

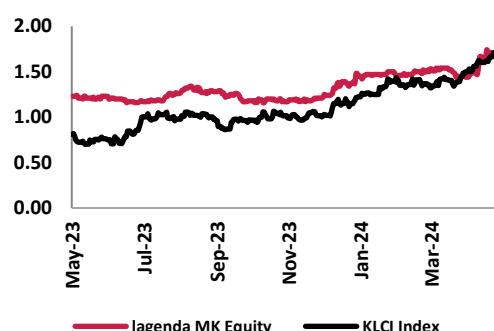
Lagenda Properties Berhad (LAGENDA MK)**In-line****BUY**

Share Price **RM1.72**
 Target Price **▲ RM1.95 +11.6%**

Optimistic Beginning in 2024

- **Revised to Buy with a higher target price (TP: RM1.95).** Lagenda's 1QFY24 revenue reached RM225.6mn, representing 18% of our full-year forecast and marking a 24.7% YoY increase. Additionally, core net profit surged by 9% YoY to RM42.7mn, in line with our expectations. This growth was driven by strong sales momentum and increasing construction progress from various projects, most notably Lagenda Teluk Intan, Lagenda Tropika, and Darulaman Lagenda. Given the encouraging performance, we revised our recommendation from **HOLD** to a **BUY call** with a higher **TP of RM1.95** (up from RM1.71), pegged at 8.1x PER to fully diluted FY24F EPS of 24 sen.
- **Key highlights.** Although Lagenda's revenue marginally fell to RM225.6mn (-9.1% QoQ) due to slower revenue recognition from projects such as Lagenda Tropika, Lagenda Teluk Intan Phase 2, and BBSAP Phase 4A, which are nearing completion, we remain positive on its long-term prospects. Newly launched projects, namely Lagenda Suria Phase 1A and Lagenda Aman, have begun contributing gradually to the revenue stream as they are still in the early stages. Notably, core net profit increased slightly by 2.1% QoQ to RM42.7mn, despite a reduction in property development activity and the elimination of RM23.3mn in dividend income declared by a subsidiary under intra-group transactions.
- **Earnings Revision.** No revision.
- **Outlook.** Anticipating sustained positive earnings for Lagenda, we attribute this to the forthcoming growth from new launches, totaling more than 8,000 units across Perak, Johor, Selangor, Pahang, and Kedah. This represents a significant increase of over 100% compared to 2023's launches. In 1QFY24, the company recorded confirmed sales of RM222.6mn, primarily driven by Lagenda Suria in Johor and the recently launched Lagenda Aman in Perak. Additionally, bookings reached RM230.7mn, indicating a robust pipeline for future sales conversions. Revenue visibility for 2024 is bolstered by unbilled sales of RM633.7mn, expected to materialize throughout the year as construction activities escalate across various projects. Notably, the company boasts a 5,310-acre landbank with an outstanding GDV of approximately RM14.8bn.

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	19.4	20.6	46.5
vs FBM KLCI	16.3	12.5	21.2

Stock Data

ESG Rating	Good
Adj. Beta	0.8
Mkt Cap (RM)	1,440.2
Free float (%)	0.3
Issued shares (mn)	837.3
52w H/L (RM)	1.77 / 1.15
3m avg daily volume (mn)	932,466

Major Shareholders (%)

Lagenda Land Sdn Bhd	52%
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	
	1QFY23	4QFY23	1QFY24	QoQChg	YoYChg	1QFY23	1QFY24	%	FY24F	1Q/F
Revenue	181.0	248.1	225.6	-9.1	24.7	181.0	225.6	24.7	1,280.3	18%
EBITDA	57.1	62.9	63.7	1.2	11.5	57.1	63.7	11.5	357.1	18%
Pretax profit	53.1	59.2	59.1	-0.2	11.4	53.1	59.1	11.4	330.0	18%
Taxation	(13.8)	(17.2)	(16.3)	-5.3	18.0	(13.8)	(16.3)	18.0	(97.8)	17%
Net profit	39.3	42.0	42.9	1.9	9.0	39.3	42.9	9.0	232.2	18%
Core net profit	39.3	41.9	42.7	2.1	8.7	39.3	42.7	8.7	232.4	18%
EPS (sen)	4.04	4.33	3.68	-15.0	-8.8	4.04	3.68	-8.8	24.1	15%
				Chg (ppts)				Chg (ppts)		
EBITDA margin (%)	31.6	25.4	28.2	2.9	-3.3	31.6	28.2	-3.3	27.9	
PBT margin (%)	31.0	23.3	27.5	4.2	-3.5	31.0	27.5	-3.5	26.9	
Core net profit margin (%)	29.3	23.9	26.2	2.3	-3.1	29.3	26.2	-3.1	25.8	
Effective tax rate (%)	21.7	16.9	18.9	2.1	-2.8	21.7	18.9	-2.8	18.2	

Source: BIMB Securities, Company

Table 2: Earnings Forecast

FYE Dec (RM mn)	2022	2023	2024F	2025F	2026F
Turnover	868	843	1,280	1,406	1,521
EBITDA	269	238	357	388	417
Pretax profit	251	217	330	362	392
Net profit	178	153	232	255	276
Core net profit	178	153	232	255	276
Consensus			212	251	291
EPS (sen)	21.2	15.4	24.1	26.4	28.6
PER (x)	7.2	9.9	6.3	5.8	5.3
DPS (sen)	2.0	6.5	6.5	7.4	8.1
Div. Yield (%)	1.9	3.8	3.2	4.9	5.4
BVPS (RM)	1.4	1.2	1.1	1.3	1.5
P/B (x)	0.6	1.3	1.3	1.2	1.0
Key Ratios (%)					
ROE	9.5	7.9	18.3	17.7	16.9
EBITDA margin	31.0	23.6	27.9	27.6	27.4
Pretax margin	28.9	25.5	25.8	25.8	25.8
Net margin	20.5	17.8	18.2	18.2	18.1

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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