Matrix Concepts to accelerate diversification

Developer eyes growth beyond current revenue base

PROPERTY

> "The property developer aims to increase revenue from outside Negri Sembilan to 30% over the next two to three years."
>
> Hong Leong Investment Bank Research

PETALING JAYA: Property developer Matrix Concepts Holdings Bhd, known for its township projects in Negri Sembilan, is planning to diversify by increasing revenue streams from outside the state alongside an exit from Australia as part of a strategy for more efficient capital reallocation.

Hong Leong Investment Bank Research (HLIB Research), which recently met with the company's management, said despite softer earnings for its third quarter ended March 31, from a temporary revenue-recognition mismatch, the outlook remains positive as Matrix Concepts actively pursues a diversification strategy.

The property developer aims to increase revenue from outside Negri Sembilan to 30% over the next two to three years.

Currently, Matrix Concepts derives over 90% of revenue from the state.

"The initial focus will be on projects in the Klang Valley. In line with this, Matrix Concepts recently announced the acquisition of three target companies with an established presence in Sepang and Banting, Selangor.

"The acquisitions will provide immediate access to active projects and a pipelines of future developments in the regions," the research house said.

It added that the company is preparing to unlock further value from its existing land in Puchong and Damansara, with launches targeted by its financial year ending June 30, 2027 (FY27).

The moves are expected to broaden Matrix Concepts' geographic footprint and strengthen its long-term earnings resilience.

The company's management also shared that its flagship 971.24ha Malaysia Vision Valley (MVV) project in Negri Sembilan, in which it has an 85% stake, would start with the development of industrial land over the next few years before the launch of commercial and residential projects.

MVV has an estimated gross development value (GDV) of RM12.75bil.

"This strategic sequencing is based on the view that industrial products are faster to develop and easier to monetise, enabling quicker capital recovery. To date, Matrix Concepts has secured approximately RM300mil through the sale of 48.56ha of industrial land and expects to recognise 40% of the sum by end-FY26," the research house said.

At an estimated 30% net margin, this would contribute RM30.6mil to Matrix Concepts profit after tax and minority interests.

HLIB Research noted that the company's venture into healthcare in 2019 has now proven to be profitable.

Through a joint venture with the parent company of Mawar Medical Centre, Matrix Concepts receives RM27mil to manage the hospital until 2049 and 92% of the net profit.

Plans in FY26 include expanding the number of beds to 109 from 88, expanding operating theatres to three from two and increasing consultants to 31 from 18.

For its overseas ventures, the company plans to exit Australia after the completion of its M333 St Kilda project in Melbourne at the end of the year, where the take-up rate for the RM289.9mil GDV project as of last December stood at 35.4%.

"Matrix Concepts initially ventured into Australia for diversification and branding purposes, but has since reassessed its strategy due to suboptimal returns compared with its core operations in Negri Sembilan," the research house said, adding that the exit would enable the company to reallocate capital more efficiently.

It said the company also plans to sell one of the two office towers of the Menara Syariah project completed at the end of 2023 located in Jakarta's Islamic financial district. The developer intends to lease the remaining tower

Matrix Concepts has a 30% stake in the project.

One tower has secured 75% commitment from a single tenant while a sale agreement for one-third of the other tower was being finalised.

HLIB Research maintained a "buy" call on the stock with a target price of RM1.73 from RM1.63.

The counter closed at RM1.35 yesterday.