

Lagenda Properties (LAGENDA MK)

Delayed launches dragged sales

MALAYSIA | PROPERTY | RESULT

- 2024 core profit of RM170m (+14% YoY) missed both ours and consensus expectations
- 2024 new sales of RM1.1bn (+9% YoY) was below its RM1.2bn internal target
- Cut 2025-26E earnings by 13-18% to account for slower progress billings. Maintain BUY rating with lower RNAV-derived target price at RM1.70

Below expectations

Lagenda's 2024 revenue grew 18% YoY to RM989m on the back of sales momentum and progress billings from ongoing projects, including Darulaman Lagenda, Lagenda Puncak Warisan, and Lagenda Suria. EBITDA margin declined 1.3ppts to 26% due to substation construction work at Teluk Intan townships which command lower margin, as well as higher construction cost for the newly launched projects. Overall, 2024 core earnings of RM170m (+14% YoY) missed ours and consensus expectations, accounting for 85% and 84% of our and consensus respective full-year forecasts. The shortfall was mainly due to lower-than-expected margins. 2024 sales of RM1.1bn (+9% YoY), missed management's target of RM1.2bn partly due to delayed new launches in Johor.

Sequential weaker QoQ, delayed new launches in 2H24

Sequentially, 4Q24 core net profit declined 35% QoQ to RM31m mainly due to weaker revenue of RM234m (-18% QoQ) as newly launched projects including its Johor and Pahang projects are still at early stage of construction. EBITDA margin declined 2ppts QoQ due to higher construction cost incurred at newly launched projects. Lagenda quarterly property sales momentum declined 24% to RM266m in 4Q24 partly due to the delay in 2H24 new launches. Unbilled sales currently stood at RM896.3m (+7% QoQ) providing revenue visibility into 2025E.

Maintain BUY with lower TP of RM1.70

We trim our 2025-26E earnings by 13-18% to account for a slower progress billing from the delayed launches and introduce our 2027E earnings (+24% YoY). Post earnings cut, we lower our RNAV-derived target price to RM1.70 (from RM2.00), based on a wider 30% RNAV discount. We continue to like Lagenda for its niche focus on affordable housing and its attractive 6% 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	2023	2024E	2025E	2026E	2027E
Revenue (RMm)	834.9	988.8	1,164.6	1,482.8	1,770.1
EBITDA (RMm)	227.9	257.4	318.7	405.6	496.4
Pretax profit (RMm)	212.6	248.9	275.4	364.4	451.5
Net profit (RMm)	148.3	184.6	203.8	269.6	334.1
EPS (sen)	17.7	22.0	24.3	32.2	39.9
PER (x)	7.1	5.7	5.1	3.9	3.1
Core net profit (RMm)	148.4	169.5	203.8	269.6	334.1
Core EPS (sen)	17.7	20.2	24.3	32.2	39.9
Core EPS growth (%)	(15.6)	14.2	20.2	32.3	23.9
Core PER (x)	7.1	6.2	5.1	3.9	3.1
Net DPS (sen)	6.5	6.5	7.3	9.7	12.0
Dividend Yield (%)	5.2	5.2	5.8	7.7	9.6
EV/EBITDA (x)	4.5	6.0	4.4	3.7	3.1
Chg in EPS (%)			-18.4	-13.5	New
Phillip/Consensus (%)			0.8	0.9	1.0

Sources: Company, Bloomberg, Phillip Research forecasts

26 February 2025

BUY (maintain)

LAST CLOSE PRICE	RM1.25
TARGET PRICE	RM1.70
TOTAL RETURN	36.0%
(PREVIOUS TP:	RM2.00)

COMPANY DATA

BLOOMBERG TICKER	LAGENDA MK EQUITY
O/S SHARES (MN):	837
MARKET CAP (USD mn / RM mn):	237 / 1047
52 - WK HI/LO (RM):	1.77 / 0.85
3M Average Daily T/O (mn):	0.62
NET CASH/(DEBT) (RMm)	(498.70)

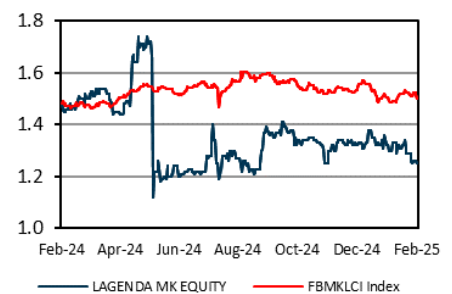
MAJOR SHAREHOLDERS (%)

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

PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	(4.5)	0.8	(3.8)
FBMKLCI RETURN	0.8	(0.1)	(3.5)

PRICE VS. FBMKLCI



Source: Bloomberg

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Results at a glance

Y/E Dec (RMm)	4Q23	3Q24	4Q24	QoQ % chg	YoY % chg	2023	2024	YoY % chg	Comments
Revenue	239.6	283.4	233.9	(17.5)	(2.4)	834.9	988.8	18.4	Lower revenue due to early construction stage of newly launched projects
Op costs	(184.0)	(214.4)	(181.6)	(15.3)	(1.3)	(606.3)	(731.4)	20.6	
EBITDA	55.6	69.0	52.3	(24.2)	(5.9)	228.6	257.4	12.6	
<i>EBITDA margin (%)</i>	<i>23.2</i>	<i>24.3</i>	<i>22.4</i>	<i>(2.0 ppt)</i>	<i>(0.8 ppt)</i>	<i>27.4</i>	<i>26.0</i>	<i>(1.3 ppt)</i>	Lower margins due to early construction stage of new projects
Depreciation	(1.3)	(0.8)	(1.6)	94.9	27.7	(5.7)	(5.3)	(5.8)	
EBIT	54.3	68.2	50.7	(25.7)	(6.7)	222.9	252.0	13.1	
<i>EBIT margin (%)</i>	<i>22.7</i>	<i>24.1</i>	<i>21.7</i>	<i>(2.4 ppt)</i>	<i>(1.0 ppt)</i>	<i>26.7</i>	<i>25.5</i>	<i>(1.2 ppt)</i>	
Int expense	(2.3)	(6.3)	(6.7)	6.2	188.1	(18.3)	(24.4)	33.3	Higher borrowings to fund land acquisition
Int and other inc	1.0	1.5	1.5	0.5	57.3	5.7	5.7	(1.2)	
Associates	1.8	0.4	(0.4)	NA	NA	2.3	0.5	(76.8)	
El	(0.3)	(0.2)	15.4	n.m	n.m	(0.1)	15.1	n.m	RM15.9m fair value gain on investment, RM0.4m fair value loss on investment properties
Pretax profit	54.4	63.5	60.5	(4.8)	11.1	212.6	248.9	17.1	
Core Pretax	54.7	63.7	45.0	(29.3)	(17.7)	212.7	233.9	10.0	
Tax	(17.2)	(16.3)	(14.4)	(11.5)	(16.5)	(64.4)	(64.3)	(0.2)	
<i>Tax rate (%)</i>	<i>31.6</i>	<i>25.6</i>	<i>23.8</i>	<i>(1.8 ppt)</i>	<i>(7.8 ppt)</i>	<i>30.3</i>	<i>25.8</i>	<i>(4.5 ppt)</i>	
MI	(0.2)	0.0	0.1	n.m	n.m	0.2	(0.0)	n.m	
Net profit	37.0	47.3	46.2	(2.2)	24.9	148.3	184.6	24.5	
EPS (sen)	4.4	5.6	5.5	(2.1)	24.9	17.7	22.1	24.5	
Core net profit	37.3	47.5	30.8	(35.1)	(17.4)	148.4	169.5	14.2	Miss expectations

Sources: Company, Phillip Research

Table 1: Revalued net asset value (RNAV) valuation

Segments	RNAV Value (RMm)
Property developments @DCF (WACC 6.5%)	2,552
Investment properties and other assets	163
Net cash/(debt)	(342)
RNAV	2,373
Fully-diluted no. of shares (m)	972
Fully-diluted RNAV/share (RM)	2.44
Target price at 30% discount to RNAV	1.70

Source: Company, Phillip Research forecasts

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