

Crescendo Corp (6718)

More Dividends On The Cards?



Stock Highlights

Core property business remains robust. In 1HFY25, Crescendo's property development and construction division contributed 88% of the total revenue, with 75% coming from land sales related to data centre projects in its Nusa Cemerlang Industrial Park (NCIP). Even excluding these land sales, Crescendo's core profit from property development still saw a remarkable 170% surge YoY. Upcoming launches in the pipeline include mid-to-high-end landed properties and shop offices in Bandar Cemerlang (GDV: RM237m), a 1,200-unit serviced apartment near the JB-SG RTS station (GDV: RM1bn), and an industrial park development in Bandar Cemerlang.

Still has sizeable landbank. Crescendo's earning visibility is supported by yet-to-be recognised profits from land sale deals in NCIP, including RM115.9m from 20.5-acres land sales (SPA effective in Sep) and RM120.1m from another 18.4-acres land sales in Dec. With about 27 acres of landbank remaining in NCIP, we believe the company is poised to capitalise on further lucrative land sales at a premium (vis-a-vis its low acquisition costs), driven by the strong demand for data centre infrastructure in Johor. Beyond NCIP, the company still has a total land bank of 2,468 acres across Johor, with 43% of it (1,065 acres) strategically located within Iskandar Malaysia. With the robust property demand in Iskandar Malaysia driven by the development of JS-SEZ, we think this should augur well for Crescendo.

Attractive valuation supported by share buyback. The stock is currently trading at an attractive adjusted P/B ratio of 0.9x (post share split), with a strong net cash position of RM238.4m and a comfortable gearing level of 0.1x. As of 1HFY25, Crescendo has declared a total dividend of RM50.3m (or 6sen on a split-adjusted basis), which we think has room for more, given the active ongoing land sales. We note that management has also started to do share buybacks since 18 Nov.

Revisiting its 52-week high. After hitting its 52-week high, the stock consolidated, forming a bullish falling wedge pattern. The return of trading interest pushed the stock higher and initiated a pattern breakout. Supported by the pattern breakout, the stock is now set to test its first resistance at RM1.50. A breakout above this level could form a stage for the stock to revisit its 52-week high at RM1.61. Stop loss: RM1.30.

Technical

Resistance 1 (RM)	1.50
Resistance 2 (RM)	1.61
Support 1 (RM)	1.36
Support 2 (RM)	1.17
MACD	Positive
RSI	Positive

Stock Information

Last Close (RM)	1.47
Market cap (RM m)	1,230.3
52-week Range (RM)	0.681-1.67

Financial Highlights

FYE Jan	FY22	FY23	FY24	1HFY25
Revenue (RM m)	217.1	215.7	341.3	848.7
Core PAT (RM m)	11.9	25.1	43.8	41.0
Core EPS (sen)	1.4	3.0	5.2	4.9
DPS (sen)	2.0	1.7	0.7	6.0
BV/share (RM)	1.16	1.17	1.23	1.62
P/E (x)	105.0	49.0	28.3	30.0
P/B (x)	1.3	1.3	1.2	0.9

Source: Bloomberg, Mercury Securities

Company Profile

Crescendo Corporation Bhd is a conglomerate that runs the business of developing and constructing properties, investing in properties, trading and manufacturing of building materials and other services.

Glossary of commonly use technical terms

Moving Average (MA)	An indicator frequently used in technical analysis showing the average value of a security's price over a set period.
Moving Average Convergence Divergence (MACD)	A trend-following momentum indicator that shows the relationship between two moving averages of prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. A 9-day EMA of the MACD, called the "signal line", is then plotted on top of the MACD, functioning as a trigger for buy and sell signals.
Stochastic	A technical momentum indicator that compares a security's closing price to its price range over a given time period. The indicator's sensitivity to market movements can be reduced by adjusting the time period or by taking a moving average of the result.
Average True Range (ATR)	A measure of volatility whereby the indicator is the greatest of the following: <ul style="list-style-type: none">- current high less the current low;- the absolute value of the current high less the previous close;- the absolute value of the current low less the previous close;
Bollinger Band	A band plotted 2 standard deviations away from a simple moving average.
On-Balance Volume (OBV)	A method used in technical analysis to detect momentum, the calculation of which relates volume to price change. OBV provides a running total of volume and shows whether this volume is flowing in or out of a given security.
Support	The price level which, historically, a stock has had difficulty falling below. It is thought of as the level at which a lot of buyers tend to enter the stock.
Resistance	The price at which a stock or market can trade, but not exceed, for a certain period of time. Often referred to as "resistance level".
Reversal	A change in the direction of a price trend. On a price chart, reversals undergo a recognizable change in the price structure. An uptrend, which is a series of higher highs and higher lows, reverses into a downtrend by changing to a series of lower highs and lower lows. A downtrend, which is a series of lower highs and lower lows, reverses into an uptrend by changing to a series of higher highs and higher lows.
Divergence	When the price of an asset and an indicator, index or other related asset move in opposite directions.
Overbought	In technical analysis, this term describes a situation in which the price of a security has risen to such a degree – usually on high volume – that an oscillator has reached its upper bound. This is generally interpreted as a sign that the price of the asset is becoming overvalued and may experience a pullback.
Oversold	A situation in technical analysis where the price of an asset has fallen to such a degree – usually on high volume – that oscillator has reached a lower bound. This is generally interpreted as a sign that the price of the asset is becoming undervalued and may represent a buying opportunity for investors

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