

UOBKH HIGHLIGHTS

Lagenda Properties (LAGENDA MK/BUY/RM1.19/Target: RM1.74)

2Q25: Results Miss Expectations; Record Breaking Property Sales In 2Q25

2Q25 RESULTS

Year to 31 Dec (RMm)	2Q25 (RMm)	1Q25 (RMm)	2Q24 (RMm)	qoq % chg	yoy % chg	1H25 (RMm)	yoy % chg
Revenue	238.9	264.4	245.8	(9.7)	(2.8)	503.3	6.8
COGS	(149.1)	(178.3)	(151.9)	(16.3)	(1.8)	(327.4)	11.3
Gross Profit	89.7	86.1	93.9	4.2	(4.4)	175.9	(0.8)
EBIT	67.5	66.7	72.1	1.1	(6.5)	134.2	(1.1)
PBT	61.0	60.4	65.8	1.0	(7.4)	121.3	(2.9)
PATAMI	45.2	44.6	48.4	1.5	(6.5)	89.8	(1.5)
Core PATAMI	43.0	44.6	48.4	(3.5)	(11.1)	87.6	(4.0)
Margins (%)	%	%	%	+/- ppt	+/- ppt	%	+/- ppt
GP	37.6	32.6	38.2	5.0	(0.6)	34.9	(2.6)
EBIT	28.2	25.2	29.3	3.0	(1.1)	26.7	(2.1)
PBT	25.5	22.8	26.8	2.7	(1.3)	24.1	(2.4)
Core PATAMI	18.0	16.9	19.7	1.2	(1.7)	17.4	(1.9)

SUMMARY EARNINGS FORECAST

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net Turnover	989	1,238	1,601	1,770
EBIT	273	309	408	460
Net Profit (Reported/Actual)	185	197	265	299
Net Profit (Adjusted)	169	197	265	299
EPS (sen)	20.2	23.5	31.7	35.8
PE (x)	5.9	5.1	3.8	3.3
P/B (x)	1.1	0.99	0.9	0.8
EV/EBITDA (x)	5.4	5.5	4.3	3.7
Dividend Yield (%)	5.5	5.5	7.5	8.4
Net Margin (%)	17.1	15.9	16.6	16.9
Net Gearing (%)	40.8	55.6	51.9	42.8
Interest Cover (x)	11.2	8.9	10.8	10.9
ROE (%)	15.1	14.4	17.1	16.9
Consensus Net Profit		217	282	322
UOBKH/Consensus (x)		0.9	0.9	0.9

Source: Lagenda, UOB Kay Hian

RESULTS

- **Results below expectations due to lower-than-expected revenue.** Lagenda Properties (Lagenda) posted a 2Q25 revenue of RM239m (-10% qoq; -3% yoy) and core PATAMI of RM43m (-4% qoq, -11% yoy). This brings 1H25 core PATAMI to RM88m, representing 45% and 44% of our and consensus full-year forecasts, which we deem below expectations due to lower-than-expected revenue.

COMMENTS

- **Core PATAMI margin improved qoq.** 2Q25 revenue declined to RM239m (-3% yoy) due to the absence or lower contributions from completed projects and reduced construction activity in near-completion projects, partially offset by ongoing developments and newly-launched projects including Lagenda Ardea Phase 2, La'Indera (Kuantan Penor) Phase 1A and La' Lumiere (Kulai) Phase 1A. Core PATAMI margin declined 2ppt yoy to 18% in 2Q25, due to higher staff costs as it expanded into Johor, Selangor and Pahang over the past year. QOQ, core PATAMI margin improved by 1ppt as a result of higher gross profit margin (+5ppt qoq).
- **2Q25 sales achieved a record-breaking RM413m (+64% qoq; +39% yoy),** driven by strong demand in Johor (La Lumiere and Puncak Warisan), Pahang (La'Indera) and Selangor (Lagenda Ardea). This brings 1H25 sales to RM665m (+28% yoy), achieving 44% of its full-year sales target of RM1.5b. Looking ahead, we expect Lagenda to achieve its sales target of RM1.5b (+30% yoy), driven by higher project launches in 2H25. As of end-Jun 25, unbilled sales surged to an all-time high of RM1.05b (1Q25: RM899m) with outstanding bookings of RM277m (1Q25: RM269m).
- We tweaked our 2025/26 earnings estimates by -6%/+3% on slower-than-expected construction progress.

VALUATION/RECOMMENDATION

- **Maintain BUY with a lower target price of RM1.74 (from RM1.84),** based on a 37% discount to RNAV per share of RM2.76. Our target price implies 1.3x 2026F PB (+1SD of five-year mean: 1.1x) and 5.6x 2026F PE.

ANALYST

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