

# Legenda Properties (LAGENDA MK)

Sequentially stronger quarter

MALAYSIA | PROPERTY | RESULT

- 1Q25 core earnings came in at RM42.7m, within ours and consensus expectations
- 1Q25 recorded RM252m sales; commenced launches for its RM4bn Kulai township which we expect to drive sequential sales momentum
- Maintain BUY rating with unchanged RNAV-derived target price at RM1.75

## Within expectations

Legenda's 1Q25 revenue grew 17% YoY to RM264m on the back of sales momentum and progress billings from ongoing projects, including Darulaman Legenda (Kedah), Legenda Ardea (Selangor), and Legenda Suria (Johor). EBITDA margin declined 3.6 pts to 25% due to cost adjustments upon finalisation of completed projects in Bandar Baru Setia Awan Perdana (BBSAP) township. Overall, 1Q25 core earnings came in at RM42.7m (-1% YoY) within our and consensus expectations, accounting for 21% and 20% of our and consensus, respective full-year forecasts.

## Stronger sequential earnings momentum

Sequentially, 1Q25 core net profit improved 39% QoQ, attributable to higher revenue of RM264m (+13% QoQ) as ongoing projects continue to build up billing momentum. EBITDA margin improved by 2.4 pts QoQ due to lower construction costs incurred for newly launched projects. Legenda quarterly property sales came in at RM252m (-5% QoQ, +7% YoY) underpinned by solid demand for its ongoing Puncak Warisan, Johor, and sales from its newly launched La'Indera, Kuantan project. We expect sales momentum to continue building up sequentially, supported by its RM2.1bn planned launches for 2025. Notably, Legenda launched its RM4bn Johor Kulai township in April 25, which we anticipate to be a key sales driver for the group. Unbilled sales currently stood at RM898.9m, providing revenue visibility into 2025E.

## Maintain BUY with unchanged TP of RM1.75

We make no changes to our earnings forecast given the satisfactory results. Maintain BUY and unchanged RNAV-derived TP of RM1.75 based on 30% RNAV discount. We continue to like Legenda 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	1,486.6	1,792.4
EBITDA (RMm)	227.9	257.4	318.7	406.5	502.0
Pretax profit (RMm)	212.6	248.9	274.5	363.4	454.0
Net profit (RMm)	148.3	184.6	203.1	268.9	335.9
EPS (sen)	17.7	22.0	24.3	32.1	40.1
PER (x)	6.8	5.4	4.9	3.7	3.0
Core net profit (RMm)	148.4	169.5	203.1	268.9	335.9
Core EPS (sen)	17.7	20.2	24.3	32.1	40.1
Core EPS growth (%)	(15.6)	14.2	19.8	32.4	24.9
Core PER (x)	6.8	5.9	4.9	3.7	3.0
Net DPS (sen)	6.5	6.5	7.3	9.6	12.0
Dividend Yield (%)	5.4	5.4	6.1	8.0	10.0
EV/EBITDA (x)	4.3	5.8	4.3	3.8	3.2
Chg in EPS (%)			-	-	-
Phillip/Consensus (%)			0.9	1.0	1.0

Sources: Company, Bloomberg, Phillip Research forecasts

28 May 2025

## BUY (maintain)

LAST CLOSE PRICE	RM1.20
TARGET PRICE	RM1.75
TOTAL RETURN	45.8%

### COMPANY DATA

BLOOMBERG TICKER	LAGENDA MK EQUITY
O/S SHARES (MN) :	837
MARKET CAP (USD mn / RM mn) :	237 / 1005
52 - WK HI/LO (RM) :	1.72 / 0.85
3M Average Daily T/O (mn) :	0.60
NET CASH/(DEBT) (RMm)	(742.70)

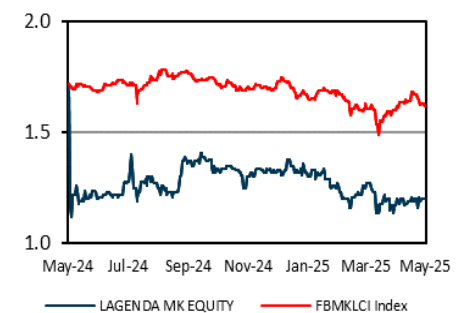
### MAJOR SHAREHOLDERS (%)

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

### PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	2.6	(2.6)	(5.6)
FBMKLCI RETURN	1.8	(1.6)	(4.7)

### PRICE VS. FBMKLCI



Source: Bloomberg

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**Results at a glance**

Y/E Dec (RMm)	1Q24	4Q24	1Q25	QoQ % chg	YoY % chg	Comments
Revenue	225.6	233.9	264.4	13.0	17.2	Higher revenue driven by new sales and billing momentum
Op costs	(161.8)	(181.6)	(199.0)	9.6	23.0	
<b>EBITDA</b>	<b>63.8</b>	<b>52.3</b>	<b>65.4</b>	<b>25.0</b>	<b>2.5</b>	
<i>EBITDA margin (%)</i>	<i>28.3</i>	<i>22.4</i>	<i>24.7</i>	<i>2.4 ppt</i>	<i>(3.6 ppt)</i>	Lower margins due to cost adjustment upon finalisation of completed projects
Depreciation	(1.6)	(1.6)	(1.7)	7.0	9.4	
<b>EBIT</b>	<b>62.2</b>	<b>50.7</b>	<b>63.6</b>	<b>25.6</b>	<b>2.3</b>	
<i>EBIT margin (%)</i>	<i>27.6</i>	<i>21.7</i>	<i>24.1</i>	<i>2.4 ppt</i>	<i>(3.5 ppt)</i>	
Int expense	(4.8)	(6.7)	(6.3)	(6.8)	31.0	Higher borrowings to fund land acquisition
Int and other inc	1.5	1.5	1.2	(19.5)	(20.5)	
Associates	0.3	(0.4)	(0.1)	(77.0)	>100	
El	(0.1)	15.4	1.9	<i>n.m</i>	<i>n.m</i>	RM2.2m fair value gain on investment, RM0.3m loss on disposal of PPE
<b>Pretax profit</b>	<b>59.1</b>	<b>60.5</b>	<b>60.4</b>	<i>(0.2)</i>	<i>2.1</i>	
<b>Core Pretax</b>	<b>59.3</b>	<b>45.0</b>	<b>58.5</b>	<i>29.8</i>	<i>(1.3)</i>	
Tax	(16.3)	(14.4)	(15.8)	9.7	(3.1)	
<i>Tax rate (%)</i>	<i>27.5</i>	<i>23.8</i>	<i>26.1</i>	<i>2.4 ppt</i>	<i>(1.4 ppt)</i>	
MI	(0.1)	0.1	(0.0)	<i>n.m</i>	<i>n.m</i>	
<b>Net profit</b>	<b>42.7</b>	<b>46.2</b>	<b>44.6</b>	<i>(3.6)</i>	<i>4.4</i>	
EPS (sen)	5.1	5.5	5.3	(3.6)	4.3	
<b>Core net profit</b>	<b>42.9</b>	<b>30.8</b>	<b>42.7</b>	<i>38.6</i>	<i>(0.4)</i>	Within expectations

Sources: Company, Phillip Research

**Table 1: Revalued net asset value (RNAV) valuation**

Segments	RNAV Value (RMm)
Property developments @DCF (WACC 6.5%)	2,635
Investment properties and other assets	163
Net cash/(debt)	(367)
<b>RNAV</b>	<b>2,432</b>
Fully-diluted no. of shares (m)	972
<b>Fully-diluted RNAV/share (RM)</b>	<b>2.50</b>
<b>Target price at 30% discount to RNAV</b>	<b>1.75</b>

Source: Company, Phillip Research forecasts

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