

Team Coverage

(603) 7890 8888

research.dept@apexsecurities.com.my

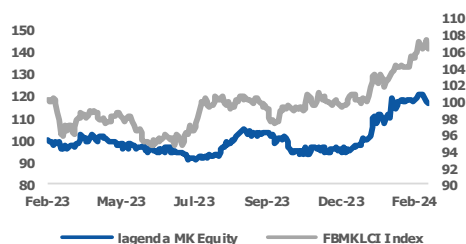
Recommendation:	BUY
Current Price:	RM 1.45
Previous Target Price:	RM 1.43
Target Price:	RM 1.70 ↑
Upside/Downside:	17.2%

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)	1,214.1
52-Week Price Range (RM)	1.15-1.52
Beta (x)	0.9
Free float (%)	44.7
3M Average Volume (m)	0.6
3M Average Value (RM' m)	0.9

Top 3 Shareholders	(%)
LAGENDA LAND SDN BHD	51.6
ETIQA LIFE INSU	1.5
DOH PROPERTIES H SDN	1.1

Share Price Performance



	1M	3M	12M
Absolute (%)	-0.7	21.8	10.7
Relative (%)	-2.8	14.5	4.1

Legenda Properties Berhad

Concluded the year with consistent performance

Summary

- **12MFY23 core net profit RM153.1m came within our expectations, making up to 98.1% of core net profit forecast at RM156.2m.**
- **Unbilled sales stood at RM732.4m representing 0.9x its FY22 revenue, suggesting potential revenue visibility for the next 12 months.**
- **We upgrade LAGENDA to a BUY recommendation, raising our target price to RM1.70, based on 20% discount to RNAV.**



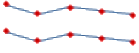
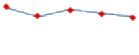
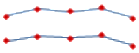



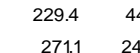
Results Review

- **Results review.** 4QFY23 net profit slipped at -6.2% yoy but rose +7.9% qoq to RM41.9m. Revenue for the quarter gained 13.9% qoq and 20.6% yoy, reaching RM248.1m, underpinned by higher project completion progress, and a stronger sales conversion rate in newly launched projects, particularly Darulaman Legenda Phases 3A and Legenda Suria Phase 1A. A second interim dividend of 3.5 sen per share, payable on 30 April 2024 was declared.
- **Results within expectations.** 12MFY23 core net profit at RM153.1m came within expectations, accounting to 98.1% of our core net profit forecast at RM156.2m and was at 102.8% of consensus forecasted net profit of RM149.0m
- **Operations Highlights.** In 12MFY23, LAGENDA's new sales reached RM1.04b, representing a 33% yoy improvement from RM788m in FY22. Unbilled sales stood at RM732.4m (down from RM855.1m in 3QFY23) representing 0.9x its FY22 revenue, suggesting potential revenue visibility for the next 12 months.
- **Industry Highlights.** Demand for landed houses is expected to remain resilient, supported by stable market performance and shifting buyer preferences favoring affordability. We opine that landed homes, particularly in the RM300,000-RM500,000 range, remain preferred over high-rise condominiums.
- **Outlook.** Going forward, the group's landbank of approximately 1,500-ac, with an estimated gross development value (GDV) of RM5.6b, is expected to sustain long-term revenue visibility. Additionally, the group aims to launch over 8,000 units of affordable homes with an estimated GDV of RM1.9b in FY24, further solidifying our optimism about their strong growth prospects for upcoming years.
- **Valuation.** We maintain our FY24F earnings forecast at RM210.1m and introduced our FY25F forecast at RM251.5m, representing a 19.7% yoy growth. We upgrade our recommendation to **BUY** from HOLD, raising our target price to RM1.70 as we roll over our valuation to FY25F earnings, based on 20% discount rate to our RNAV.
- **Risk.** Economy's sluggishness, inability to secure more land, rising construction costs beyond expectations, and changes in housing as well as property regulations.

Thursday, February 29, 2024

Company Results

Figure 1: Results Comparison

FYE Dec (RM m)	4QFY23	4QFY22	YoY (%)	3QFY23	QoQ (%)	12MFY22	12MFY23	YoY (%)	5 Quarters Trend	Comments
Revenue	248.1	236.1	5.1	217.9	13.9	868.1	843.3	(2.9)		Driven by newly launched projects
EBITDA	61.9	69.5	(11.0)	64.0	(3.3)	266.0	235.1	(11.6)		
Pre-tax profit	59.2	65.4	(9.5)	57.9	2.4	250.8	217.3	(13.3)		
Net profit	42.0	44.8	(6.1)	38.6	9.0	177.7	152.9	(14.0)		
Core net profit	41.9	44.7	(6.3)	38.8	7.9	177.8	153.1	(13.9)		Improved sales conversion
Core EPS (sen)	1.2	1.3	(6.3)	1.1	7.9	4.5	5.2	16.1		
EBITDA margin (%)	24.9	29.5		29.4		30.6	27.9			
PBT margin (%)	23.9	27.7		26.6		28.9	25.8			
Core PATMI margin (%)	16.9	18.9		17.8		20.5	18.2			

Source: Company, Apex Securities

Income Statement

FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
Revenue	835.6	866.9	843.3	1089.9	1304.6
Gross Profit	324.1	319.7	302.0	401.1	480.1
EBITDA	294.5	270.2	337.3	436.0	521.8
Depreciation & Amortisation	-6.8	-9.5	-1.9	-3.0	-4.2
EBIT	287.7	260.7	335.5	433.0	517.6
Net Finance Income/ (Cost)	16.1	18.8	27.6	32.6	41.2
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	272.8	250.6	217.3	280.1	335.3
Tax	-77.6	-73.3	-65.6	-70.0	-83.8
Profit After Tax	195.2	177.3	152.9	210.1	251.5
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	195.2	177.3	152.9	210.1	251.5
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	195.2	177.3	152.9	210.1	251.5

Key Ratios

FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
EBITDA margin	35.2%	31.2%	40.0%	40.0%	40.0%
EBIT margin	34.4%	30.1%	39.8%	39.7%	39.7%
PBT margin	32.6%	28.9%	25.8%	25.7%	25.7%
PAT margin	23.4%	20.5%	18.1%	19.3%	19.3%
NP margin	23.4%	20.5%	18.1%	19.3%	19.3%
Core NP margin	23.4%	20.5%	18.1%	19.3%	19.3%
ROE	20.7%	14.6%	11.2%	13.3%	13.8%
ROA	13.5%	10.0%	10.7%	13.9%	13.1%
Net gearing	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Key Assumptions

FYE Dec (RM m)	
NPV	10.0%
Beta	0.84
Risk Free Rate	4.0%
RNAV (RM' m)	1778.8

Valuations

FY25F	
RNAV (RM' m)	2.12
Discount Rate	20%
Fair Value (RM)	1.70

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
Cash	229.4	441.8	375.3	505.7	949.5
Receivables	271.1	245.4	231.0	298.6	357.4
Inventories	450.4	472.0	480.9	325.1	189.4
Other current assets	53.3	68.6	59.0	76.3	91.3
Total Current Assets	1226.8	1505.7	1146.3	1205.6	1587.6
Fixed Assets	11.1	17.2	32.2	51.0	72.9
Intangibles	51.2	51.2	51.2	51.2	51.2
Other non-current assets	186.4	230.0	230.0	230.0	230.0
Total Non-current assets	221.4	270.8	287.8	306.6	328.5
Short-term Debt	40.9	190.7	200.2	210.2	220.8
Payables	193.4	178.8	550.8	751.2	714.5
Other Current Liabilities	2.7	3.1	16.0	20.7	24.7
Total Current Liabilities	401.7	566.2	783.0	1002.8	984.7
Long-term Debt	159.1	188.6	223.5	264.9	314.0
Other non-current liabilities	6.7	5.6	5.1	5.1	5.1
Total Non-current Liabilities	165.9	194.2	228.7	270.1	319.1
Shareholder's equity	1252.7	1761.3	2066.0	2485.1	2986.9
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	940.9	1213.8	1366.2	1575.7	1826.6

Cash Flow

FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
Pre-tax profit	272.8	250.6	217.3	280.1	335.3
Depreciation & amortisation	6.8	9.5	19	3.0	4.2
Changes in working capital	-129.3	-40.4	-401.0	-277.7	-30.6
Others	-114.4	-24.2	-384.8	-261.5	-14.4
Operating cash flow	56.8	117.8	-70.3	114.7	415.7
Net capex	4.4	15.6	16.9	21.8	26.1
Others	-66.5	-58.1	-58.1	-58.1	-58.1
Investing cash flow	-62.1	-42.5	-41.2	-36.3	-32.0
Dividends paid	0.5	0.5	0.5	0.5	0.5
Others	42.1	108.5	45.0	52.0	60.1
Financing cash flow	42.1	108.5	45.0	52.0	60.1
Net cash flow	36.8	183.9	-66.5	130.4	443.8
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	1.0	2.0	3.0	4.0
Beginning cash	214.3	229.4	441.8	375.3	505.7
Ending cash	229.4	441.8	375.3	505.7	949.5

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD

Head Office:

6th Floor, Menara Apex,
Off Jalan Semenyih,
Bukit Mewah 43000 Kajang,
Selangor Darul Ehsan, Malaysia

General Line: (603) 8736 1118

Mutiara Damansara Office:

5th Floor Menara UAC, 12, Jalan PJU 7/5,
Mutiara Damansara,
47800 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

General Line: (603) 7890 8899

DEALING TEAM

Head Office:

Kong Ming Ming (ext 2002)
Shirley Chang (ext 2026)
Norisam Bojo (ext 2027)
Ahmad Mujib (ext 2028)

Institutional Dealing Team:

Siti Nur Nadhirah (ext 2032)

PJ Office:

General Line: (603) 7620 1118
Azfar Bin Abdul Aziz (Ext 822)

RESEARCH TEAM

Mutiara Damansara Office:

Kenneth Leong (ext 2093)
Lee Cherng Wee (ext 2067)
Steven Chong (ext 2068)
Jayden Tan (ext 2069)
Aiman Kamil (ext 2071)

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.

DISCLAIMER

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.