

Team Coverage

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Recommendation:	BUY
Current Price:	RM 1.20
Previous Target Price:	RM 1.55
Target Price:	RM 1.53
Capital Upside/Downside:	27.5%
Dividend Yield (%):	5.8%
Total Upside/Downside:	33.3%

Stock information

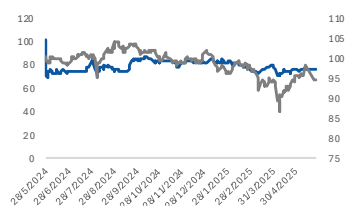
Board	MAIN
Sector	Property
Bursa / Bloomberg Code	7179 / LAGENDA MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	837.3
Market Cap (RM' m)	1,004.8
52-Week Price Range (RM)	1.72-0.85
Beta (x)	0.9
Freefloat (%)	41.0
3M Average Volume (m)	0.6
3M Average Value (RM' m)	0.7

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 (%)	0.0	-2.4	-27.7
Relative (%)	-0.3	0.7	-23.5

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM' m)	988.8	1080.5	1344.2
PATAMI (RM' m)	184.0	201.1	252.5
CNP (RM' m)	199.9	201.1	252.5
EPS - core (sen)	23.9	24.0	30.2
P/E (x)	5.2	5.2	4.1

Lagenda Properties Bhd

Modest start with slight miss

- **LAGENDA's 1QFY25 CNP came in at RM42.3m (-0.8% yoy, +42.5% qoq). The results were below expectations, accounting for 19.2% of our full-year forecast and 19.5% of consensus estimates.**
- **We expect earnings to remain soft, qoq as revenue recognition is expected to be backloaded.**
- **Trimmed our earnings forecasts by -9.1%/-4.5% to RM201.1m/RM252.5m for FY25F/FY26F, to account for slower-than-expected construction progress for newly launched projects and slower take-up rate for projects in Perak.**
- **Maintain our BUY recommendation with a lower target price of RM1.53 (from RM1.55), based on 30% discount to our RNAV valuation and appraised with a three-star ESG rating.**

Results below expectations. Excluding the fair value gain on other investment (RM2.2m), 1QFY25 CNP came in at RM42.3m (-0.8 yoy, 42.5% qoq). The result was below expectations, accounting for 19.1%/19.5% of our full year forecast and consensus estimate (RM221.2m/RM217.3m), respectively.

YoY. CNP slipped marginally by 0.8% yoy to RM42.4m despite a 17.2% increase in overall revenue. This was mainly due to higher financing costs and one-off cost adjustments related to the completion of projects within the Bandar Baru Setia Awan Perdana (BBSAP) township. Additionally, the completion of projects in the BBSAP and Lagenda Teluk Intan townships led to reduced demand for building materials, resulting in a 21.3% decline in revenue from the trading segment to RM56.9m (from RM72.3m).

QoQ. On a sequential basis, CNP surged 42.5% qoq to RM42.4m, driven by increased revenue recognition from ongoing projects, of Lagenda Ardea Phase 1A and Lagenda Suria Phase 1A. This was further supported by the absence of major one-off expenses that weighed down the previous quarter.

Outlook. Looking ahead, LAGENDA remains on a solid growth trajectory, supported by strong unbilled sales of RM898.9m, which will be recognised progressively over the next three years. While a slower take-up rate is expected in Perak due to affordability concerns following price adjustments in new launches, contributions from newly launched projects in Johor and Kedah are expected to cushion the impact. Notably, management guided that the project in Kulai, Johor could achieve strong gross profit margins of 40–50%. To diversify earnings and reduce reliance on Perak, the group has expanded into multiple states, including Negeri Sembilan, Johor, and Kedah, positioning itself for broader nationwide coverage. With continued launches ahead and strong demand for low-cost housing, LAGENDA is well-positioned to sustain growth and preserve margins in the coming years. However, given the subdued pace of revenue recognition, we do not anticipate significant earnings increase over the near term.

Earnings Revision. Trimmed our CNP forecast by -9.1%/-4.5% to RM201.1m/RM252.5m in FY25F/FY26F to account for slower-than-expected construction progress in certain newly launched projects and a weaker take-up rate in more mature townships such as Perak.

Valuation. Following the earnings adjustment, we reiterate our **BUY** recommendation with a lower target price of **RM1.53** (from RM1.55), based on 30% discount rate to our RNAV valuation and appraised with a three-star ESG rating.

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

Results Note

Wednesday, 28 May, 2025

Results Comparison

FYE Dec (RM m)	1QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	3MFY25	3MFY24	yoy (%)	Comments
Revenue	264.4	225.6	17.2	233.9	13.0	264.4	225.6	17.2	
EBITDA	67.3	63.7	5.7	69.9	(3.8)	67.3	63.7	5.7	
Pre-tax profit	60.4	59.1	2.1	59.9	0.8	60.4	59.1	2.1	
Net profit	44.6	42.7	4.4	45.6	(2.3)	44.6	42.7	4.4	
Core net profit	42.4	42.72	(0.82)	29.7	42.5	42.4	42.7	(0.8)	
Core EPS (sen)	5.1	5.1	(0.82)	3.6	42.5	5.1	5.1	(0.8)	
EBITDA margin (%)	25.4	28.2		29.9	(28.9)	25.4	28.2		
PBT margin (%)	22.8	26.2		25.6	(20.2)	22.8	26.2		
Core net profit margin (%)	16.0	18.9		12.7	(303.1)	16.0	18.9		

Source: Company, Apex Securities

Segmental Breakdown

FYE Mar (RM m)	1QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	3MFY25	3MFY24	yoy (%)	Comments
Revenue									
Property development	235.1	195.4	20.3	217.0	8.3	235.1	195.4	20.3	
Construction	-	131.9	(100.0)	129.8	(100.0)	-	131.9	(100.0)	Derecognition of the construction segment as it is now
Trading & others	62.0	77.7	(20.2)	110.2	(43.7)	62.0	77.7	(20.2)	treated as in-house support
Elimination	(32.7)	(179.4)	(81.8)	(223.0)	(85.3)	(32.7)	(179.4)	(81.8)	
Total	264.4	225.6	17.2	233.9	13.0	264.4	225.6	17.2	
Pre-tax profit									
Property development	55.1	46.6	18.4	71.8	(23.2)	55.1	46.6	18.4	
Construction	-	8.4	(100.0)	(8.5)	(100.0)	0.9	8.4	(88.9)	
Trading & Others	0.9	5.5	(83.1)	43.5	(97.9)	60.4	5.5	993.5	
Elimination	4.3	(1.3)	nm	(46.9)	nm	4.3	(1.3)	nm	
Total	60.4	59.1	2.1	59.9	0.8	120.7	59.1	104.2	
Pre-tax profit margin (%)									
Property development	23.5%	23.8%		33.1%		23.5%	23.8%		
Construction	-	6.4%		-6.5%		-	6.4%		
Trading & others	1.5%	7.1%		39.5%		97.4%	7.1%		
Aggregate Total	22.8%	26.2%		25.6%		45.7%	26.2%		

Source: Company, Apex Securities

Results Note

Wednesday, 28 May, 2025

Financial Highlights

Income Statement

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Revenue	866.9	834.9	988.8	1080.5	1344.2
Gross Profit	319.8	302.3	345.3	377.3	469.5
EBITDA	270.2	233.5	281.1	311.9	385.8
Depreciation & Amortisation	-3.4	-5.0	-7.3	-9.6	-9.7
EBIT	266.8	228.5	273.8	302.3	376.1
Net Finance Income/ (Cost)	-11.8	-12.6	-18.4	-21.5	-24.6
Associates & JV	0.0	2.3	-1.0	0.1	0.2
Pre-tax Profit	251.5	212.6	248.4	273.1	342.9
Tax	-73.3	-64.4	-64.4	-71.0	-89.2
Profit After Tax	178.2	148.1	184.0	202.1	253.8
Minority Interest	0.0	-0.2	0.0	1.0	1.3
Net Profit	178.3	148.3	184.0	201.1	252.5
Exceptionals	-7.7	0.2	-15.9	0.0	0.0
Core Net Profit	186.0	148.1	199.9	201.1	252.5

Key Ratios

FYE Dec	FY22	FY23	FY24	FY25F	FY26F
EPS (sen)	22.2	17.7	23.9	24.0	30.2
P/E (x)	5.6	7.1	5.2	5.2	4.1
P/B (x)	1.0	1.0	0.9	0.8	0.7
EV/EBITDA (x)	4.1	4.6	1.9	3.0	2.5
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 (%)	31.2%	28.0%	28.4%	28.9%	28.7%
EBIT margin (%)	30.8%	27.4%	27.7%	28.0%	28.0%
PBT margin (%)	29.0%	25.5%	25.1%	25.3%	25.5%
PAT margin (%)	20.6%	17.7%	18.6%	18.7%	18.9%
NP margin (%)	20.6%	17.8%	18.6%	18.6%	18.8%
CNP margin (%)	21.5%	17.7%	20.2%	18.6%	18.8%
ROE (%)	18.3%	13.4%	16.4%	14.8%	16.3%
ROA (%)	10.5%	7.0%	8.2%	7.2%	8.1%
Gearing (%)	37.3%	27.4%	66.7%	71.8%	71.6%
Net gearing (%)	Net Cash	Net Cash	40.8%	8.8%	5.5%

Valuations	FY26F	Valuation methodology
Total RNAV (RM' m)	1823.1	10% NPV
Discount Rate	30.0%	
Discounted RNAV (RM' m)	1276.2	
No. of shares	837.3	
Fair Value (RM)	1.53	

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Cash	441.8	321.5	316.6	858.1	1026.4
Receivables	314.0	234.8	282.8	190.8	324.8
Inventories	472.0	700.9	811.6	489.3	511.4
Other current assets	277.8	178.6	211.1	211.1	211.1
Total Current Assets	1505.7	1435.7	1622.1	1749.4	2073.7
Fixed Assets	40.9	115.3	159.3	160.8	162.2
Intangibles	25.6	25.6	25.6	25.6	25.6
Other non-current assets	204.4	546.4	639.8	849.0	849.2
Total Non-Current Assets	270.8	687.2	824.7	1035.4	1037.0
Short-term debt	190.7	190.4	738.9	755.1	782.0
Payables	365.7	692.2	348.4	366.5	384.5
Other current liabilities	9.7	13.0	17.3	17.3	17.3
Total Current Liabilities	566.2	895.7	1104.6	1138.9	1183.8
Long-term debt	188.6	112.0	76.4	222.2	329.8
Other non-current liabilities	5.6	13.6	44.1	62.2	44.1
Total Non-Current Liabilities	194.2	125.6	120.5	284.4	373.9
Shareholder's equity	1016.1	1101.8	1221.6	1360.4	1550.5
Minority interest	0.0	-0.2	0.1	1.1	2.4
Total Equity	1016.2	1101.6	1221.7	1361.5	1552.9

Cash Flow

FYE Dec (RM m)	FY22	FY23	FY24	FY25F	FY26F
Pre-tax profit	251.5	212.6	248.4	273.1	342.9
Depreciation & amortisation	3.4	5.0	7.3	9.6	9.7
Changes in working capital	-40.4	-61.5	-590.7	241.2	-156.0
Others	-96.7	-62.7	-95.6	-71.1	-89.3
Operating cash flow	117.8	93.3	-430.6	452.9	107.3
Capex	-5.0	-17.5	-8.4	-10.0	-10.0
Others	-37.5	-52.3	-11.9	-1.1	-1.1
Investing cash flow	-42.5	-69.8	-20.4	-11.1	-11.1
Dividends paid	-54.4	-54.4	-54.4	-54.4	-54.4
Others	162.9	-133.4	504.5	154.2	126.5
Financing cash flow	108.5	-187.9	450.1	99.8	72.1
Net cash flow	183.9	-164.3	-0.9	541.5	168.3
Forex	0.0	0.0	0.0	0.0	0.0
Others	32.1	44.0	-4.0	0.0	0.0
Beginning cash	225.8	441.8	321.5	316.6	858.1
Ending cash	441.8	321.5	316.6	858.1	1026.4

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 11,610m3 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 + 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.**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, 28 May, 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.