

Team Coverage

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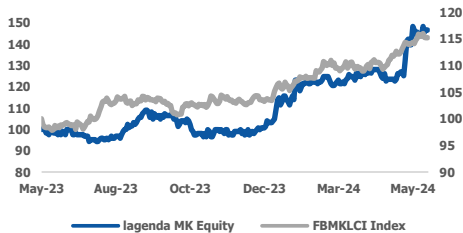
Recommendation:	HOLD
Current Price:	RM 1.72
Previous Target Price:	RM 1.79
Target Price:	↔ RM 1.79
Upside/Downside:	4.1%

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)	1,440.2
52-Week Price Range (RM)	1.15-1.77
Beta (x)	0.8
Free float (%)	45.0
3M Average Volume (m)	0.9
3M Average Value (RM' m)	1.4

Top 3 Shareholders	(%)
LAGENDA Land Sdn Bhd	51.6
Ocbc Securities Pvt Ltd	9.6
Ubs Ag Singapore	4.2

Share Price Performance



	1M	3M	12M
Absolute (%)	19.4	18.6	39.8
Relative (%)	16.3	13.3	21.2

LAGENDA Properties Berhad

Gradual improvement with better days ahead




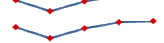





Summary

- **1QFY24 core net profit rose 8.6% yoy to RM42.7m, driven by higher construction activities in certain property development projects came slightly below expectations.**
- **Unbilled sales stood at RM751.9m representing 0.9x its FY23 revenue will sustain revenue visibility for the next 12-18 months.**
- **We maintain our HOLD recommendation with a fair value of RM1.79, based on 20% discount to RNAV.**

Company Update

- **Results review.** 1QFY24 core net profit rose 8.6% yoy to RM42.7m, driven by higher construction activities in certain property development projects. Revenue for the quarter added 24.7% yoy to RM225.6m.
- **Results slightly below expectations.** For the quarter, core net profit at RM42.7m came slightly below expectations, accounting to 20.9% of our core net profit forecast at RM204.4m and was at 20.1% of consensus forecasted net profit of RM212.7m. Key deviation is due to newly launched projects whereby several projects are at infant stage and we reckon progress billings will pace up in subsequent quarters to play catch up with our forecasted numbers.
- **Operations Highlights.** In 1QFY23, LAGENDA raked in new sales amounting to RM222.6m, representing a slight decline against RM257.4m in the previous corresponding quarter. Nevertheless, unbilled sales stood at RM751.9m representing 0.9x its FY23 revenue alongside with outstanding bookings of RM230.7m will sustain revenue visibility for the next 12-18 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 priced in the RM300,000-RM500,000 range, remain preferred over high-rise condominiums, which is LAGENDA's forte.
- **Outlook.** A total of more than 500 units were launched in 1QFY24. Going forward, the Group aims to launch over 8,000 units of affordable homes with an estimated GDV of RM1.9b in FY24. The move will be supported by the total landbank of 5,310-ac with a potential combined GDV of RM14.8b in the pipeline which will sustain developments over the next 8-10 years.
- **Valuation.** Despite the reported earnings came slightly below expectations, we made no changes to our earnings forecast as we reckon subsequent quarters performance will play catch up. We maintained our **HOLD** recommendation with an unchanged target price of RM1.79, based on 20% discount rate to RNAV.
- **Risk.** Economy's sluggishness, inability to secure more land, rising construction costs beyond expectations, and changes in housing as well as property regulations.

Figure 1: Results Comparison

FYE Dec (RM m)	1QFY24	1QFY23	YoY (%)	4QFY23	QoQ (%)	3MFY23	3MFY24	YoY (%)	5 Quarters Trend	Comments
Revenue	225.6	181.0	24.7	248.1	(9.1)	181.0	225.6	24.7		Contribution from newly launched projects
EBITDA	63.7	57.1	11.5	61.9	2.9	57.1	63.7	11.5		
Pre-tax profit	59.1	53.1	11.4	59.2	(0.2)	53.1	59.1	11.4		
Net profit	42.9	39.3	9.0	42.0	1.9	39.3	42.9	9.0		
Core net profit	42.7	39.3	8.6	41.9	2.1	39.3	42.7	8.6		Stronger work progress billings
Core EPS (sen)	5.1	4.7	8.6	5.0	2.1	4.7	5.1	8.6		
EBITDA margin (%)	28.2	31.6		24.9		31.6	28.2			
PBT margin (%)	26.2	29.3		23.9		29.3	26.2			
Core PATMI margin (%)	18.9	21.7		16.9		21.7	18.9			

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
Revenue	835.6	866.9	834.9	1089.9	1304.6
Gross Profit	324.1	319.8	302.3	394.6	472.4
EBITDA	265.4	236.1	191.2	327.0	391.4
Depreciation & Amortisation	-2.4	-3.4	-5.0	-6.4	-8.3
EBIT	263.0	232.7	186.2	320.6	383.0
Net Finance Income/ (Cost)	16.0	18.8	24.0	21.3	21.9
Associates & JV	0.0	0.0	2.3	2.3	2.3
Pre-tax Profit	279.1	251.5	212.6	272.5	326.1
Tax	-77.6	-73.3	-64.4	-68.1	-81.5
Profit After Tax	201.5	178.2	148.1	204.4	244.6
Minority Interest	0.0	0.0	0.2	0.0	0.0
Net Profit	201.5	178.3	148.3	204.4	244.6
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	201.5	178.3	148.3	204.4	244.6

Key Ratios

FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
EBITDA margin	31.8%	27.2%	22.9%	30.0%	30.0%
EBIT margin	31.5%	26.8%	22.3%	29.4%	29.4%
PBT margin	33.4%	29.0%	25.5%	25.0%	25.0%
PAT margin	24.1%	20.6%	17.7%	18.8%	18.8%
NP margin	24.1%	20.6%	17.8%	18.8%	18.8%
Core NP margin	24.1%	20.6%	17.8%	18.8%	18.8%
ROE	22.9%	17.5%	13.5%	16.3%	17.0%
ROA	13.9%	10.0%	6.6%	9.2%	9.9%
Net gearing	Net Cash	Net Cash	Net Cash	3.4%	Net Cash

Key Assumptions

FYE Dec (RM m)	
NPV	10.0%
Beta	0.84
Risk Free Rate	4.0%
RNAV (RM' m)	1866.2

Valuations

FY25F	
RNAV (RM' m)	2.23
Discount Rate	20%
Fair Value (RM)	1.79

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
Cash	229.4	441.8	321.5	265.4	384.8
Receivables	324.4	245.4	193.0	209.0	214.5
Inventories	450.8	472.0	700.9	708.6	754.7
Other current assets	222.3	346.4	340.9	327.0	391.4
Total Current Assets	1226.8	1505.7	1556.3	1510.0	1745.4
Fixed Assets	11.1	17.2	41.9	57.4	75.1
Intangibles	51.2	51.2	51.2	51.2	51.2
Other non-current assets	184.8	228.0	619.7	619.7	619.7
Total Non-current assets	221.4	270.8	687.2	702.6	720.4
Short-term Debt	42.6	193.1	193.2	202.8	213.0
Payables	195.5	178.8	557.5	591.2	616.5
Other Current Liabilities	145.2	193.1	259.6	7.0	8.3
Total Current Liabilities	401.7	566.2	1016.2	808.0	846.1
Long-term Debt	159.1	193.1	116.4	104.8	94.3
Other non-current liabilities	6.7	1.1	9.1	28.7	69.5
Total Non-current Liabilities	165.9	194.2	125.6	133.5	163.8
Shareholder's equity	1132.2	1366.0	1537.2	1837.0	2217.4
Minority interest	0.0	0.0	-0.2	-0.2	-0.2
Total Equity	880.6	1016.2	1101.6	1251.6	1441.8

Cash Flow

FYE Dec (RM m)	FY21	FY22	FY23	FY24F	FY25F
Pre-tax profit	279.1	251.5	212.6	272.5	326.1
Depreciation & amortisation	2.4	3.4	5.0	6.4	8.3
Changes in working capital	-129.3	-40.4	-60.5	-8.6	83.0
Others	-125.1	-31.2	-39.0	12.9	104.5
Operating cash flow	56.8	117.8	94.3	204.7	348.1
Net capex	0.0	9.6	29.7	21.8	26.1
Others	-62.0	-52.1	-100.5	-150.0	-200.0
Investing cash flow	-62.1	-42.5	-70.8	-128.2	-173.9
Dividends paid	-52.7	-62.3	-62.3	-54.4	-54.4
Others	42.1	108.5	-187.9	-56.4	-54.8
Financing cash flow	42.1	108.5	-187.9	-56.4	-54.8
Net cash flow	36.8	183.9	-164.3	20.1	119.4
Forex	0.0	0.0	0.0	0.0	0.0
Others	3.6	32.2	76.2	0.0	0.0
Beginning cash	188.9	225.8	409.6	245.3	265.4
Ending cash	225.8	409.6	245.3	265.4	384.8

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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