

HLIB Retail Research

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MAHSING: A resilient property developer



Collection range: RM0.56-0.57-0.58

Upside targets: RM0.62-0.66-0.70

Cut loss: RM0.54

Technical snapshots

| | |
|-------------------------|-------------------------------|
| Stock code | MAHSING/8583 |
| Last price (RM) | 0.58 |
| 52Wk High/ Low (RM) | 0.72/0.48 |
| Outlook (2-4 weeks) | Symmetrical triangle breakout |
| Volume (m) | 2.6 |
| Average Volumes 20D (m) | 2.36 |
| *Upside reward (%) | 15.7% |
| *Downside risk (%) | -5.2% |
| HLIB Research TP (RM) | 0.84 |
| Bloomberg TP (RM) | 0.76 |
| Source: HLIB, Bloomberg | |

Note:

- Upside reward calculation: Mid-point upside (RM0.66)/ mid-point collection (RM0.57)
- Downside risk: Cut loss (RM0.54)/ Mid-point collection (RM0.57)

| Earnings summary | | | | | |
|---------------------|--------|--------|--------|--------|--------|
| FYE 31 Dec | FY20 | FY21 | FY22F | FY23F | FY24F |
| Revenue (RM'm) | 1530.8 | 1754.0 | 2017.3 | 1926.7 | 2094.6 |
| Core PATMI (RM'm) | 67.8 | 110.7 | 155.0 | 167.4 | 187.2 |
| Issued Share (RM'm) | 2427.6 | 2427.6 | 2427.6 | 2427.6 | 2427.6 |
| EPS (sen) | 2.8 | 4.6 | 6.4 | 6.9 | 7.7 |
| Dividend (sen) | 1.7 | 2.7 | 2.9 | 3.0 | 3.1 |
| P/E (x) | 20.8 | 12.7 | 9.1 | 8.4 | 7.5 |
| Yield (%) | 2.9% | 4.7% | 5.0% | 5.2% | 5.3% |

Source: HLIB

Technical Risk Profile



A prominent developer. Listed on Bursa Malaysia through its plastic division in 1994, MAHSING ventured into property development in 1994 and was reclassified from the industrial sector to the property sector on Bursa Malaysia in 2000. Over the years, MAHSING has established a diverse portfolio that includes high-rise residential projects, master planned townships, integrated developments, Grade A office buildings, retail projects, SoHo, and industrial developments in Klang Valley, Johor, and Penang. The group entered the glove manufacturing business in 2021, with its factory located in Klang. In FY21, the property division contributed the lion's share of group revenue (77.6%), with the rest coming from manufacturing, hotels, investment holding, and others.

Highest new quarterly sales in the past five years. MAHSING recorded 5-year record high quarterly new sales of RM640m (+6.8% QoQ; +33.6% YoY). The strong sales momentum is expected to continue into 4Q22, with the management confident in achieving its full-year sales target of RM2bn (vs 9M22 RM1.69bn). Going into FY23, MAHSING plans to launch c.20 projects with a minimum sales target of RM2.2bn. The robust launch pipeline should support MAHSING's sales growth in 2023. The group's products should continue to enjoy resilient demand, given that bulk of the new projects are priced at <RM500k, coupled with MAHSING's strong brand recognition and government supportive policy (stamp duty exemption for properties price <RM500k).

Lower losses from manufacturing segment. Apart from its bread and butter property segment, MAHSING's manufacturing segment recorded a wider losses of -RM5m in 3Q22 (vs 2Q22: -RM1.2m) due to lower ASPs in the glove segment resulting in lower margin. Nonetheless, management guided that it had recently secured new buyers and as such expects losses to narrow in subsequent quarters as operating leverage improves from increased sales volume.

Pending flag pattern breakout. Technically, MAHSING performed a symmetrical triangle breakout on 20 Jan, indicating the formation of a new up-trend leg. With indicators on the mend, MAHSING will advance toward RM0.62-0.70 levels. Cut loss at RM0.54.

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| | |
|---------------------|---|
| BUY | Expected absolute return of +10% or more over the next 12 months. |
| HOLD | Expected absolute return of -10% to +10% over the next 12 months. |
| SELL | Expected absolute return of -10% or less over the next 12 months. |
| UNDER REVIEW | Rating on the stock is temporarily under review which may or may not result in a change from the previous rating. |
| NOT RATED | Stock is not or no longer within regular coverage. |

Sector rating guide

| | |
|--------------------|---|
| OVERWEIGHT | |
| NEUTRAL | Sector expected to perform in-line with the market over the next 12 months. |
| UNDERWEIGHT | Sector expected to underperform the market over the next 12 months. |

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