

Mah Sing Group Berhad (MSGB MK)***Mah Sing Opens Door to More Data Centre Players***

- Mahsing's 1QFY25 revenue and core net profit rose 16.4% and 10% YoY, respectively, primarily driven by progressive revenue recognition from ongoing construction activities.
- The collaboration agreement between Mah Sing and Bridge Data Centres (BDC) for a 100MW data centre lapsed after the exclusivity period ended. The partnership, initially structured as a JV, was later revised into a build-to-lease model.
- We maintain our BUY recommendation on Mah Sing with TP of RM2.19, based on the sum-of-parts (SOP) valuation.

1QFY25 Within Expectation.

Mah Sing reported 1QFY25 revenue of RM649.7mn (+16.4% YoY), supported by progressive recognition from ongoing projects. Core net profit rose 10% YoY to RM66mn, in line with our and consensus expectations (at 23.8% and 23% of FY25 forecasts, respectively). The property development segment remained the key contributor, delivering RM103.4mn in operating profit. Other income stream such as interest income, trading of building materials, and hotel operations are also contributed, while manufacturing posted a narrower loss of RM1.3mn YoY. On a QoQ basis, revenue declined -12.7%, reflecting a higher proportion of projects still at early construction stages.

We view this as temporary, with contributions expected to ramp up as progress accelerates over the next few quarters. Despite the revenue dip, core PAT increased 9.3% QoQ, supported by cost finalisations on projects nearing completion.

In the first five months of FY25, Mah Sing recorded RM1.01bn in new property sales (5MFY24: RM992mn). Backed by sustained sales momentum and a continued focus on its M Series affordable housing, the group plans to roll out RM3.3bn worth of new launches in 2H25 across the Central, Northern, and Southern regions. Management remains confident of meeting its full-year sales target of at least RM2.65bn. With unbilled sales of around RM2.73bn and consistent project delivery, earnings visibility for FY25 remains solid.

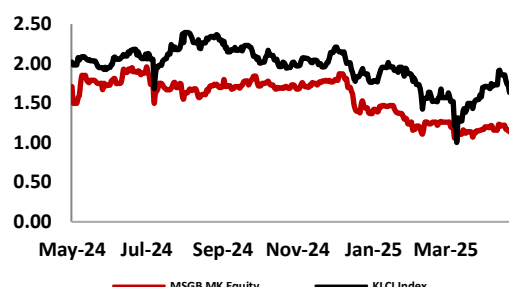
Strong Balance Sheet.

Mah Sing delivered a solid start to 2025, underpinned by prudent capital management and operational discipline. The group maintains a strong balance sheet with RM1bn in cash and short-term investments (as of end-May) and low net gearing of 0.17x (end-March). This positions them well to capitalise on selective land banking opportunities, such as the recent M Aria acquisition (GDV RM283m), and to stay responsive to market-driven growth segments.

BUY

Share Price RM1.02
Target Price RM2.19 +115%

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	(11.7)	(14.6)	(29.4)
vs FBM KLCI	(13.1)	(14.3)	(28.0)

Stock Data

ESG	Best
Adj. Beta	1.4
Mkt Cap (RM mn)	2,611.3
Free float (%)	60.0
Issued shares (mn)	2,560.1
52w H/L (RM)	1.97/ 1.01
3m avg daily volume	7,578,311

Major Shareholders (%)

Mayang Teratai Sdn Bhd	26%
Amanah Saham Nasional	7.5%
Mayang Teratai Limit	7.0%

FYE Dec (RM mn)	FY22	FY23	FY24	FY25F	FY26F
Turnover	2,317	2,603	2,520	3,622	3,948
EBITDA	361	421	442	530	577
Pretax Profit	264	327	337	420	499
Core Profit	187	222	239	319	379
Consensus NP				283	306
EPS (sen)	7.4	8.9	9.4	12.1	14.4
PER (x)	21.2	17.7	16.7	12.4	10.4
DPS (sen)	3.0	4.0	3.0	4.0	5.0
D. Yield (%)	2.9	3.9	1.4	2.3	2.8
P/B	0.9	1.1	1.0	1.0	0.9

Key Ratios (%)

ROE	2.8	3.4	6.2	7.7	8.6
EBITDA margin	15.6	16.2	17.5	14.6	14.6
Pretax margin	11.4	12.6	13.4	11.6	12.6
Net margin	7.8	8.3	9.6	8.5	9.3

Source: Bloomberg, BIMB Securities

Mohd Fadzerin Arrifinmfadzerin@bankislam.com.my
(603) 2613 1738

Strengthening Recurring Income Strategy

Mah Sing is focusing on boosting recurring income by repositioning key commercial assets into lifestyle-driven, income-generating hubs. Enhancement at Ramada by Wyndham Meridin Johor Bahru and the upcoming Zenya project in Kepong aim to blend retail, wellness, and community spaces in line with urban trends. The group is also exploring a healthcare and wellness hub at Icon City 2, catering to growing demand for integrated services in mature locations. These initiatives signal a clear shift toward stronger asset value and more predictable earnings through recurring revenue.

Plot 2 Mah Sing DC Hub@Southville City Development

Mah Sing announced that, following the 30 May 2024 update on its first collaboration agreement (CA1) with Bridge Data Centres Malaysia V Sdn Bhd (BDC) for a data centre on 17.55 acres in Southville City, Bangi, both parties have transitioned from a joint venture model to a build-and-lease arrangement, where Mah Sing will develop the facility and lease it to BDC. CA1 covers a 17.55-acre site for a 100MW data centre, separate from CA2, which involves a 35.68-acre site for a 200MW facility also with BDC. CA2 remains active and is valid until 28 October 2025.

Despite reaching commercial terms and securing key infrastructure confirmations, including electricity, water, and dark fibre, Mah Sing and BDC failed to execute a definitive agreement before CA1's exclusivity period expired on 30 May 2025. Mah Sing had even prepared the electricity supply agreement, indicating its readiness to proceed. The lapse suggests BDC's commitment may have faltered near the finish line, prompting Mah Sing to prioritise execution certainty over extended negotiations. Although BDC requested an extension, Mah Sing has stated that it is unable to agree to one at this stage, citing the lack of a clear commitment from BDC to finalise the agreement. The development remains encouraging, potentially creating opportunities for other data centre players and operators looking to expand quickly in Mah Sing DC Hub@Southville City.

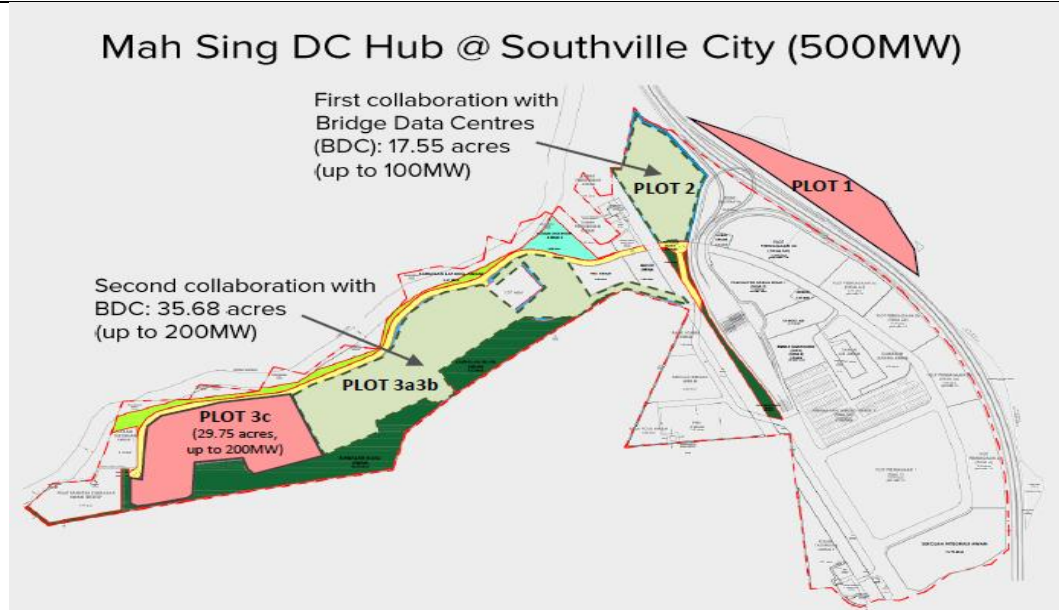
Outlook

Mah Sing continues to exhibit impressive earnings potential, propelled by robust sales performance from its M-Series projects. The company is focused on growing its landbank, emphasizing the quick and efficient execution of residential and industrial developments. For FY25, Mah Sing has set a property sales target of RM2.65bn, drawing on a varied portfolio that spans residential, commercial, industrial, and data center projects across diverse regions. With a healthy financial position (RM1bn in cash (end-may) and a net gearing ratio of 0.17x) the company significantly expanded its landbank, boosting its GDV by RM5.8bn in 2024 and an additional RM283mn in early 2025. Moving forward, Mah Sing's strategy remains to focus on the core residential property segment while exploring emerging opportunities in industrial developments, data centers for recurring income, and manufacturing. Well-positioned in the affordable housing segment, the company oversees a sizable landbank of 2,321 acres, with a remaining GDV of RM27.1bn that will drive long-term growth.

Maintain BUY with a TP of RM2.19

We maintain our **BUY** call on Mah Sing, with a target price of **RM2.19** based on our sum-of-parts valuation with a discount to the RNAV at 35% and included the data center (DC) value at 19x EV/EBITDA. The company's strong fundamentals and ongoing land acquisitions support a quick turnaround and provide clear visibility for sustainable long-term earnings. Moreover, Mah Sing's move to diversify revenue by leveraging its landbank for data center development, creating recurring income, further enhances its outlook.

Chart 1: Mah Sing DC Hub @ Southville City Location Map



Source: BIMB Securities, Company

Chart 2: Triangle DC Hub Mah Sing DC Hub, Cyberjaya and Bukit Jalil Location Map



Source: BIMB Securities, Company

Table 1: SOP Valuation

Projects	Remaining GDV (RMm)	NPV (RMm)
Greater KL	19082	2157
Johor	6175	820
Penang	1784	142
Total	27,041	3,119
Shareholder Fund (RMm)		4,047
Total RNAV		7167
Discount		35%
Adjusted RNAV		4658
Bridge Data Center (19x EV/EBITDA)	30% Stake	909
Equity Value		5567
Number of Shares (m)		2,538
Target Price		2.19

Source: BIMB Securities, Company

Income Statement					
FYE Dec (RM mn)	FY22	FY23	FY24	FY25F	FY26F
Turnover	2,603.2	2,603.2	2,520.3	3,622.2	3,947.8
Operating cost	-2,007.6	-2,007.6	-1,891.8	-2,793.4	-3,044.5
EBITDA	420.7	420.7	441.6	530.3	577.0
Depreciation & amortisation	-41.5	-41.5	-50.0	-49.0	-48.5
EBIT	379.2	379.2	391.6	481.2	528.5
Interest income	7.8	7.8	10.7	9.9	10.9
Interest expense	-59.6	-59.6	-65.3	-65.3	-65.9
Share of Associate	0.0	0.0	0.0	0.0	25.7
Pre-tax profit	327.4	327.4	337.1	419.6	499.3
Income tax	-105.2	-105.2	-98.0	-100.7	-119.8
PAT	222.2	222.2	239.1	318.9	379.4
Minority interest	-6.9	-6.9	1.6	-10.4	-11.8
Net profit	215.3	215.3	240.7	308.5	367.7
Core net profit	215.3	215.3	240.7	308.5	367.7
Balance Sheet					
FYE Dec (RM mn)	FY22	FY23	FY24	FY25F	FY26F
Non-Current Asset	2,684.6	2,627.2	3,291.4	2,721.7	2,777.8
Current Asset	3,705.1	3,789.5	4,261.8	4,800.9	5,072.5
Total Asset	6,389.7	6,416.8	7,553.3	7,522.6	7,850.3
Non-Current Liabilities	1,370.5	1,385.0	1,454.7	1,495.2	1,386.1
Current Liabilities	1,432.0	1,294.9	2,123.3	2,005.0	2,209.1
Total Liabilities	2,802.5	2,679.9	3,578.0	3,500.2	3,595.2
Total Equity	3,587.2	3,736.9	3,975.3	4,022.3	4,255.1
Total liabilities & equity	6,389.7	6,416.8	7,553.3	7,522.6	7,850.3
Cash Flow					
FYE Dec (RM mn)	FY22	FY23	FY24	FY25F	FY26F
Cash flow from operating activities (CFO)	715.7	1,090.1	579.3	846.2	1,020.1
Cash flow from investing activities (CFI)	-208.6	-495.7	-867.3	-490.2	-490.9
Cash flow from financing activities (CFF)	-540.1	-298.4	579.6	-567.7	-562.5
Net change in cash & cash equivalent	-33.0	296.0	291.6	-211.8	-33.3

Source: Company, BIMB Securities

DEFINITION OF RATINGS

BIMB Securities uses the following rating system:

STOCK RECOMMENDATION

BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
HOLD	Share price may fall within the range of +/- 10% over the next 12 months
TAKE PROFIT	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL	Share price may fall by more than 15% in the next 3 months.
SELL	Share price may fall by more than 10% over the next 12 months.
NOT RATED	Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
UNDERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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BIMB SECURITIES SDN BHD (290163-X)

A Participating Organisation of Bursa Malaysia Securities Berhad

Level 34, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur

Tel: 03-2613 1600 Fax: 03-2613 1799

<http://www.bimbsec.com.my>

A handwritten signature in black ink, appearing to read "Mohd Redza".

Mohd Redza Abdul Rahman

Director of Research