# Mah Sing Group (MSGB MK)

## 2Q26 Results Preview; Industrial Catalysts Emerging

**BUY** (Maintained)

| | |
|---|---|
| Share Price | RM1.12 |
| Target Price | RM1.42 |
| Upside | 27.0% |

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## Highlights

- We expect Mah Sing's 2Q26 core earnings to be within RM72m-75m, while sales remain on track to meet its full-year target of RM2.76b.
- We see scope for further re-rating as Mah Sing builds its industrial exposure through MS Industrial Park @ Kulai and unlocks potential value from data centre land sales at Southville City and Meridin East. The stock currently trades at 10.0x/9.3x 2026F/27F PE and 0.7x 2026/27F P/B.
- Maintain BUY with an unchanged target price of RM1.42.

## Analysis

- **2Q26 results preview.** We expect Mah Sing Group (Mah Sing) to report core earnings of RM72m-75m (+7-12% yoy) in 2Q26, bringing 1H26 core earnings to RM140m-143m, running on track at 49-50% of our full-year forecast. We expect cost pressures to remain manageable, supported by tighter cost control, contingency buffers built into project budgets and its ability to negotiate with contractors given a steady project pipeline.
- **Fast project turnaround supports earnings visibility.** M Zenya, Kepong topped out in Jul 26 and is expected to complete in 1Q27, around three years after its launch and 13 months ahead of its original schedule. This follows M Astra in Setapak, which was completed in Jan 26, also around three years after launch and 15 months ahead of schedule. Both projects were originally scheduled for completion over a period of around four years, highlighting Mah Sing's ability to shorten its project turnaround. With RM384m of unbilled sales and remaining GDV as of end-1Q26, the faster construction timeline should bring forward revenue recognition into 2H26 and 1Q27.
- **Sales on track.** We gather that property sales remain on track to meet its full-year sales target of RM2.76b, supported by solid owner-occupier demand for its M-series products. The weaker industry residential loan approval rate has not materially affected Mah Sing, supported by its price points and pre-launch engagement with banks on project valuations. In Jul 26, Mah Sing launched M Amaya in Penang, with a starting price of RM480,000, with Phase 1A achieving a 92% take-up rate. Upcoming launches include M Mira, M Hana, M Cora, M Tiara 2, Corus redevelopment (late 3Q26 or 4Q26) and MS Industrial Park @ Kulai (4Q26).

### Key Financials

| Year to 31 Dec (RMm) | 2024 | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|---|
| Net turnover | 2,520 | 2,517 | 2,840 | 2,998 | 3,179 |
| EBITDA | 442 | 503 | 510 | 566 | 620 |
| Operating profit | 392 | 441 | 466 | 502 | 535 |
| Net profit (rep./act.) | 241 | 260 | 287 | 308 | 328 |
| Net profit (adj.) | 241 | 274 | 287 | 308 | 328 |
| EPS (sen) | 9.6 | 10.7 | 11.2 | 12.0 | 12.8 |
| PE (x) | 11.7 | 10.5 | 10.0 | 9.3 | 8.7 |
| P/B (x) | 0.7 | 0.7 | 0.7 | 0.7 | 0.6 |
| EV/EBITDA (x) | 7.0 | 6.9 | 7.2 | 6.8 | 6.4 |
| Dividend yield (%) | 4.0 | 4.5 | 4.9 | 5.3 | 5.6 |
| Net margin (%) | 9.6 | 10.9 | 10.1 | 10.3 | 10.3 |
| Net debt/(cash) to equity (%) | 16.0 | 25.8 | 28.8 | 30.5 | 32.6 |
| Interest cover (x) | 8.1 | 8.6 | 7.8 | 7.7 | 7.7 |
| ROE (%) | 6.5 | 7.3 | 7.4 | 7.8 | 8.1 |
| Consensus net profit | | | 292 | 310 | 329 |
| UOBKH/Consensus (x) | | | 1.0 | 1.0 | 1.0 |

*Source: Mah Sing Group, Bloomberg, UOB Kay Hian*

### Stock Data

| | |
|---|---|
| GICS sector | Real Estate |
| Bloomberg ticker: | MSGB MK |
| Shares issued (m): | 2,560.1 |
| Market cap (RMm): | 2,483.3 |
| Market cap (US$m): | 609.7 |
| 3-mth avg daily t'over (US$m): | 1.2 |

### Price Performance (%)

52-week high/low: RM1.27/RM0.925

| 1mth | 3mth | 6mth | 1yr | YTD |
|---|---|---|---|---|
| (2.5) | (7.6) | (13.4) | (23.0) | 0.5 |

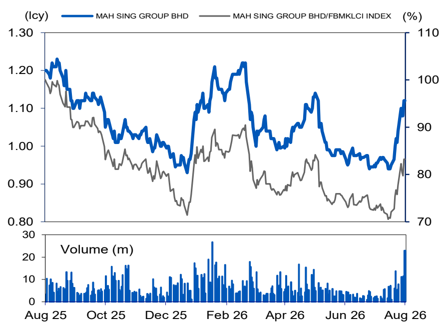
### Major Shareholders

| | % |
|---|---|
| Mayang Teratai | 32.5 |
| Amanah Saham Nasional | 7.5 |
| Bank of Singapore | 6.05 |

### Balance Sheet Metrics

| | |
|---|---|
| FY26F NAV/Share (RM) | 1.65 |
| FY26F Net Debt/Share (RM) | 0.48 |

### Price Chart




*Source: Bloomberg*

### Company Description

One of the leading property developers in Malaysia, famous for its quick turnaround strategy.

- **Industrial contribution to support 2027 growth.** Following shareholders' approval for the related party land acquisition in Jul 26, MS Industrial Park @ Kulai remains on track for launch in 4Q26, with revenue contribution expected from 1Q27. Management targets the industrial sales to contribute around 10% of group sales in 2026, while that could increase to 20-30% of sales over time. Margins for initial phases are expected to be comparable with M Series due to upfront infrastructure works, before improving in subsequent quarters. This could support a higher sales and margin mix in 2027. The development will comprise cluster factories and outright industrial land sales (including land sales to data centre). The company targets domestic and foreign clients, including players in the halal, F&B, medical related industries.
- **Potential upside from material land monetisation.** Apart from MS Industrial Park @ Kulai, Mah Sing has 150 acres earmarked for data centre development at Southville City and another 60.9 acres at Meridin East, with enquiries progressing well at both locations. Recall that previous discussions with potential buyers at Southville covered 53.2 acres (17.6-acre Plot 2 land and 35.7-acre Plot 3a & 3b land), with land values ranging from RM160-200psf, providing a useful valuation benchmark. On 5 Aug 26, Mah Sing announced that it has entered into a term sheet for a proposed land disposal "which may be deemed to be material", with the parties currently finalising the definitive agreement. While no details have been disclosed, we do not rule out a sizeable industrial or data centre land sale, which could crystallise land value and provide earnings upside.

## Valuation/Recommendation

- **Maintain BUY with an unchanged target price of RM1.42.** Our SOTP-based target price implies 0.9x 2026F P/B (10-year mean: 0.7x) and 12.7x 2026F PE (10-year mean: 13.9x). The stock currently offers an attractive value, on the back of: a) solid property sales and take-up rates, b) expanding industrial exposure which has higher margin, and c) potential lumpy industrial land sales.

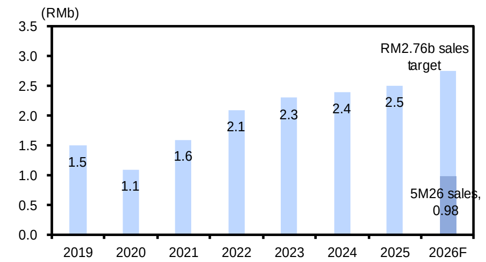
## Earnings Revision/Risk

- No earnings revision.

## Environmental, Social, Governance (ESG)

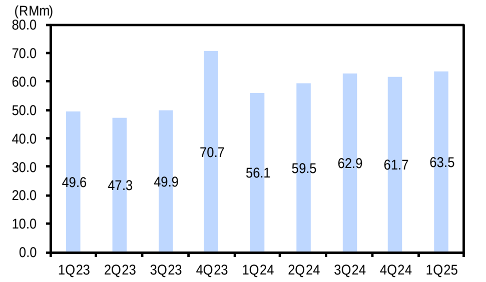
- Environmental - Awarded GreenRE Bronze certification for M Minori, M Panora, M Astra and others.
- Social - M Adora completed 2,200,000 man-hours without any incidents.
- Governance - Good company transparency along with an anti-bribery and anti-corruption policy.

### Sales Trend (RMm)



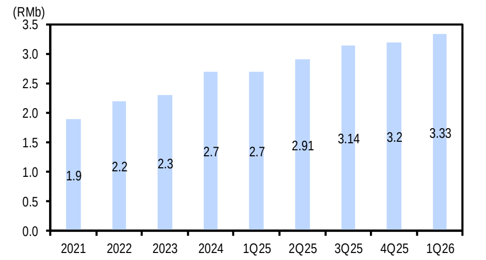

Source: Mah Sing Group, UOB Kay Hian

### Quarterly Core Net Profit Trends (RMm)



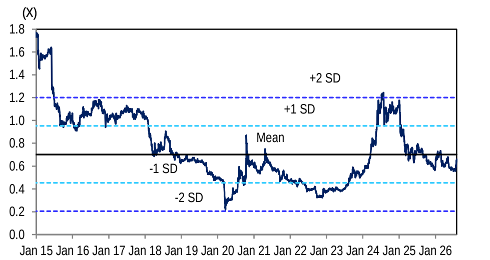

Source: Mah Sing Group, UOB Kay Hian

### Unbilled Sales (RMm)



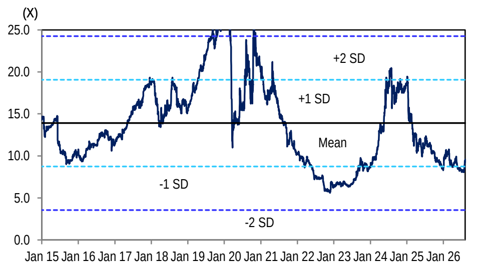

Source: Mah Sing Group, UOB Kay Hian

### 12-Month Forward PB




Source: Bloomberg, UOB Kay Hian

### 12-Month Forward PE




Source: Bloomberg, UOB Kay Hian

## Profit & Loss

| Year to 31 Dec (RMm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Net turnover | 2,517 | 2,840 | 2,998 | 3,179 |
| EBITDA | 503 | 510 | 566 | 620 |
| Deprec. & amort. | (61) | (44) | (64) | (84) |
| EBIT | 441 | 466 | 502 | 535 |
| Associate contributions | 48 | 41 | 45 | 43 |
| Net interest income/(expense) | (59) | (66) | (73) | (80) |
| Pre-tax profit | 383 | 401 | 429 | 455 |
| Tax | (105) | (96) | (103) | (109) |
| Minorities | (18) | (18) | (18) | (18) |
| Net profit | 260 | 287 | 308 | 328 |
| Net profit (adj.) | 274 | 287 | 308 | 328 |

## Balance Sheet

| Year to 31 Dec (RMm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Fixed assets | 3,273 | 3,655 | 4,041 | 4,433 |
| Other LT assets | 489 | 489 | 489 | 489 |
| Cash/ST investment | 1,211 | 1,255 | 1,355 | 1,440 |
| Other current assets | 3,090 | 3,216 | 3,284 | 3,356 |
| Total assets | 8,063 | 8,615 | 9,169 | 9,718 |
| ST debt | 333 | 333 | 333 | 333 |
| Other current liabilities | 1,600 | 1,770 | 1,907 | 2,015 |
| LT debt | 1,930 | 2,143 | 2,368 | 2,606 |
| Other LT liabilities | 99 | 99 | 99 | 99 |
| Shareholders' equity | 4,069 | 4,233 | 4,409 | 4,595 |
| Minority interest | 18 | 36 | 54 | 71 |
| Total liabilities & equity | 8,063 | 8,615 | 9,169 | 9,718 |

## Cash Flow

| Year to 31 Dec (RMm) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Operating | 387 | 458 | 532 | 546 |
| Pre-tax profit | 383 | 401 | 429 | 455 |
| Tax | (105) | (96) | (103) | (109) |
| Deprec. & amort. | (61) | (44) | (64) | (84) |
| Associates | - | - | - | - |
| Working capital changes | 504 | 44 | 68 | 36 |
| Non-cash items | 59 | 66 | 73 | 80 |
| Other operating cashflows | (392) | 87 | 128 | 169 |
| Investing | (621) | (407) | (431) | (458) |
| Capex (growth) | (640) | (426) | (450) | (477) |
| Others | 19 | 19 | 19 | 19 |
| Financing | 346 | 6 | (0) | (3) |
| Dividend payments | (159) | (141) | (152) | (161) |
| Issue of shares | - | - | - | - |
| Proceeds from borrowings | 286 | 213 | 225 | 238 |
| Others/interest paid | 219 | (66) | (73) | (80) |
| Net cash inflow (outflow) | 112 | 57 | 100 | 85 |
| Beginning cash & cash equivalent | 1,347 | 1,211 | 1,255 | 1,355 |
| Ending cash & cash equivalent | 1,211 | 1,255 | 1,355 | 1,440 |

## Key Metrics

| Year to 31 Dec (%) | 2025 | 2026F | 2027F | 2028F |
|---|---|---|---|---|
| Profitability | | | | |
| EBITDA margin | 20.0 | 18.0 | 18.9 | 19.5 |
| Pre-tax margin | 15.2 | 14.1 | 14.3 | 14.3 |
| Net margin | 10.9 | 10.1 | 10.3 | 10.3 |
| ROA | 5.2 | 5.8 | 6.0 | 6.3 |
| ROE | 7.3 | 7.4 | 7.8 | 8.1 |
| | | | | |
| Growth | | | | |
| Turnover | (0.1) | 12.9 | 5.6 | 6.0 |
| EBITDA | 13.8 | 1.5 | 11.0 | 9.5 |
| Pre-tax profit | 12.7 | 5.6 | 7.7 | 6.6 |
| Net profit | 8.0 | 10.3 | 7.4 | 6.4 |
| Net profit (adj.) | 13.6 | 4.7 | 7.4 | 6.4 |
| EPS | 11.9 | 4.7 | 7.4 | 6.4 |
| | | | | |
| Leverage | | | | |
| Debt to total capital | 55.4 | 58.0 | 60.5 | 63.0 |
| Debt to equity | 55.6 | 58.5 | 61.3 | 64.0 |
| Net debt/(cash) to equity | 25.8 | 28.8 | 30.5 | 32.6 |
| Interest cover (x) | 8.6 | 7.8 | 7.7 | 7.7 |

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