

Team Coverage

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Recommendation:	HOLD
Current Price:	RM 1.48
Previous Target Price:	RM 1.43
Target Price:	↔ RM 1.43
Upside/Downside:	-3.4%

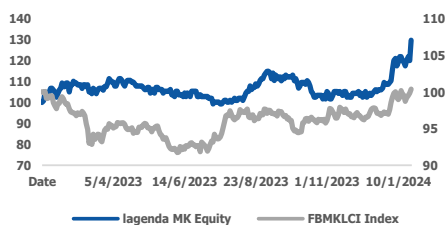
Stock information

Board	MAIN
Sector	Property
Bursa / Bloomberg Code	7179 / LAGENDA MK
Syariah Compliant	Yes
FTSE4Good Index	Yes
FTSE ESG Rating	☆☆☆☆
Bloomberg ESG Rating	N/A
Shares issued (m)	837.3
Market Cap (RM' m)	1,239.2
52-Week Price Range (RM)	1.48-1.15
Beta (x)	0.9
Free float (%)	32.4
3M Average Volume (m)	0.4
3M Average Value (RM' m)	0.5

Top 3 Shareholders (%)

LAGENDA LAND SDN BHD	63.9
ETIQA LIFE INSU	1.5
DOH PROPERTIES H SDN	1.1

Share Price Performance



	1M	3M	12M
Absolute (%)	22.3	25.4	23.3
Relative (%)	18.3	20.3	23.0

Legenda Properties Berhad

Strategic collaboration

Summary

- **Establish Seed Homes, a 50:50 joint venture between Sime Darby Property Bhd and Legenda Properties Bhd aiming to deliver innovative solutions in the affordable homes segment.**
- **Proposed collaboration allows Legenda to leverage onto Sime Darby's position as one of the largest property players in Malaysia, while Legenda will offer their expertise in affordable housing township development.**
- **Downgrade LAGENDA to HOLD with an unchanged target price of RM1.43, pending further details in coming quarter's results briefing.**

Results Review

- **Partnering for Affordable Housing.** Sime Darby Property, through its wholly owned subsidiary, Seed Homes Sdn Bhd, has inked a shareholder's agreement with Legenda to establish Seed Homes Legenda, a 50:50 joint venture aiming to deliver innovative solutions in the affordable homes segment. Both companies will leverage their unique strengths and expertise to accelerate affordable homeownership nationwide.
- **Land acquisition.** Seed Homes Legenda has acquired 249-ac of land from Sime Darby Property in Gurun, Kedah, for an estimated cost of RM50.0m to embark on the latter first affordable township project, offering over 3,000 single-story terrace houses. This development is strategically positioned to benefit from the area's potential industrial expansion.
- **Township details.** Set to launch in late FY24 or early FY25, the township offers an estimated GDV of RM750m-RM850m. We believe this joint venture project could significantly contribute to Legenda's revenue growth in the next financial year. With an estimated selling price between RM250,000-300,000, we reckon this move is deem fit to strengthen the group presence beyond Perak state. Margins wise, we expect the aforementioned project will generate approximately 35-40% in gross margins which is deem similar to historical completed projects.
- **Our take.** We are sanguine over the proposed collaboration which allows Legenda to leverage onto Sime Darby's position as one of the largest property players in Malaysia, while Legenda will provide their expertise in affordable housing township development. Also, we reckon this collaborative effort may also pave way for future collaborations.
- **Valuation.** With the appreciation in share price in recent months, we downgrade LAGENDA to **HOLD** with an unchanged target price of RM1.43. Still, we do not discount a potential re-rating in the cards as we have yet to pencilled in the latest development, pending further details in the next quarter's results briefing.
- **Risk.** Inability to replenish landbank, unexpected further rise in construction costs and changes in housing as well as property regulations.

Financial Highlights
Income Statement

FYE Dec (RM m)	FY20	FY21	FY22	FY23F	FY24F
Revenue	697.6	835.6	866.9	827.5	1089.3
Gross Profit	277.0	324.1	319.7	289.6	381.3
EBITDA	227.8	294.5	270.1	240.8	317.0
Depreciation & Amortisation	-1.8	-2.4	-3.4	-3.3	-4.4
EBIT	226.0	292.1	266.7	237.5	312.6
Net Finance Income/ (Cost)	-9.6	-13.0	-15.3	-17.4	-15.7
Associates & JV	-0.6	0.0	0.0	0.0	0.0
Pre-tax Profit	215.8	279.1	251.4	220.0	296.9
Tax	-64.3	-77.6	-73.3	-63.8	-86.1
Profit After Tax	151.5	201.5	178.1	156.2	210.8
Minority Interest	-9.2	0.0	0.0	0.0	0.0
Net Profit	142.3	201.5	178.1	156.2	210.8
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	142.3	201.5	178.1	156.2	210.8

Key Ratios

FYE Dec (RM m)	FY20	FY21	FY22	FY23F	FY24F
EBITDA margin	32.7%	35.2%	31.2%	29.1%	29.1%
EBIT margin	32.4%	35.0%	30.8%	28.7%	28.7%
PBT margin	30.9%	33.4%	29.0%	26.6%	27.3%
PAT margin	21.7%	24.1%	20.5%	18.9%	19.4%
NP margin	20.4%	24.1%	20.5%	18.9%	19.4%
Core NP margin	20.4%	24.1%	20.5%	18.9%	19.4%
ROE	22.7%	22.9%	17.5%	12.7%	14.2%
ROA	82.0%	91.0%	65.8%	51.2%	61.0%
Net gearing	1.9%	Net Cash	Net Cash	Net Cash	Net Cash

Key Assumptions

FYE Dec (RM m)	
NPV	9.0%
Beta	0.84
Risk Free Rate	4.0%
RNAV (RM' m)	1921.5

Valuations

RNAV (RM' m)	1.79
Discount Rate	20.0%
Fair Value (RM)	1.43

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY20	FY21	FY22	FY23F	FY24F
Cash	214.3	229.4	441.9	681.3	694.4
Receivables	203.3	271.0	245.4	226.7	298.4
Inventories	361.4	450.4	472.0	412.6	485.0
Other current assets	209.8	276.0	346.4	413.5	521.2
Total Current Assets	988.8	1226.8	1505.7	1734.1	1999.0
Fixed Assets	13.5	11.1	17.2	20.2	24.2
Intangibles	24.5	25.6	25.6	25.6	25.6
Other non-current assets	135.6	184.7	228.0	259.3	295.7
Total Non-current assets	173.6	221.4	270.8	305.0	345.5
Short-term Debt	42.8	42.7	193.1	305.3	58.9
Payables	182.7	195.5	178.8	169.5	194.0
Other Current Liabilities	111.2	163.5	194.2	201.7	262.6
Total Current Liabilities	336.7	401.7	566.1	676.5	515.5
Long-term Debt	183.4	162.1	193.1	136.5	339.3
Other non-current liabilities	16.0	3.7	1.1	0.0	0.0
Total Non-current Liabilities	199.4	165.8	194.2	136.5	339.3
Shareholder's equity	618.5	880.7	1016.2	1226.1	1489.7
Minority interest	7.8	0.0	0.0	0.0	0.0
Equity	626.3	880.7	1016.2	1226.1	1489.7

Cash Flow

FYE Dec (RM m)	FY20	FY21	FY22	FY23F	FY24F
Pre-tax profit	215.8	279.1	251.4	220.0	296.9
Depreciation & amortisation	1.8	2.4	3.4	3.3	4.4
Changes in working capital	39.2	-129.3	-40.4	-0.6	-206.2
Others	-38.3	-95.1	-96.3	-75.4	-87.7
Operating cash flow	218.4	57.1	118.1	147.4	7.4
Net capex	-129.4	-17.7	-17.6	-17.0	-17.0
Others	24.5	-44.4	-24.9	-39.1	-39.9
Investing cash flow	-104.9	-62.1	-42.5	-56.1	-56.9
Dividends paid	0.0	-45.0	-54.4	-39.1	-52.7
Others	11.3	87.1	162.9	44.9	-55.6
Financing cash flow	11.3	42.1	108.5	5.8	-108.3
Net cash flow	124.8	37.1	184.2	97.1	-157.9
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	65.8	190.6	227.7	411.9	509.0
Ending cash	190.6	227.7	411.9	509.0	351.1

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD	DEALING TEAM	RESEARCH TEAM
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RESEARCH RECOMMENDATION FRAMEWORK

STOCK RECOMMENDATIONS

BUY: Total returns* are expected to exceed 10% within the next 12 months.
HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.
SELL: Total returns* are expected to be below -10% within the next 12 months.
TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.
TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.
 *Capital gain + dividend yield

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.
NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.
UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

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