

# Lagenda (LAGENDA MK)

Closing the year on a strong note

MALAYSIA | PROPERTY | UPDATE

- Lagenda achieved a high 90–95% average take-up rate for its new projects in Kedah, Johor, and Selangor
- YTD new launches amounted to RM1.2bn (+50% YoY), with sales on track to meet its 2024 target of RM1.2bn
- Maintain BUY call and unchanged RNAV-derived target price at RM2.00

## Strong unbilled sales to lift 4Q24 earnings

We reaffirm our positive view of Lagenda's outlook, buoyed by its robust sales momentum and solid take-up rates across its project launches. Lagenda posted consecutive quarters of record-high sales, driven by strong momentum across its developments in Johor, Kedah, Selangor, and Pahang. As a result, unbilled sales rose to RM835m (+12% QoQ), with Johor contributing the largest share at 34%, followed by Kedah (29%), Perak (21%), and Selangor (15%). We expect stronger sequential 4Q24 earnings momentum underpinned by the increase in unbilled sales.

## Set sight on RM1.2bn sales target

Lagenda launched a total GDV of RM1.2bn in 9M24 (+50% YoY), falling short of its full-year planned target of RM2bn for 2024 due to approval delays for its Kulai Phase 1 (RM560m) and Suria Phase 2 (RM161m). However, management plans to launch both projects by 1H25 to capitalise on the strong interest in Johor's property market. The company remains on track to achieve its 2024 sales target of RM1.2bn (+20% YoY), having secured confirmed sales of RM869m (+9% YoY) in 9M24, with an additional RM307m booking in hand. Lagenda expects to complete the acquisition of 855 acres of land in Sungai Petani, Kedah, by 1Q25. With an estimated GDV of RM1.5–2bn, this will further bolster its remaining GDV land bank to RM13.4bn.

## Maintain BUY with TP of RM2.00

We reiterate our BUY rating and unchanged RNAV-derived target price of RM2.00, based on a 20% RNAV discount. Strong demand driven by Lagenda's expanding footprint across other states, particularly Johor and Kedah, bolstered our BUY rating. We like Lagenda's niche focus on affordable housing and its attractive 7% 2025E dividend yield. Key risks to our BUY call include higher building material prices and lower-than-expected property sales.

### Key Financials

Y/E Dec	2022	2023	2024E	2025E	2026E
Revenue (RMm)	866.9	834.9	1,071.1	1,333.9	1,624.8
EBITDA (RMm)	264.2	227.9	307.1	388.2	475.5
Pretax profit (RMm)	251.5	212.6	280.6	351.4	438.5
Net profit (RMm)	178.3	148.3	199.5	249.8	311.7
EPS (sen)	21.3	17.7	23.8	29.8	37.2
PER (x)	6.1	7.3	5.5	4.4	3.5
Core net profit (RMm)	175.8	148.4	199.5	249.8	311.7
Core EPS (sen)	21.0	17.7	23.8	29.8	37.2
Core EPS growth (%)	(12.9)	(15.6)	34.4	25.2	24.8
Core PER (x)	6.2	7.3	5.5	4.4	3.5
Net DPS (sen)	6.5	6.5	7.1	9.0	11.2
Dividend Yield (%)	5.0	5.0	5.5	6.9	8.6
EV/EBITDA (x)	4.1	4.7	4.8	3.8	3.0
Chg in EPS (%)			-	-	-
Phillip/Consensus (%)			1.0	1.0	1.0

Sources: Company, Bloomberg, Phillip Research forecasts

27 November 2024

## BUY (maintain)

LAST CLOSE PRICE	RM1.30
TARGET PRICE	RM2.00
TOTAL RETURN	53.8%

### COMPANY DATA

BLOOMBERG TICKER	LAGENDA MK EQUITY
O/S SHARES (MN):	837
MARKET CAP (USD mn / RM mn):	244 / 1089
52 - WK HI/LO (RM):	1.77 / 0.85
3M Average Daily T/O (mn):	0.90
NET CASH/(DEBT) (RMm)	(412.00)

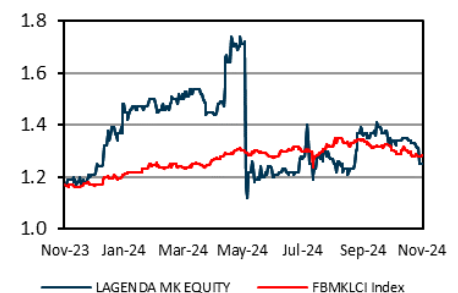
### MAJOR SHAREHOLDERS (%)

LAGENDA LAND SDN BHD	53.2%
OCBC SECURITIES PVT	9.6%
UBS AG SINGAPORE	4.2%

### PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	(6.7)	0.6	5.5
FBMKLCI RETURN	(1.1)	(0.6)	14.2

### PRICE VS. FBMKLCI






Source: Bloomberg

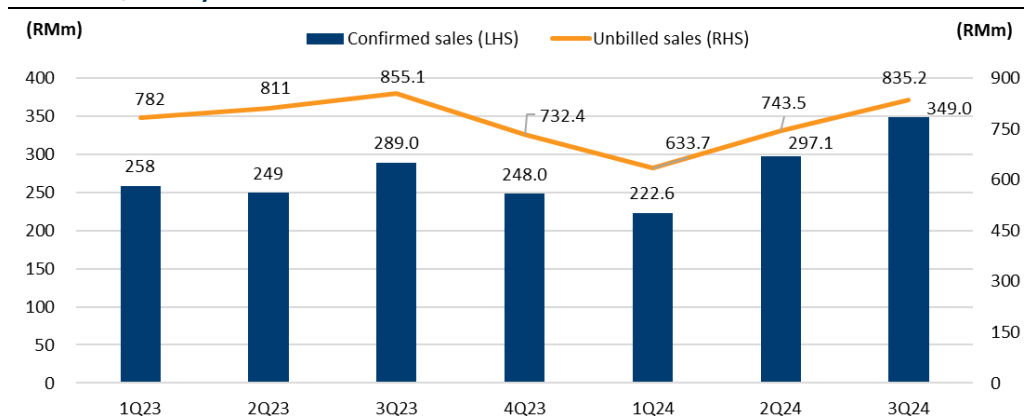
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**Table 1: Projects take-up rate**
**SALES PERFORMANCE BY PROJECTS - ONGOING**

Take Up Rate + Bookings (as at 30 Sept)						
Township / Projects	Phases	Launched Units	Take Up Rate + Bookings (as at 30 Sept)	Take Up Rate (as at 30 Sept)	Latest Launch Date	
	Lagenda Suria (Mersing)	Phase 1A & 1B	815	92%	77%	April 2024 (Phase 1B)
	Puncak Warisan Seri Embun	-	639	88%	63%	May 2024
	Darulaman Lagenda (Sg. Petani)	Phase 1 - 3A	2,029	96%	94%	August 2023 (Phase 3A)
	Lagenda Ardea	Phase 1A	831	91%	66%	May 2024
	Bandar Baru Setia Awan Perdana	Phase 4B & 4C	1,596	17%	13%	March 2023 (Phase 4C)
	Lagenda Teluk Intan	Phase 3A & 3B	1,853	80%	66%	January 2023 (Phase 3B)
	Lagenda Tropika & Aman (Tapah)	-	3,226	77%	69%	November 2021 (Tropika) May 2023 (Aman)

Sources: Company

**Table 2: Quarterly sales and unbilled sales**


Sources: Company, Phillip Research

**Table 3: Revalued net asset value (RNAV) valuation**

Segments	RNAV Value (RMm)
Property developments @DCF (WACC 6.5%)	2,658
Investment properties and other assets	150
Net cash/(debt)	(381)
<b>RNAV</b>	<b>2,427</b>
Fully-diluted no. of shares (m)	972
<b>Fully-diluted RNAV/share (RM)</b>	<b>2.50</b>
<b>Target price at 20% discount to RNAV</b>	<b>2.00</b>

Source: Company, Phillip Research forecasts

# FINANCIALS

## Income Statement

Y/E Dec (RMm)	2022	2023	2024E	2025E	2026E
<b>Revenue</b>	<b>866.9</b>	<b>834.9</b>	<b>1,071.1</b>	<b>1,333.9</b>	<b>1,624.8</b>
Operating expenses	(602.7)	(607.0)	(764.0)	(945.7)	(1,149.3)
<b>EBITDA</b>	<b>264.2</b>	<b>227.9</b>	<b>307.1</b>	<b>388.2</b>	<b>475.5</b>
Depreciation	(3.4)	(5.0)	(2.1)	(2.8)	(3.5)
<b>EBIT</b>	<b>260.8</b>	<b>222.9</b>	<b>305.0</b>	<b>385.4</b>	<b>472.0</b>
Net int income/(expense)	(11.8)	(12.6)	(24.4)	(34.0)	(33.6)
Associates' contribution	0.0	2.3	0.0	0.0	0.0
Forex gain/(loss)	3.6	0.0	0.0	0.0	0.0
Exceptional gain/(loss)	(1.1)	(0.1)	0.0	0.0	0.0
<b>Pretax profit</b>	<b>251.5</b>	<b>212.6</b>	<b>280.6</b>	<b>351.4</b>	<b>438.5</b>
Tax	(73.3)	(64.4)	(81.4)	(101.9)	(127.2)
Minority interest	0.0	0.2	0.3	0.4	0.4
<b>Net profit</b>	<b>178.3</b>	<b>148.3</b>	<b>199.5</b>	<b>249.8</b>	<b>311.7</b>
<b>Core net profit</b>	<b>175.8</b>	<b>148.4</b>	<b>199.5</b>	<b>249.8</b>	<b>311.7</b>

## Balance Sheet

Y/E Dec (RMm)	2022	2023	2024E	2025E	2026E
<b>Fixed assets</b>	<b>17.2</b>	<b>41.9</b>	<b>59.2</b>	<b>76.4</b>	<b>92.9</b>
Other long term assets	253.6	645.3	1,259.4	1,279.7	1,280.2
<b>Total non-current assets</b>	<b>270.8</b>	<b>687.2</b>	<b>1,318.6</b>	<b>1,356.1</b>	<b>1,373.1</b>
<b>Cash and equivalents</b>	<b>383.6</b>	<b>321.5</b>	<b>338.7</b>	<b>314.8</b>	<b>370.0</b>
Stocks	472.0	700.9	578.7	709.2	861.1
Debtors	523.2	483.4	440.2	548.2	667.7
Other current assets	126.8	50.5	50.5	50.5	50.5
<b>Total current assets</b>	<b>1,505.7</b>	<b>1,556.3</b>	<b>1,408.2</b>	<b>1,622.7</b>	<b>1,949.4</b>
<b>Creditors</b>	<b>181.9</b>	<b>557.5</b>	<b>477.7</b>	<b>585.4</b>	<b>710.8</b>
Short term borrowings	190.7	190.4	152.3	121.8	121.8
Other current liabilities	193.6	268.4	267.6	267.6	267.6
<b>Total current liabilities</b>	<b>566.2</b>	<b>1,016.2</b>	<b>897.6</b>	<b>974.8</b>	<b>1,100.2</b>
Long term borrowings	188.6	112.0	574.3	574.3	574.3
Other long term liabilities	5.6	13.6	13.6	13.6	13.6
<b>Total long term liabilities</b>	<b>194.2</b>	<b>125.6</b>	<b>587.9</b>	<b>587.9</b>	<b>587.9</b>
<b>Minority interests</b>	<b>0.0</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.2)</b>
<b>Shareholders' Funds</b>	<b>1,016.1</b>	<b>1,101.9</b>	<b>1,241.5</b>	<b>1,416.4</b>	<b>1,634.6</b>

## Cash Flow Statement

Y/E Dec (RMm)	2022	2023	2024E	2025E	2026E
<b>PAT</b>	<b>178.3</b>	<b>148.3</b>	<b>199.5</b>	<b>249.8</b>	<b>311.7</b>
Depreciation & Amortisation	3.4	5.0	2.1	2.8	3.5
Working capital changes	(108.7)	277.4	85.6	(130.8)	(146.1)
Others	178.5	(336.4)	(0.3)	(0.4)	(0.4)
<b>Cashflow from operation</b>	<b>251.5</b>	<b>94.3</b>	<b>286.9</b>	<b>121.5</b>	<b>168.7</b>
Capex	(55.6)	(67.2)	(20.0)	(20.0)	(20.0)
Disposal/(purchases)	2.6	0.4	0.0	0.0	0.0
Others	10.5	(4.0)	(614.0)	(20.0)	0.0
<b>Cash flow from investing</b>	<b>(42.5)</b>	<b>(70.8)</b>	<b>(634.0)</b>	<b>(40.0)</b>	<b>(20.0)</b>
Debt raised/(repaid)	179.3	(76.9)	424.2	(30.5)	0.0
Net interest income/(exp)	(11.8)	(12.6)	(24.4)	(34.0)	(33.6)
Dividends paid	(63.9)	(62.3)	(59.8)	(74.9)	(93.5)
Others	4.9	(36.1)	24.4	34.0	33.6
<b>Cash flow from financing</b>	<b>108.5</b>	<b>(187.9)</b>	<b>364.4</b>	<b>(105.4)</b>	<b>(93.5)</b>
<b>Free Cash Flow</b>	<b>195.9</b>	<b>27.1</b>	<b>266.9</b>	<b>101.5</b>	<b>148.7</b>

Source: Company, Phillip Research forecasts

## Key Financial Ratios and Margins

Y/E Dec (RMm)	2022	2023	2024E	2025E	2026E
<b>Growth</b>					
Revenue (%)	3.8	(3.7)	28.3	24.5	21.8
EBITDA (%)	(6.8)	(13.8)	34.8	26.4	22.5
Core net profit (%)	(9.1)	(15.6)	34.4	25.2	24.8
<b>Profitability</b>					
EBITDA margin (%)	30.5	27.3	28.7	29.1	29.3
PBT margin (%)	29.0	25.5	26.2	26.3	27.0
Core net profit margin (%)	20.3	17.8	18.6	18.7	19.2
Effective tax rate (%)	29.1	30.3	29.0	29.0	29.0
ROA (%)	11.1	7.4	8.0	8.8	9.9
Core ROE (%)	18.5	14.0	17.0	18.8	20.4
ROCE (%)	21.8	16.2	19.1	19.8	21.2
Dividend payout ratio (%)	30.5	36.7	30.0	30.0	30.0

## Liquidity

Current ratio (x)	2.7	1.5	1.6	1.7	1.8
Op. cash flow (RMm)	251.5	94.3	286.9	121.5	168.7
Free cashflow (RMm)	195.9	27.1	266.9	101.5	148.7
FCF/share (sen)	23.7	3.3	31.9	12.1	17.8

## Asset management

Debtors turnover (days)	214.1	220.0	150.0	150.0	150.0
Stock turnover (days)	314.9	401.9	315.0	315.0	315.0
Creditors turnover (days)	126.8	253.4	260.0	260.0	260.0

## Capital structure

Net gearing (%)	0%	-2%	31%	27%	20%
Interest cover (x)	22.4	18.1	12.6	11.4	14.2

## Quarterly Profit & Loss

Y/E Dec (RMm)	3Q23	4Q23	1Q24	2Q24	3Q24
<b>Revenue</b>	<b>217.9</b>	<b>248.1</b>	<b>225.6</b>	<b>245.8</b>	<b>283.4</b>
Operating expenses	(153.9)	(187.9)	(161.8)	(173.6)	(214.4)
<b>EBITDA</b>	<b>64.0</b>	<b>60.1</b>	<b>63.8</b>	<b>72.3</b>	<b>69.0</b>
Depreciation	(1.3)	(1.3)	(1.6)	(1.3)	(0.8)
<b>EBIT</b>	<b>62.7</b>	<b>58.9</b>	<b>62.2</b>	<b>71.0</b>	<b>68.2</b>
Net int income/(expense)	(5.0)	(1.4)	(3.3)	(5.3)	(4.9)
Associates' contribution	0.1	1.8	0.3	0.2	0.4
Forex gain/(loss)	0.0	0.0	0.0	0.0	0.0
Exceptional items	0.0	0.0	(0.1)	0.0	(0.2)
<b>Pretax profit</b>	<b>57.9</b>	<b>59.2</b>	<b>59.1</b>	<b>65.8</b>	<b>63.5</b>
Tax	(19.3)	(17.2)	(16.3)	(17.4)	(16.3)
Minority interest	0.2	(0.2)	(0.1)	(0.0)	0.0
<b>Net profit</b>	<b>38.8</b>	<b>41.9</b>	<b>42.7</b>	<b>48.4</b>	<b>47.3</b>
<b>Core net profit</b>	<b>38.8</b>	<b>41.9</b>	<b>42.9</b>	<b>48.4</b>	<b>47.5</b>
<b>Margins (%)</b>					
EBITDA	29.4	24.2	28.3	29.4	24.3
PBT	26.6	23.9	26.2	26.8	22.4
Core net profit	17.8	16.9	19.0	19.7	16.8

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