

Lagenda Properties Berhad (LAGENDA MK)

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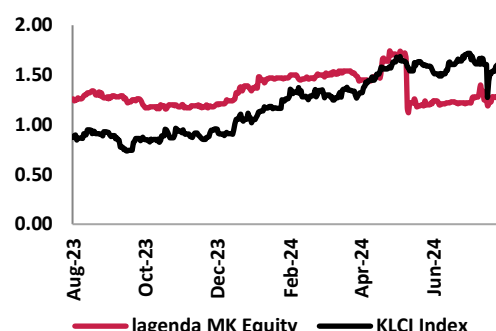
BUY

Share Price RM1.28
Target Price RM1.48 +15.6%

Accelerate Launch Momentum in 2H2024

- **Revised to lower target price (TP: RM1.48).** Lagenda's 1HFY24 revenue reached RM471.4mn, representing 37% of our full-year forecast, marking a 24.9% YoY increase. Additionally, core net profit surged by 25.9% YoY to RM91.1mn, which is 39% below our full-year expectations and in-line with 45% of the consensus. Despite this, the growth was driven by newly launched projects and contributions from the construction segment as work progress increased. We maintain our recommendation of a **BUY** call with a lower **TP of RM1.48** (down from RM1.95), pegged at 8.1x PER to rollover fully diluted FY25F EPS of 18sen.
- **Key highlights.** Lagenda's revenue increased to RM245.83mn, up 9% QoQ, and its core net profit rose by 13.3% QoQ to RM48.4mn. This growth was attributed to the launch of new projects such as Darulaman Lagenda Phase 3A, Lagenda Suria Phase 1A, and Lagenda Aman, as well as contributions from ongoing construction projects like Lagenda Tropika, Lagenda Teluk Intan Phase 3A, and Darulaman Lagenda Phases 1 and 2. The company also declared a single-tier first interim dividend of 3sen for 2QFY24. This results in a total DPS of 3sen, with a yield of 2.34%, representing a 72% payout ratio for FY24.
- **Earnings Revision.** Due to our overestimations of the impact of new development launches and sales targets for the 1HFY24, we have adjusted our earnings projections for FY24/FY25/FY26 downward by 14%/17%/19%, respectively. This revision leads to anticipated core net profits of RM199.3mn/RM212.7mn/RM223.7mn for FY24F-FY26F (refer to Table 2).
- **Outlook.** We foresee ongoing positive outlook for Lagenda, primarily due to the anticipated surge in revenue from upcoming project launches especially in 2HFY24, which will introduce over 8,000 new units across Perak, Johor, Selangor, Pahang, and Kedah. This represents a significant expansion, more than doubling the number of launches from 2023. During the 2QFY24, Lagenda achieved an unprecedented milestone, securing confirmed sales amounting to RM297.1mn. Additionally, the company's sales for the first six months of 2024 reached RM519.76mn, marking a 2.5% increase from the corresponding period in 2023. The company is poised to maintain its upward momentum with several new projects scheduled for launch in the latter part of the year. As of the end of June 2024, Lagenda reported an unbilled sales and bookings totalling of RM743.47mn and RM542.73mn respectively, indicating strong customer engagement with its property offerings.

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	4.9	(24.3)	6.4
vs FBM KLCI	4.1	(25.2)	(10.9)

Stock Data

ESG Rating	Good
Adj. Beta	0.9
Mkt Cap (RM)	1,071.8
Free float (%)	0.3
Issued shares (mn)	837.3
52w H/L (RM)	1.77 / 0.85
3m avg daily volume (mn)	9,396,566

Major Shareholders (%)

Lagenda Land Sdn Bhd	53%
Ocbc Securities Pvt	9.6%
Ubs Ag Singapore	4.2%

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Table 1: Quarterly Figures

Lagenda FYE 31 Dec (RM mn)	Quarterly			Change (%)		Cumulative		YTD	BIMB	
	2Q23	1Q24	2Q24	QoQ	YoY	1H23	1H24	%	FY24F	1H/F
Revenue	196.4	225.6	245.8	9.0	25.2	377.3	471.4	24.9	1,280.3	37%
EBITDA	53.2	63.7	72.3	13.5	35.8	151.1	135.9	-10.0	357.2	38%
Pretax profit	47.1	59.1	65.8	11.3	39.6	100.2	124.9	24.6	330.0	39%
Taxation	(14.1)	(16.3)	(17.4)	7.1	23.4	(27.9)	(33.7)	20.8	(97.8)	38%
Net profit	33.0	42.9	48.4	12.9	46.5	72.3	91.2	26.1	232.2	34%
Core net profit	33.0	42.7	48.4	13.3	46.5	72.3	91.1	25.9	232.4	39%
EPS (sen)	3.40	3.68	4.17	13.3	22.7	7.44	7.85	5.5	24.1	39%
				Chg (ppts)				Chg (ppts)		
EBITDA margin (%)	27.1	28.2	29.4	1.2	2.3	40.0	28.8	-11.2	27.9	
PBT margin (%)	24.0	26.2	26.8	0.6	2.8	26.6	26.5	-0.1	25.8	
Core net profit margin (%)	16.8	18.9	19.7	0.7	2.9	19.2	19.3	0.2	18.2	
Effective tax rate (%)	-29.9	-27.5	-26.5	1.1	3.5	-27.8	-27.0	0.9	-29.6	

Source: BIMB Securities, Company

Table 2: Change in Earnings Forecast

FYE Dec (RM mn)	Previous		After		Change (%)	
	2024F	2025F	2024F	2025F	2024F	2025F
Revenue	1,280	1,406	1,098	1,172	-14%	-17%
EBITDA	357	388	310	327	-13%	-16%
Pretax profit	330	362	283	302	-14%	-17%
PATAMI	232	255	199	213	-14%	-17%

Source: BIMB Securities, Company

Table 3: Earnings Forecast

FYE Dec (RM mn)	2022	2023	2024F	2025F	2026F
Turnover	868	835	1,098	1,172	1,232
EBITDA	269	234	310	327	342
Pretax profit	251	213	283	302	318
Net profit	178	148	199	213	224
Core net profit	178	148	199	213	224
Consensus			202	249	304
EPS (sen)	21.2	15.4	17.2	18.3	19.3
PER (x)	7.2	9.9	8.8	8.3	7.9
DPS (sen)	2.0	6.5	5.3	5.6	5.9
Div. Yield (%)	1.9	5.08	4.12	4.39	4.62
BVPS (RM)	1.4	1.1	1.1	1.2	1.4
P/B (x)	0.6	1.3	1.4	1.2	1.1
Key Ratios (%)					
ROE	9.5	13.5	15.7	15.0	14.2
EBITDA margin	31.0	28.0	28.2	27.9	27.8
Pretax margin	28.9	25.5	25.8	25.8	25.8
Net margin	20.5	17.8	18.2	18.2	18.2

Source: Bloomberg, BIMB Securities

DEFINITION OF RATINGS

BIMB Securities uses the following rating system:

STOCK RECOMMENDATION

BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
HOLD	Share price may fall within the range of +/- 10% over the next 12 months
TAKE PROFIT	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL	Share price may fall by more than 15% in the next 3 months. SELL Share price may fall by more than 10% over the next 12 months.
NOT RATED	Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
UNDERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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