

Team Coverage

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<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 1.25
Previous Target Price:	RM 1.64
Target Price:	RM 1.49 ↓
Capital Upside/ Downside:	19.2%
Dividend Yield (%):	6.4%
<b>Total Upside/ Downside:</b>	<b>25.6%</b>

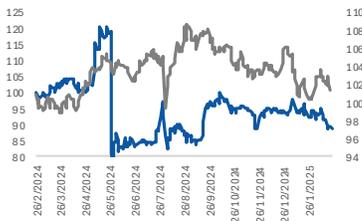
Stock information

Board	MAIN
Sector	Property
Bursa/ Bloomberg Code	7179/ LAGENDA MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	837.3
Market Cap (RM' m)	1,046.7
52-Week Price Range (RM)	1.77-0.85
Beta (x)	1.0
Free float (%)	42.9
3M Average Volume (m)	0.6
3M Average Value (RM' m)	0.8

Top 3 Shareholders (%)

LAGENDA Land Sdn Bhd	53.2
Ocbc Securities Pvt Ltd	9.6
UbsAg Singapore	4.2

Share Price Performance



	1M	3M	12M
Absolute (%)	-5.3	0.0	-16.7
Relative (%)	-5.0	1.9	-17.7

# Legenda Properties Bhd

## Looking forward towards FY25

### Executive Summary

- **LAGENDA's 4QFY24 core net profit fell -18.1% yoy and -35.8% qoq to RM30.3m (after exclude RM15.9m of other income arising from investment in Northern Solar Holdings Bhd), bringing FY24 core net profit at RM168.7m (+13.7% yoy), which fell short of expectations, accounted to 77.8%/83.4% of ours/consensus expectations respectively.**
- **Future earnings growth will be backed by improved unbilled sales amounting to RM896.3m alongside with sizeable landbank of >5,000-ac with total GDV of RM13.0bn.**
- **Trimmed our earnings forecast by -11.4%/-4.5% to RM215.5m/RM257.2m for FY25F/FY26F to account for slower-than-expected construction progress in certain newly launched projects and higher-than-expected finance cost.**
- **Re-iterate our BUY recommendation with a lower target price of RM1.49, based on 30% discount to RNAV and ascribed with three-star ESG rating.**

**Results fell short of expectations.** FY24 core net profit at RM168.7m (+13.7% yoy) came below expectations, accounting to 77.8% of our core net profit forecast at RM217.0m and was at 83.4% of consensus forecasted net profit of RM202.3m.

**YoY.** After excluding RM15.9m of other income from the investment in Northern Solar Holdings Bhd that made its debut on Bursa Malaysia earlier this month, core net profit fell -18.1% yoy to RM30.3m. Revenue for the quarter, declined marginally by -2.4% yoy to RM233.9m.

**QoQ.** Core net profit slipped -35.8% qoq to RM30.3m, after removing gains arising from investment of Northern Solar Holdings Bhd as well as certain newly launched projects are at initial stage of construction. Revenue for the quarter contracted -17.5% qoq to RM233.9m.

**Outlook.** Incorporating RM265.6m of new sales in 4QFY24. LAGENDA delivered a record-breaking annual sales of RM1.13bn (+9% yoy) in FY24 and is targeting RM1.4bn of new sales in FY25F. The Group is equipped with balance landbank of 5,036-ac that carries a potential GDV of RM13.0bn to sustain developments over the next 8-10 years. Unbilled sales rose to RM896.3m (from RM835.2m in 3QFY24) alongside with bookings of RM473.4m (RM306.5m in 3QFY24) as at end-FY24 will sustain revenue visibility for the next 12-18 months.

**Earnings Revision.** Trimmed our CNP forecast by -11.4%/-4.5% to RM215.5m/RM257.2m in FY25F/FY26F to account for slower-than-expected construction progress in certain newly launched projects and higher-than-expected finance cost.

**Valuation.** Re-iterate our **BUY** recommendation with a lower target price of **RM1.49**, based on 30% discount rate to RNAV and 0% ESG factored premium/discount based on three-star ESG rating.

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

### Earnings Summary

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	866.9	834.9	988.8	1181.9	1383.2
EBITDA	266.7	227.8	270.7	319.1	373.5
Pre-tax profit	251.5	212.6	248.9	287.4	343.0
Net profit	178.3	148.3	184.6	215.5	257.2
Core net profit	178.3	148.3	168.7	215.5	257.2
Core EPS (sen)	21.3	17.7	20.1	25.7	30.7
P/E (x)	5.9	7.1	6.2	4.9	4.1
P/B (x)	1.0	1.0	0.9	0.8	0.7
EV/EBITDA (x)	4.1	4.6	2.0	2.0	2.2
Dividend Yield (%)	3.2%	5.2%	5.2%	5.6%	6.4%
Net Gearing (%)	Net Cash	Net Cash	41.7%	29.6%	14.7%

Source: Company, Apex Securities

## Results Comparison

FYE Dec (RM m)	4QFY24	4QFY23	yoy (%)	3QFY24	qoq (%)	12MFY24	12MFY23	yoy (%)	Comments
Revenue	233.9	239.6	(2.4)	283.4	(17.5)	988.8	834.9	18.4	Fell yoy on slower property development contribution due to the early construction stages in certain projects
EBITDA	67.7	54.9	23.3	69.2	(2.2)	272.9	227.8	19.8	
Pre-tax profit	60.5	54.4	11.1	63.5	(4.8)	248.9	212.6	17.1	
Net profit	46.2	37.0	24.9	47.3	(2.2)	184.6	148.3	24.5	
Core net profit	30.3	37.0	(18.1)	47.3	(35.8)	168.7	148.3	13.7	
Core EPS (sen)	3.6	4.4	(18.1)	5.6	(35.8)	20.1	17.7	13.7	Fell yoy after exclude RM 15.9m gains arising from other income from investment in Northern Solar Holdings Bhd
EBITDA margin (%)	29.0	22.9		24.4		27.6	27.3		
PBT margin (%)	25.9	22.7		22.4		25.2	25.5		
Core net profit margin (%)	13.0	15.5		16.7		17.1	17.8		

Source: Company, Apex Securities

## Segmental Breakdown

FYE Dec (RM m)	4QFY24	4QFY23	yoy (%)	3QFY24	qoq (%)	12MFY24	12MFY23	yoy (%)
<b>Revenue</b>								
Property development	211.8	218.5	(3.1)	202.2	4.8	812.8	699.6	16.2
Construction	8.7	5.4	62.2	27.4	(68.3)	50.4	22.8	121.6
Trading & Others	14.9	15.8	(5.7)	52.7	(71.8)	125.6	112.5	11.6
<b>Total</b>	<b>235.4</b>	<b>239.7</b>	<b>(1.8)</b>	<b>282.3</b>	<b>(16.6)</b>	<b>988.8</b>	<b>834.9</b>	<b>18.4</b>
<b>Pre-tax profit</b>								
Property development	70.7	100.2	(29.5)	63.6	11.1	227.2	280.7	(19.1)
Construction	7.1	2.2	227.7	22.9	(68.9)	51.6	29.0	77.9
Trading & Others	(17.3)	(48.0)	(63.9)	(23.0)	(24.7)	(29.8)	(97.1)	(69.3)
<b>Total</b>	<b>60.5</b>	<b>54.4</b>	<b>11.1</b>	<b>63.5</b>	<b>(4.8)</b>	<b>248.9</b>	<b>212.6</b>	<b>17.1</b>
<b>Pre-tax profit margin (%)</b>								
Property development	33.4%	45.9%		31.5%		27.9%	40.1%	
Construction	82.1%	40.6%		83.6%		102.3%	127.4%	
Trading & Others	-116.6%	-303.9%		-43.6%		-23.7%	-86.3%	
<b>Aggregate Total</b>	<b>25.7%</b>	<b>22.7%</b>		<b>22.5%</b>		<b>25.2%</b>	<b>25.5%</b>	

Source: Company, Apex Securities

## Financial Highlights

### Income Statement

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
<b>Revenue</b>	<b>866.9</b>	<b>834.9</b>	<b>988.8</b>	<b>1181.9</b>	<b>1383.2</b>
<b>Gross Profit</b>	<b>319.8</b>	<b>302.3</b>	<b>345.3</b>	<b>413.7</b>	<b>484.1</b>
<b>EBITDA</b>	<b>266.7</b>	<b>227.8</b>	<b>270.7</b>	<b>319.1</b>	<b>373.5</b>
Depreciation & Amortisation	-3.4	-5.0	-5.3	-6.8	-8.2
<b>EBIT</b>	<b>263.3</b>	<b>222.8</b>	<b>265.3</b>	<b>312.3</b>	<b>365.2</b>
Net Finance Income/(Cost)	18.8	24.0	30.0	39.1	42.4
Associates & JV	0.0	2.3	2.3	2.3	2.3
<b>Pre-tax Profit</b>	<b>251.5</b>	<b>212.6</b>	<b>248.9</b>	<b>287.4</b>	<b>343.0</b>
Tax	-73.3	-64.4	-64.3	-71.8	-85.7
<b>Profit After Tax</b>	<b>178.2</b>	<b>148.1</b>	<b>184.6</b>	<b>215.5</b>	<b>257.2</b>
Minority Interest	0.0	0.2	0.0	0.0	0.0
<b>Net Profit</b>	<b>178.3</b>	<b>148.3</b>	<b>184.6</b>	<b>215.5</b>	<b>257.2</b>
Exceptionals	0.0	0.0	-15.9	0.0	0.0
<b>Core Net Profit</b>	<b>178.3</b>	<b>148.3</b>	<b>168.7</b>	<b>215.5</b>	<b>257.2</b>

### Key Ratios

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
EPS (sen)	21.3	17.7	20.1	25.7	30.7
P/E (x)	5.9	7.1	6.2	4.9	4.1
P/B (x)	1.0	1.0	0.9	0.8	0.7
EV/EBITDA (x)	4.1	4.6	2.0	2.0	2.2
DPS (sen)	4.0	6.5	6.5	7.0	8.0
Dividend Yield (%)	3.2%	5.2%	5.2%	5.6%	6.4%
EBITDA margin (%)	30.8%	27.3%	27.4%	27.0%	27.0%
EBIT margin (%)	30.4%	26.7%	26.8%	26.4%	26.4%
PBT margin (%)	29.0%	25.5%	25.2%	24.3%	24.8%
PAT margin (%)	20.6%	17.7%	18.7%	18.2%	18.6%
NP margin (%)	20.6%	17.8%	18.7%	18.2%	18.6%
CNP margin (%)	20.6%	17.8%	17.1%	18.2%	18.6%
ROE (%)	17.5%	13.5%	13.8%	15.6%	16.4%
ROA (%)	10.0%	6.6%	6.6%	7.9%	8.7%
Gearing (%)	38.0%	28.1%	67.6%	60.4%	53.6%
Net gearing (%)	Net Cash	Net Cash	41.7%	29.6%	14.7%

### Valuations

	FY26F valuation methodolog	
Total RNAV (RM' m)	1777.0	10% NPV
Discount Rate	30.0%	
Discounted RNAV (RM' m)	1243.9	
No. of shares	837.3	
<b>Fair Value (RM)</b>	<b>1.49</b>	

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
<b>Cash</b>	<b>441.8</b>	<b>321.5</b>	<b>316.6</b>	<b>425.3</b>	<b>611.0</b>
Receivables	245.4	193.0	226.0	259.0	265.3
Inventories	472.0	700.9	799.4	818.7	839.0
Other current assets	346.4	340.9	398.1	413.7	414.9
<b>Total Current Assets</b>	<b>1505.7</b>	<b>1556.3</b>	<b>1740.1</b>	<b>1916.7</b>	<b>2130.2</b>
Fixed Assets	17.2	41.9	50.7	61.6	74.1
Intangibles	25.6	25.6	25.6	25.6	25.6
Other non-current assets	228.0	619.7	729.2	729.2	729.2
<b>Total Non-Current Assets</b>	<b>270.8</b>	<b>687.2</b>	<b>805.4</b>	<b>816.3</b>	<b>828.8</b>
Short-term debt	193.1	193.2	746.8	761.7	777.0
Payables	178.8	553.2	209.3	216.5	230.1
Other current liabilities	194.2	269.9	276.2	280.4	283.2
<b>Total Current Liabilities</b>	<b>566.2</b>	<b>1016.2</b>	<b>1232.3</b>	<b>1258.7</b>	<b>1290.3</b>
Long-term debt	193.1	116.4	79.3	71.4	64.3
Other non-current liabilities	1.1	9.1	11.6	23.8	35.1
<b>Total Non-Current Liabilities</b>	<b>194.2</b>	<b>125.6</b>	<b>90.9</b>	<b>95.2</b>	<b>99.4</b>
Shareholder's equity	1016.1	1101.8	1222.2	1379.1	1569.4
Minority interest	0.0	-0.2	0.1	0.1	0.1
<b>Total Equity</b>	<b>1016.2</b>	<b>1101.6</b>	<b>1222.3</b>	<b>1379.2</b>	<b>1569.4</b>

### Cash Flow

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
<b>Pre-tax profit</b>	<b>251.5</b>	<b>212.6</b>	<b>248.9</b>	<b>287.4</b>	<b>343.0</b>
Depreciation & amortisation	3.4	5.0	5.3	6.8	8.2
Changes in working capital	-40.4	-61.5	-586.3	56.6	11.4
Others	-96.7	-62.7	-96.9	-99.9	-102.7
<b>Operating cash flow</b>	<b>117.8</b>	<b>93.3</b>	<b>-429.0</b>	<b>250.8</b>	<b>260.0</b>
Net capex	9.6	29.7	14.1	17.7	20.7
Others	-52.1	-99.5	-36.1	-36.1	-36.1
<b>Investing cash flow</b>	<b>-42.5</b>	<b>-69.8</b>	<b>-22.0</b>	<b>-18.4</b>	<b>-15.3</b>
Dividends paid	-62.3	-62.3	-63.9	-58.6	-67.0
Others	170.8	-125.6	514.0	7.0	8.1
<b>Financing cash flow</b>	<b>108.5</b>	<b>-187.9</b>	<b>450.1</b>	<b>-51.6</b>	<b>-58.9</b>
<b>Net cash flow</b>	<b>183.9</b>	<b>-164.3</b>	<b>-0.9</b>	<b>180.9</b>	<b>185.7</b>
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	225.8	409.6	245.3	244.4	425.3
<b>Ending cash</b>	<b>409.6</b>	<b>245.3</b>	<b>244.4</b>	<b>425.3</b>	<b>611.0</b>

# Results Note

Wednesday, 26 Feb, 2025

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★	Solar installations to yield an expected 5,700kg of carbon avoidance by installing 1,000 units of residential solar PV systems in 5 years
Waste & Effluent	★★★	>3,000kg of waste recycled at KL Office and Bandar Baru Setia Awan Perdana Townships
Energy	★★★	Developed energy inventory data for monitoring purposes and recorded 940,180 kWh of electricity consumption across operational buildings
Water	★★★	4,075 units of rainwater harvesting tanks installed and recorded 11,610m <sup>3</sup> of water consumption across operational buildings
Compliance	★★★	In compliance with local and international environmental regulations

### Social

Diversity	★★★	141 job opportunities created in FY23 and ensure diversity, equality, and inclusivity (“DEI”) are applied, per the Human Rights Policy and Employment Policy
Human Rights	★★★	Adhere to Human Rights and Employment Policy in line with Employment Act 1995
Occupational Safety and Health	★★★	Achieve an average of 20 hours of safety training for each site employee per year and zero fatality and injury
Labour Practices	★★★	Revised Company Policy in accordance with amendments to the Employment Act

### Governance

CSR Strategy	★★★	Contributed RM277,689.00 to programmes related to education, community and environmental welfare, and sports
Management	★★★	33% female board composition, 33% composition of Independent Directors
Stakeholders	★★★	Regularly maintain constructive channels of communication through both formal and informal to key stakeholders group

Overall ESG Scoring: ★★★

### Recommendation Framework:

**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.

### ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of **Wednesday, 26 Feb, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.