as at end-December 2023 saw a low net gearing ratio of 0.08 times and a cash balance of RM981mil.

"Despite acquiring six new land parcels since 2023 with an anticipated GDV of RM6.2bil, Mah Sing is actively seeking opportunities to further enhance its land bank in key areas such as the Klang Valley, Johor and Penang.

"This strategic approach aims to expand the group's residential and industrial development portfolios," added TA Research.

As far as the glove manufacturing business is concerned, the management will remain focused on implementing cost-reduction measures to improve the division's performance.

After factoring in the revised earnings and rolling forward its base year valuation to 2025, TA Research said it has arrived at a new TP of RM1.24 and reiterated a "buy" call on the stock.