Tuesday, November 26, 2024

Company Results

Team Coverage

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Recommendation:		BUY
Current Price:		RM 1.25
Previous Target Price:		RM 1.71
Target Price:	\downarrow	RM 1.64
Upside/Downside:		31.2%

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)	1,046.7
52-Week Price Range (RM)	0.85-1.77
Beta (x)	1.0
Free float (%)	42.9
3M Average Volume (m)	0.9
3M Average Value (RM' m)	1.2
Top 3 Shareholders	(%)
Top 3 Shareholders	(%)
Lagenda Land Sdn Bhd	53.2
Ocbc Securities Pvt Ltd	9.6

Share Price Performance

Ubs Ag Singapore



4.2

	1M	ЗМ	12M
Absolute (%)	-6.7	-1.6	6.8
Relative (%)	-5.5	1.0	-2.8

Lagenda Properties Berhad

Single quarter record high sales

Summary

- 9MFY24 core net profit to RM138.4m (+25.6% yoy) came in slightly below ours and consensus expectations at 67.7% and 68.7% of full-year forecast of RM204.4m and RM201.5m respectively.
- Earnings growth will be backed by improved unbilled sales amounting to RM835.2m alongside with sizeable landbank of c.5,200-ac spread across Peninsular Malaysia that carries a potential combined GDV of RM14.49bn.
- Trimmed our earnings forecast by -8.0%/-7.3%/-3.0% to RM188.0m/RM225.0m/RM255.2m for FY24F/FY25F/FY26F to account for the higher-than-expected finance cost. Maintain BUY recommendation with slightly lower TP of RM1.64, based on 30% discount to RNAV.

Results Review

- **Results review**. 3QFY24 core net profit rose (CNP) +45.8% yoy, but fell marginally by -2.3% qoq to RM47.3m, as the improved yoy performance was supported by stronger contributions form new projects such as Darulaman Lagenda Phase 3A, Lagenda Suria Phases 1A and 1B, Puncak Warisan Phase 1 and Lagenda Aman alongside with pickup in construction billings. Revenue for the quarter added +14.2% yoy and +15.3% gog to RM283.4m single quarter record high.
- **Results slightly off.** CNP in 9MFY24 at RM138.4m (+25.6% yoy) represents 67.7%/68.7% of ours and consensus CNP forecast at RM204.4m/RM201.5m. The slight deviation was mainly attributed to higher-than-expected finance cost following the additions in borrowings for the acquisition of three plots of land measuring 855-ac at Mukim Pinang Tunggal, Daerah Kuala Muda, Negeri Kedah for RM149.0m that is expected to be completed in 1Q25 as well as higher construction billings which yields lower margins.
- Operations Highlights. In 3QFY24, LAGENDA raked in single-quarter record high new sales of RM349.0m, representing an uptick against RM297.1m in the previous corresponding quarter. This came following the launch of four new projects totaling c.2,600 units with collective GDV of RM829.0m.
- **Industry Highlights**. We foresee the salary hike for civil servants which will take effect on 1 Dec 2024 is expected to boost demand for affordable housing projects. Higher disposal income of civil servants bodes well for LAGENDA's bread and butter business, of which majority of the Group's property units are priced at c.RM250,000/unit of single store terrace house.
- Outlook. Moving forward, LAGENDA will be equipped with balance landbank of c.5,200-ac spread across Peninsular Malaysia with a potential combined GDV of RM14.49bn which will sustain developments over the next 8-10 years. Unbilled sales rose to RM835.2m (from RM743.5m in 2QFY24) alongside with bookings of RM306.5m will sustain revenue visibility for the next 12-18 months.



Tuesday, November 26, 2024

Valuation. Trimmed our CNP forecast by -8.0%/-7.3%/-3.0% to RM188.0m/RM225.0m/RM255.2m for FY24F/FY25F/FY26F to account for higher-than-expected finance cost. We maintain our BUY recommendation on LAGENDA with a slightly lower target price of RM1.64, based on 30% discount rate to RNAV.

Company Results

 Risk. Inability to replenish landbank, rising construction costs beyond expectations, and changes in housing as well as property regulations.



Part	Tuesday, November 26,	2024										Co	mpany F	Results
Personal	Figure 1: Results Comparison													
Protect profit	FYE Dec (RM m)	3QFY24	3QFY23	YoY (%)	2QFY24	QoQ (%)	9MFY24	9MFY23	YoY (%)	5 Quarters Tr	end C	Comments		
Perform	Revenue	283.4	248.1	14.2	245.8	15.3	754.9 595.2 <i>(21.1)</i>		Higher contribution fro			ition from se	everal	
Net port	EBITDA	68.8	61.9	11.2	72.3	(4.8)	, ,		-	· -				
Concernation 47.3 (3) 1.9 (2) 4.9 (2) 1.8 (2)	Pre-tax profit	63.5	59.2	7.2	65.8	(3.5)	188.5 158.1 <i>(16.1)</i>		-					
Part	·					. ,	138.4 111.3 <i>(19.6)</i>							
Part	•						` ,		•	Stronger work progress			·	
Per many miner	Core EPS (sen)	5.6	5.0	12.9	5.8	(2.3)	16.5	13.3	(19.6)		3	stronger work	progress bill	ngs
The Control Margin (1)	• , ,													
Property	J ()													
Property			16.9		19.7		18.3	18.7						
Professional Pro	Source, Company, Apex Securice.	5												
PEDE (RMM) PF21 PK21 PK25 PK26 PK26 (RMM) PK26 PK26 PK26 (RMM) PK26 PK26 PK26 (RMM) PK26 PK26 PK26 (RMM)														
Revenue														
Goss Profit 319.8 302.3 394.6 472.4 535.7 Receivables 264.5 191.2 294.3 322.2 395.4 Inventories 472.6 300.9 285.6 286.5 286.6 48.4 340.5 286.6 286.6 48.4 48.0 78.0 48.	FYE Dec (RM m)	FY22	PY23	FY24F	FY25F	FY26F	FYE Dec (RM m)		FY22	FY 23	FY24F	FY25F	FY26F
Pattern	Revenue	866.9	834.9	1089.9	1304.6	1479.3	Cash			441.8	321.5	448.5	655.1	892.9
Dependency (Percention Remoter) 1.6 1.6 4.8 9.1 9.2 <th< td=""><td>Gross Profit</td><td>319.8</td><td>302.3</td><td>394.6</td><td>472.4</td><td>535.7</td><td>Receivable</td><td>S</td><td></td><td>245.4</td><td>193.0</td><td>209.0</td><td>214.5</td><td>243.2</td></th<>	Gross Profit	319.8	302.3	394.6	472.4	535.7	Receivable	S		245.4	193.0	209.0	214.5	243.2
EST 2.52 18.6 28.7 93.9 38.9 Total Current Assets 15.0 15.0 25.0 25.0 29.2 48.2 Feat Assets 17.2 41.9 25.0 57.2 92.2 48.2 Feat Assets 17.2 41.0 57.2 57.2 92.2 48.2 Feat Assets 17.2 41.0 57.2 57.2 92.2 48.2 Feat Assets 17.2 41.0 57.2 57.0 30.1 34.0 18.0 20.2 75.0 30.1 34.0 18.0 20.2 57.5 58.5 18.0 18.0 20.2 59.0 18.0 18.0 20.0 59.0 59.0 18.0 20.0 70.0 <th< td=""><td>EBITDA</td><td>236.1</td><td>191.2</td><td>294.3</td><td>352.2</td><td>399.4</td><td>Inventories</td><td>5</td><td></td><td>472.0</td><td>700.9</td><td>825.6</td><td>826.9</td><td>794.4</td></th<>	EBITDA	236.1	191.2	294.3	352.2	399.4	Inventories	5		472.0	700.9	825.6	826.9	794.4
Net Finner Income/ (cols) 18.8 24.0 29.5 42.7 42.0 42.0 42.0 23.2 23.2 23.2 13.0 13.1 51.2 <th< td=""><td>Depreciation & Amortisation</td><td>-3.4</td><td>-5.0</td><td>-6.4</td><td>-8.3</td><td>-10.5</td><td>Other curr</td><td>ent assets</td><td></td><td>346.4</td><td>340.9</td><td>381.5</td><td>391.4</td><td>443.8</td></th<>	Depreciation & Amortisation	-3.4	-5.0	-6.4	-8.3	-10.5	Other curr	ent assets		346.4	340.9	381.5	391.4	443.8
Associates 3. V 0.0 2.3 2.3 2.3 2.3 2.3 1.0 340.2 Pert-ax Profit 251.5 21.6 250.7 300.1 340.2 Other non-current assets 220.8 69.7 61.7 61.7 79.7 79.7 79.7 70.5 75.7 70.7 100.1 100.1 61.7 61.7 79.7 79.7 79.7 70.2 70.7	EBIT	232.7	186.2	287.9	343.9	389.0	Total Cur	rent Asset	s	1505.7	1556.3	1864.5	2087.8	2374.3
Pre-tax Profit 251.5 212.6 250.7 303.1 340.2 of encourrent assets 228.0 697.2 70.2 70.9 70.5	Net Finance Income/ (Cost)	18.8	3 24.0	29.5	42.7	48.2	Fixed Assets		17.2	41.9	57.4	75.1	94.2	
TAX -7.73 -64.4 -62.7 -7.50 -8.50 -55.0	Associates & JV	0.0	2.3	3 2.3	2.3	2.3	Intangibles		51.2	51.2	51.2	51.2	51.2	
Profit After Tax 178.2 148.1 188.0 25.0 25.0 Post-offer Debt 193.1 93.2 676.1 709.9 75.4 43.8 178.2 328.4 328.4 378.8 378.9 378.8 378.9 378.8 378.9 378.9 378.2 478.2 478.2 478.2 478.2 478.2 478.2 478.2	Pre-tax Profit	251.5	212.6	250.7	300.1	340.2	•		228.0	619.7	619.7	619.7	619.7	
Profit After Tax 178.2 148.1 188.0 25.0 25.0 Post-off Day legated 193.1 93.2 676.1 79.9 78.5 78.6 79.9 78.5 78.6 79.6 79.2 79.0 79.2 79.0 79.2 79.2 79.2 79.2	Tax	-73.3	-64.4	-62.7	-75.0	-85.1			270.8			720.4	739.5	
Minority Interest 0.0 0.0.2 0.0.0 0.0.0 0.0.0 payeline 178.3 148.3 148.3 188.0 25.0 255.2 Other Current Liabilities 193.1 25.0 25.0 287.2 287.2 Exceptionals 178.3 148.3 188.0 225.0 255.2 Long-term Leabilities 193.1 160.2 202.0 240.3 48.9 Core Net Profit 178.3 148.3 188.0 225.7 255.2 Long-term Leabilities 193.1 161.6 104.8 49.3 49.8 Key Ratios FYEE CRYMIN PY23 PY24 PY25 PY25F PY26F PY26F Syach Sack Sack Sack Sack Sack Sack Sack Sack	Profit After Tax	178.2	148.1	188.0	225.0	255.2			193.1	193.2		709.9	745.4	
Net Profit 178.3 18.8.3 18.0.1 25.0.1 0.0.2 0.0.2														
Exceptionals 0.0 0.0 0.0 0.0 0.0 10.0 20.0 20.0 20.0 20.0 20.0 20.0 20.0 20.0 20.0 20.0 20.0 20.0 20.0 20.0	•						•	ent Liahilitie	ec .					
Core Net Profife 178.3 148.3 188.0 25.0 25.54 Long-term Delbt 193.1 116.4 10.4 9.1 49.3 94.3														
Method M	·													
Key Ratios FY22 FY23 FY24F PY25F PY26F Shareholder's equity 196.0 197.2 197.3 21.5 29.2 19.2 19.2 19.2 19.2 19.2 19.2 19.2 19.2 19.2 19.2 19.2 19.2 29.3 29.3 29.3 29.3 29.3 29.3 29.3 29.3 29.3 29.3 29.3 29.3 29.0	Core receivant	170.5	140.5	100.0	225.0	255.2	-							
PEE Dec (RM m) FY22 FY23 FY24F FY25F FY26F Shareholder's equity 136.0 137.2 180.3 214.5 23.0 P/E (x) 5.9 7.1 5.6 4.7 4.1 Minority interest 0.0 -0.2 -0.2 -0.2 BBTD Amargin 27.9% 22.9% 27.0% 27	You Dating													
P/E (x) 5.9 7.1 5.6 4.7 4.1 Minority interest 0.0 -0.2 -0.2 -0.2 -0.2 -0.2 -0.2 -0.2 -0.2 -0.2 -0.2 -0.2 -0.2 -0.2 -0.2 -0.2 EBIT DAM margin 27.2% 22.9% 27.0% 27.0% 27.0% 27.0% 26.3% 26.4% 26.4% 26.3% 26.7% 26.3% 26.3% 25.5% 23.0% 23.0% 23.0% 23.0% 23.0% 23.0% 23.0% 23.0% 23.0% 25.7% 27.3% 1	•	DV22		DV24E	DVAFF	DV26E								
EBITIDA margin 27.2% 22.9% 27.0%								. ,						
EBIT margin 26.8% 22.3% 26.4% 26.4% 26.3% 26.3% 26.3% 26.3% 26.3% 26.3% 23.0% 23.0% 23.0% 23.0% 23.0% 23.0% 23.0% 23.0% 23.0% 23.0% 23.0% 23.0% 25.5% 23.0% 23.0% 23.0% 25.0%	* *						,							
PBT margin 29.0% 25.5% 23.0% 23.0% 23.0% 23.0% 25.0% Cash Flow PAT margin 20.6% 17.7% 17.3%	-						lotal Equ	ity		1016.2	1101.6	1235.2	1405.8	1598.2
PAT margin 20.6% 17.7% 17.3% 17.3% 17.3% 17.3% PYEDE (RM m) FY22 FY23 FY24F PY25F	-													
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ROE 17.5% 13.5% 15.2% 16.0% 16.0% Changes in working capital -40.4 -60.5 22.9 -27.3 -32.1 ROA 10.0% 6.6% 7.3% 8.0% 8.2% Others -31.2 -39.0 44.4 -5.8 -10.6 Net gearing Net Cash Net Cash 10.6% Net Cash Net Cash Operating cash flow 117.8 94.3 214.5 211.7 245.0 Net gearing Net Cash Net Cash Operating cash flow 117.8 94.3 214.5 211.7 245.0 Net capex -52.1 -10.05 -29.7 21.8 26.1 29.6 Others -52.1 -10.05 -45.0 0.0 0.0 0.0 Net Cash flow -42.5 -70.8 -42.2 26.1 -26.8 Others 10.5 -187.9 416.9 -31.1 -36.7 PY 25F Forex 0.0 0.0 0.0 0.0 RNAV (RM'm) / s	NP margin	20.6%	17.8%	5 17.3%	17.3%	17.3%	Pre-tax profit			212.6	250.7	300.1	340.2	
ROA 10.0% 6.6% 7.3% 8.0% 8.2% Others -31.2 -39.0 44.4 -5.8 -10.6 Net gearing Net Cash Net Cash 26.9% 10.6% Net Cash Operating cash flow 117.8 94.3 214.5 211.7 245.0 Net gearing Net Cash Net Cash Net Cash 9.6 29.7 21.8 26.1 29.6 Net capex 9.6 29.7 21.8 26.1 29.6 Others -52.1 -10.05 -450.0 0.0 0.0 Net cash flow -42.5 -70.8 -428.2 26.1 29.6 Others 108.5 -187.9 416.9 -31.1 -36.7 Net cash flow 183.5	Core NP margin	20.6%	17.8%	17.3%	17.3%	17.3%	Depreciation & amortisation		3.4	5.0	6.4	8.3	10.5	
Net gearing Net Cash Net Cash 26.9% 10.6% Net Cash Operating cash flow 117.8 94.3 214.5 211.7 245.0 Net capex 9.6 29.7 21.8 26.1 29.6 Others -52.1 -100.5 -45.0 0.0 0.0 Investing cash flow -42.5 -70.8 -42.2 26.1 29.6 Others Dividends paid -62.3 -62.3 -54.4 -54.4 -62.8 Others 108.5 -187.9 416.9 -31.1 -36.7 Financing cash flow 108.5 -187.9 416.9 -31.1 -36.7 Net cash flow 108.5 -187.9 416.9 -31.1 -36.7 Net cash flow 108.5 -187.9 416.9 -31.1 -36.7 Net cash flow 183.9 -164.3 203.1 206.7 237.8 Valuations FY25F -76.2 576.2 0.0 0.0 0.0 RNAV (RM'm) / share <td>ROE</td> <td>17.5%</td> <td>13.5%</td> <td>15.2%</td> <td>16.0%</td> <td>16.0%</td> <td>Changes in</td> <td>n working ca</td> <td>pital</td> <td>-40.4</td> <td>-60.5</td> <td>22.9</td> <td>-27.3</td> <td>-32.1</td>	ROE	17.5%	13.5%	15.2%	16.0%	16.0%	Changes in	n working ca	pital	-40.4	-60.5	22.9	-27.3	-32.1
Net capex 9.6 29.7 21.8 26.1 29.6 Others -52.1 -100.5 -450.0 0.0 0.0 Investing cash flow -42.5 -70.8 -428.2 26.1 29.6 Dividends paid -62.3 -62.3 -54.4 -54.4 -62.8 Others 108.5 -187.9 416.9 -31.1 -36.7 Financing cash flow 108.5 -187.9 416.9 -31.1 -36.7 Net cash flow 108.5 -187.9 416.9 -31.1 Net cash flow 108.5 -187.9 416.9 Net cash	ROA	10.0%	6.6%	7.3%	8.0%	8.2%	Others			-31.2	-39.0	44.4	-5.8	-10.6
Others -52.1 -100.5 -450.0 0.0 0.0 Investing cash flow -42.5 -70.8 -428.2 26.1 29.6 Dividends paid -62.3 -62.3 -54.4 -54.4 -62.8 Others 108.5 -187.9 416.9 -31.1 -36.7 Financing cash flow 108.5 -187.9 416.9 -31.1 -36.7 Net cash flow 183.9 -164.3 203.1 206.7 237.8 Valuations FY25F Forex 0.0 0.0 0.0 0.0 0.0 RNAV (RM'm) / share 2.33 Others 32.2 76.2 0.0 0.0 0.0 Discount Rate 30% Beginning cash 225.8 409.6 245.3 448.5 655.1	Net gearing	Net Cash	Net Cash	n 26.9%	10.6%	Net Cash	Operating	cash flow	•	117.8	94.3	214.5	211.7	245.0
Investing cash flow -42.5 -70.8 -428.2 26.1 29.6 Dividends paid -62.3 -62.3 -54.4 -54.4 -62.8 Others 108.5 -187.9 416.9 -31.1 -36.7 Financing cash flow 108.5 -187.9 416.9 -31.1 -36.7 Net cash flow 183.9 -164.3 203.1 206.7 237.8 Valuations FY25F Forex 0.0 0.0 0.0 0.0 0.0 RNAV (RM'm) / share 2.33 Others 32.2 76.2 0.0 0.0 Discount Rate 30% 30% 448.5 655.1 Others 32.8 409.6 245.3 448.5 655.1 Others 32.8 42.8 42.8 448.5 655.1 Others 32.8 42.8 42.8 448.5 655.1 Others 32.8 42.8 42.8 42.8 Others 32.8 42.8 42.8 Others 32.8 42.8 42.8 Others 32.8 42.8 Others 32.8 42.8 Others 32.8 42.8 Others 32.8 Others							Net capex			9.6	29.7	21.8	26.1	29.6
Dividends paid -62.3 -62.3 -54.4 -54.4 -62.8 Others 108.5 -187.9 416.9 -31.1 -36.7 Financing cash flow 108.5 -187.9 416.9 -31.1 -36.7 Net cash flow 183.9 -164.3 203.1 206.7 237.8 Valuations FY25F Forex 0.0 0.0 0.0 0.0 0.0 RNAV (RM'm) / share 2.33 Others 32.2 76.2 0.0 0.0 Discount Rate 30% 30% 448.5 655.1 Others 225.8 409.6 245.3 448.5 655.1 Others 30%							Others			-52.1	-100.5	-450.0	0.0	0.0
Others 108.5 -187.9 416.9 -31.1 -36.7 Financing cash flow 108.5 -187.9 416.9 -31.1 -36.7 Net cash flow 183.9 -164.3 203.1 206.7 237.8 Valuations FY25F Forex 0.0 0.0 0.0 0.0 0.0 RNAV (RM'm) / share 2.33 Others 32.2 76.2 0.0 0.0 Discount Rate 30% 448.5 655.1							Investing	cash flow		-42.5	-70.8	-428.2	26.1	29.6
Financing cash flow 108.5 -187.9 416.9 -31.1 -36.7 Net cash flow 183.9 -164.3 203.1 206.7 237.8 Valuations FY25F Forex 0.0 0.0 0.0 0.0 0.0 RNAV (RM'm) / share 2.33 Others 32.2 76.2 0.0 0.0 Discount Rate 30% 448.5 655.1							Dividends	oaid		-62.3	-62.3	-54.4	-54.4	-62.8
Valuations FY25F Forex 0.0							Others		108.5	-187.9	416.9	-31.1	-36.7	
Valuations FY25F Forex 0.0 0.0 0.0 0.0 0.0 RNAV (RM'm) / share 2.33 Others 32.2 76.2 0.0 0.0 0.0 Discount Rate 30% Beginning cash 225.8 409.6 245.3 448.5 655.1							Financing	cash flow		108.5	-187.9	416.9	-31.1	-36.7
Valuations FY25F Forex 0.0 0.0 0.0 0.0 0.0 0.0 RNAV (RM'm) / share 2.33 Others 32.2 76.2 0.0 0.0 0.0 Discount Rate 30% 448.5 655.1							Net cash	flow		183.9	-164.3	203.1	206.7	237.8
RNAV (RM'm) / share 2.33 Others 32.2 76.2 0.0 0.0 0.0 Discount Rate 30% Beginning cash 225.8 409.6 245.3 448.5 655.1	Valuations	FY25F	=											
Discount Rate 30% Beginning cash 225.8 409.6 245.3 448.5 655.1			_											
	, ,,													
			-				• •							

Source: Company, Apex Securities

Tuesday, November 26, 2024 Company Results

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD

RESEARCH TEAM

Head Office:

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

General Line: (603) 7890 8899

Petaling Jaya Office:

16th Floor, Menara Choy Fook Onn, No.1B Jalan Yong Shook Lin, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia

General Line: (603) 7620 1118

Head Office:

DEALING TEAM

Kong Ming Ming (ext 2002) Lee Chen Ming (ext 2029) Shirley Chang (ext 2026) Ahmad Mujib (ext 2028) Azfar Bin Abdul Aziz (ext 2031) Aizzat Bin Mohd Daud (ext 2030)

Institutional Dealing Team:

Low Jin Wu (ext 2109)

PJ Office: General Line: (603) 7620 1118

Head Office:

Kenneth Leong (ext 2093) Steven Chong (ext 2068) Jayden Tan (ext 2069) Chelsea Chew (ext 2070) Tan Sue Wen (ext 2095) Ong Tze Hern (ext 2113) Samuel Woo (ext 2121) Amir Hamdan (ext 2112)

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

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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