

## Team Coverage

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<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 1.22
Previous Target Price:	RM 1.49
Target Price:	RM 1.55 <span style="color: green;">↑</span>
Capital Upside/Downside:	27.0%
Dividend Yield (%):	6.6%
<b>Total Upside/Downside:</b>	<b>33.6%</b>

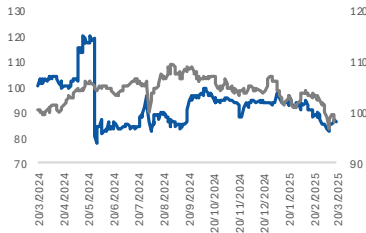
## Stock information

Board	MAIN
Sector	Property
Bursa/ Bloomberg Code	7179/ LAGENDA MK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	837.3
Market Cap (RM' m)	1,021.5
52-Week Price Range (RM)	1.77-0.85
Beta (x)	0.9
Free float (%)	42.7
3M Average Volume (m)	0.7
3M Average Value (RM' m)	0.9

## Top 3 Shareholders (%)

Lagenda Land Sdn Bhd	53.4
Ocbc Securities Pvt Ltd	9.6
UbsAg Singapore	4.2

## Share Price Performance



	1M	3M	12M
Absolute (%)	-2.4	-7.6	-17.6
Relative (%)	3.2	-2.2	-15.5

# Legenda Properties Bhd

## Marking Footprint in Negeri Sembilan

### Executive Summary

- **LAGENDA is acquiring six plots of freehold land collectively measuring 138.2-ac in Senawang, Negeri Sembilan from Bright Term Sdn Bhd for RM60.2m to develop 1,800 affordable housing units that carries a total GDV of RM560m.**
- **Acquisition price tag translates to RM10.00/sqf which is identical to the acquisition made by MATRIX at RM10.00/sqf for MVV 2.0 back in mid-2024 and translates to a favourable land cost-to-GDV ratio of 10.7%.**
- **Re-iterate our BUY recommendation with a higher target price of RM1.55, based on 30% discount to RNAV and appraised with three-star ESG rating.**

**Landbank replenishment.** LAGENDA's wholly owned subsidiary, Vivafirst Sdn Bhd has entered into a Sale and Purchase Agreement (SPA) to acquire six plots of freehold lands located in Senawang, Negeri Sembilan for RM60.2m from Bright Term Sdn Bhd.

**Land details.** Located in close proximity to Seremban town center (see below), as well as major landmarks and amenities such as Universiti Teknologi MARA (UiTM) Seremban Campus, Tunku Ja'afar Hospital, KIPMall Senawang, Lotus's Seremban Jaya and AEON Mall Seremban 2, we expect developments will be able to leverage onto the spillover of urbanisation and growth of Greater Klang Valley through accessibility via major highways like PLUS and LEKAS.

**Acquisition details.** The acquisition price tag translates to RM10.00/sqf which is identical to the acquisition made in mid-2024 by MATRIX for MVV 2.0 at RM10.00/sqf. The acquisition will be funded by internal funds and external borrowings. As of end-4QFY24, we gathered that net gearing level remains fairly manageable at 0.4x, implying there is still room to gear up further along with sizable cash and bank balances of RM316.6m.

**Development details.** Revolves around the development of 1,800 units of a mix between single-storey terrace (c.RM280k) and double storey terrace (c.RM350k) which is priced more attractive than surrounding properties priced at c.RM300k for single-storey terrace and c.RM450k for double-storey terrace. Consequently, the development will bring a total GDV of RM560m to be develop over the next 4-5 years and potentially fetches GP margin of 30-35%.

**Our take.** We are positive on the acquisition which translate to a favourable land cost-to-GDV ratio of 10.7%. The move will boost enlarged total land size to >5,300-ac which carries an estimated total GDV of RM14.0bn to sustain earnings visibility over the long run. This also earmarked LAGENDA's footprint into Negeri Sembilan after making strides in Perak, Kedah, Johor, Selangor and Pahang as the Group aims to replicate their success in affordable housing development projects.

**Earnings revision.** We tweaked our CNP slightly higher by 2.6%/2.8% for FY25F/FY26F, adjusting for the potential contribution from the abovementioned development.

**Valuation & Recommendation.** Re-iterate our **BUY** recommendation with a higher target price of **RM1.55** (from RM1.49), based on 30% discount rate to RNAV and 0% ESG factored premium/discount based on appraised three-star ESG rating. We continue to favour LAGENDA for its position as a niche developer focusing onto sustainable and affordable township developments and growing presence within Malaysia.

**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	1215.5	1428.0
EBITDA	266.7	227.8	270.7	328.2	385.6
Pre-tax profit	251.5	212.6	248.9	294.9	352.5
Net profit	178.3	148.3	184.6	221.2	264.4
Core net profit	178.3	148.3	168.7	221.2	264.4
Core EPS (sen)	21.3	17.7	20.1	26.4	31.6
P/E (x)	5.9	7.1	6.2	4.7	4.0
P/B (x)	1.0	1.0	0.9	0.8	0.7
EV/EBITDA (x)	4.1	4.6	2.0	1.9	2.2
Dividend Yield (%)	3.2%	5.2%	5.2%	5.6%	6.4%
Net Gearing (%)	Net Cash	Net Cash	41.7%	29.5%	13.6%

Source: Company, Apex Securities

**Figure 1: 6 Plots of Land Location**



Source: Legenda

## 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>1215.5</b>	<b>1428.0</b>
<b>Gross Profit</b>	<b>319.8</b>	<b>302.3</b>	<b>345.3</b>	<b>425.4</b>	<b>499.8</b>
<b>EBITDA</b>	<b>266.7</b>	<b>227.8</b>	<b>270.7</b>	<b>328.2</b>	<b>385.6</b>
Depreciation & Amortisation	-3.4	-5.0	-5.3	-8.1	-10.2
<b>EBIT</b>	<b>263.3</b>	<b>222.8</b>	<b>265.3</b>	<b>320.1</b>	<b>375.4</b>
Net Finance Income/ (Cost)	18.8	24.0	30.0	39.4	43.1
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>294.9</b>	<b>352.5</b>
Tax	-73.3	-64.4	-64.3	-73.7	-88.1
<b>Profit After Tax</b>	<b>178.2</b>	<b>148.1</b>	<b>184.6</b>	<b>221.2</b>	<b>264.4</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>221.2</b>	<b>264.4</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>221.2</b>	<b>264.4</b>

### Key Ratios

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
EPS (sen)	21.3	17.7	20.1	26.4	31.6
P/E (x)	5.9	7.1	6.2	4.7	4.0
P/B (x)	1.0	1.0	0.9	0.8	0.7
EV/EBITDA (x)	4.1	4.6	2.0	1.9	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%	26.3%	26.3%
PBT margin (%)	29.0%	25.5%	25.2%	24.3%	24.7%
PAT margin (%)	20.6%	17.7%	18.7%	18.2%	18.5%
NP margin (%)	20.6%	17.8%	18.7%	18.2%	18.5%
CNP margin (%)	20.6%	17.8%	17.1%	18.2%	18.5%
ROE (%)	17.5%	13.5%	13.8%	16.0%	16.7%
ROA (%)	10.0%	6.6%	6.6%	8.0%	8.8%
Gearing (%)	38.0%	28.1%	67.6%	61.0%	54.5%
Net gearing (%)	Net Cash	Net Cash	41.7%	29.5%	13.6%

Valuations	FY26F	Valuation methodology
Total RNAV (RM' m)	1850.1	10% NPV
Discount Rate	30.0%	
Discounted RNAV (RM' m)	1295.1	
No. of shares	837.3	
<b>Fair Value (RM)</b>	<b>1.55</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>436.5</b>	<b>646.6</b>
Receivables	245.4	193.0	226.0	266.4	273.9
Inventories	472.0	700.9	799.4	796.9	809.9
Other current assets	346.4	340.9	398.1	425.4	428.4
<b>Total Current Assets</b>	<b>1505.7</b>	<b>1556.3</b>	<b>1740.1</b>	<b>1925.2</b>	<b>2158.8</b>
Fixed Assets	17.2	41.9	50.7	73.0	91.4
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>827.7</b>	<b>846.1</b>
Short-term debt	193.1	193.2	746.8	761.7	777.0
Payables	178.8	553.2	209.3	225.5	233.3
Other current liabilities	194.2	269.9	276.2	288.4	292.4
<b>Total Current Liabilities</b>	<b>566.2</b>	<b>1016.2</b>	<b>1232.3</b>	<b>1275.6</b>	<b>1302.6</b>
Long-term debt	193.1	116.4	79.3	83.3	85.0
Other non-current liabilities	1.1	9.1	11.6	9.2	35.1
<b>Total Non-Current Liabilities</b>	<b>194.2</b>	<b>125.6</b>	<b>90.9</b>	<b>92.4</b>	<b>120.0</b>
Shareholder's equity	1016.1	1101.8	1222.2	1384.8	1582.2
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>1384.8</b>	<b>1582.2</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>294.9</b>	<b>352.5</b>
Depreciation & amortisation	3.4	5.0	5.3	8.1	10.2
Changes in working capital	-40.4	-61.5	-586.3	36.9	11.7
Others	-96.7	-62.7	-96.9	-102.5	-106.6
<b>Operating cash flow</b>	<b>117.8</b>	<b>93.3</b>	<b>-429.0</b>	<b>237.5</b>	<b>267.8</b>
Net capex	9.6	29.7	14.1	30.4	28.6
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>-5.7</b>	<b>-7.5</b>
Dividends paid	-62.3	-62.3	-63.9	-58.6	-67.0
Others	170.8	-125.6	514.0	18.9	16.9
<b>Financing cash flow</b>	<b>108.5</b>	<b>-187.9</b>	<b>450.1</b>	<b>-39.7</b>	<b>-50.1</b>
<b>Net cash flow</b>	<b>183.9</b>	<b>-164.3</b>	<b>-0.9</b>	<b>192.1</b>	<b>210.2</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	436.5
<b>Ending cash</b>	<b>409.6</b>	<b>245.3</b>	<b>244.4</b>	<b>436.5</b>	<b>646.6</b>

## 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 Friday, 21 Mar, 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.