Lagenda Properties
(LAGENDA MK/BUY/RM1.47/Target: RM1.88)

4Q25: Slightly Above Our Expectations; Offers 2026 Dividend Yield Of 5.6%

Highlights

- **Results slightly above our expectations.** Lagenda Properties (Lagenda) posted a 4Q25 revenue of RM297m (+17% qoq; +27% yoy) and core PATAMI of RM53m (+24% qoq, +15% yoy). Our 4Q25 core PATAMI is derived after excluding an exceptional loss of RM8m, mainly due to an impairment loss on construction-related debt (RM14.9m), partially offset by fair value gain on investment properties (RM5m). This brings 2025 core PATAMI to RM184m (-0.3% yoy), representing 105% of consensus and 106% of our estimates. We deem the results slightly above our expectations due to better construction progress.
- **The group declared a 4Q25 dividend of 3.5 sen/share,** bringing 2025 dividend to 6.5 sen/share, representing a 2025 yield of 4.4%.
- **4Q25 property segment revenue grew 31% yoy to RM274m.** Overall, 4Q25 revenue rose to RM297m (+27% yoy), underpinned by stronger contributions from the property development segment (+31% yoy to RM274m) and trading segment (+74% yoy to RM12.6m). Cumulatively, revenue jumped to RM1.7b (+7% yoy), boosted by property segment revenue of RM1.5b (+13% yoy). Core PATAMI margin came in at 17.9% in 4Q25 (+1ppt qoq; -1.9ppt yoy) and 16.3% in 2025 (-1.1ppt yoy).
- **Record-breaking unbilled sales.** Lagenda's property sales grew 50% yoy to RM1.7b (9M25: +39% yoy to RM1.2b), driven by strong take-up from projects in Kulai, Selangor and Kuantan, which exceeded its sales target of RM1.5b. As of end-Dec 25, unbilled sales had surged to an all-time high of RM1.6b (end-3Q25: RM1.33b) with outstanding bookings of RM477m (3Q25: RM543m).

Earnings Revision/Risk

- We raise our 2027 earnings forecast by 16% on a faster progress billing recognition and introduce our 2028 forecast.
- **Maintain BUY with higher target price of RM1.88 (from RM1.77),** as we narrow our discount to RNAV from 35% to 30%. Our target price implies 1.4x 2026F P/B and 7.7x 2026F PE (on a fully diluted basis). We expect a 34% two-year earnings CAGR during 2025-27, driven by record-breaking sales and launches over the past year, supported by all-time high unbilled sales of RM1.6b as of end-25. Lagenda currently offers a 2026 dividend yield of 5.6%, the highest among our coverage. Importantly, we understand there is no intention to convert substantial shareholders' outstanding redeemable convertible preference shares into ordinary shares in the near term to avoid any EPS dilution at current levels, which will only expire in 2028.

4Q25 Results

Year to 31 Dec	4Q25 (RMm)	qoq % chg	yoy % chg	2025 (RMm)	yoy % chg
Revenue	297.4	16.7	27.2	1,055.6	6.8
Gross Profit	106.3	18.1	40.1	372.2	7.8
EBIT	71.7	6.7	6.1	273.2	0.1
PBT	64.2	4.1	6.1	247.2	(0.7)
PATAMI	45.0	0.7	(2.4)	179.5	(2.8)
Core PATAMI	53.1	23.6	15.2	184.1	(0.3)
Margins	**%**	**+/- ppt**	**+/- ppt**	**%**	**+/- ppt**
GP	35.7	0.4	3.3	35.3	0.3
EBIT	24.1	(2.3)	(4.8)	25.9	(1.7)
PBT	21.6	(2.6)	(4.3)	23.4	(1.8)
Core PATAMI	17.9	1.0	(1.9)	17.4	(1.2)

Key Financials

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net Turnover	1,056	1,694	2,021	2,417
EBIT	273	424	525	628
Net Profit (Reported/Actual)	179	277	347	418
Net Profit (Adjusted)	184	277	347	418
Diluted EPS (sen)	16.2	24.4	30.6	36.9
PE (x)	9.1	6.0	4.8	4.0
P/B (x)	1.3	1.1	0.9	0.8
EV/EBITDA (x)	7.1	4.5	3.8	3.3
Dividend Yield (%)	4.4	5.6	7.1	8.5
Net Margin (%)	17.4	16.3	17.2	17.3
Net Debt/(Cash) to Equity (%)	55.3	46.1	43.1	40.5
Interest Cover (x)	9.8	11.4	13.1	14.3
ROE (%)	13.5	18.0	19.3	19.8
Consensus Net Profit	-	274	324	-
UOBKH/Consensus (x)	-	1.0	1.1	-

Source: Lagenda, UOB Kay Hian

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