

27 August 2018 | Corporate Update

## UEM Sunrise Berhad

### Plan for KL high rise project scrapped


#### INVESTMENT HIGHLIGHTS

- Plan for KL high rise project scrapped
- JLDA signed in 2016
- Neutral on the news
- Earnings forecast maintained
- **Maintain BUY with unchanged Target Price of RM1.25**

**Plan for KL high rise project scrapped.** UEM Sunrise announced that joint land development agreement (JLDA) between UEM Sunrise, TM Berhad and Sunrise Quality Sdn Bhd (an indirect wholly-owned subsidiary of UEM Sunrise) for the development of TM's 1.69-acre land in Jalan Raja Chulan has been rescinded subsequent to the non-fulfilment of the conditions precedent. Both parties have also agreed to refund the deposit to Sunrise Quality Sdn Bhd.

**JLDA signed in 2016.** To recap, UEM Sunrise, TM and Sunrise Quality Sdn Bhd entered into the JLDA on 27th May 2016 for the development of the land. The plan is to build a high rise mixed development comprising serviced apartments and retail elements. Under the agreement, Sunrise Quality Sdn Bhd would pay TM a guaranteed land cost of RM150mil as well as a 5% share of the gross development value of the project.

**Neutral on the news.** We are neutral on the announcement as the announcement is not expected to impact earnings of UEM Sunrise. We have not factored in the earnings contribution from the proposed project on the land as we had previously gathered that UEM Sunrise still needs between 1 to 2 years to get the necessary approvals before the project to go ahead. Hence, we make no changes to our earnings forecast for FY18/19.

**Maintain BUY with unchanged Target Price of RM1.25.** Our TP is based on 45% discount to RNAV. We maintain our BUY recommendation on UEM Sunrise as valuation of UEMS is attractive, trading at 33% discount to NTA. We also like strategy of UEMS of increasing presence in Central region of Malaysia. 

**Maintain BUY**

**Unchanged Target Price (TP): RM1.25**

RETURN STATS	
Price (24 Aug 2018)	RM0.925
Target Price	RM1.25
Expected Share Price Return	35.1%
Expected Dividend Yield	1.5%
<b>Expected Total Return</b>	<b>36.6%</b>
STOCK INFO	
KLCI	1,808.59
Bursa / Bloomberg	5148 / UEMS MK
Board / Sector	Main / Properties
Syariah Compliant	Yes
Issued shares (mil)	4,537.44
Market cap. (RM'm)	4,197.13
Price over NA	0.61
52-wk price Range	RM0.69 - RM1.26
Beta (against KLCI)	1.42
3-mth Avg Daily Vol	1.50m
3-mth Avg Daily Value	RM1.25m
Major Shareholders (%)	
Khazanah Nasional Bhd	66.06
Lembaga Tabung Haji	7.76

## INVESTMENT STATISTICS

FYE Dec	FY15A	FY16A	FY17A	FY18F	FY19F
Revenue	1750	1841	2155	2277	2359
Core EBIT	245	256	499	182	196
Core PBT	295	256	435	294	309
Net Income	257	147	280	223	235
Core Net Income	209	185	276	223	235
EPS (sen)	5.67	2.97	6.17	4.92	5.18
Core EPS (sen)	4.62	3.74	6.09	4.92	5.18
Net DPS (sen)	1.60	0.00	1.00	1.38	1.45
Net Dvd Yield	1.7%	0.0%	1.1%	1.5%	1.6%
Core PER	20.0	24.8	15.2	18.8	17.9
NTA/share (RM)	1.36	1.37	1.38	1.42	1.46
P/NTA	0.68	0.68	0.67	0.65	0.63
Core ROE	3.1%	2.7%	4.0%	3.2%	3.2%
Core ROA	1.8%	1.4%	1.9%	1.5%	1.6%

Source: Company, MIDF Research Estimate

## UEMS RNAV

UEM Sunrise Fully Diluted RNAV					
	Location	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
<b>Ongoing projects</b>					
East Ledang	Iskandar Puteri	100%	2309.4	10%	157.51
Nusa Idaman	Iskandar Puteri	100%	933.3	10%	69.50
Nusa Bayu	Iskandar Puteri	100%	415.4	10%	32.36
Almas, Puteri Harbour	Iskandar Puteri	100%	1380.2	10%	107.51
Estuari, Puteri Harbour	Iskandar Puteri	100%	5890.3	10%	309.17
Melia Gerbang Nusajaya	Iskandar Puteri	100%	304.4	10%	22.67
Mall of Medini	Iskandar Puteri	55%	2097	10%	78.67
Horizon Hills	Iskandar Puteri	50%	2728.7	10%	97.20
Emerald Bay	Iskandar Puteri	40%	3177	10%	86.68
Nusajaya Tech park	Iskandar Puteri	40%	3185	10%	85.07
Serene Heights	Selangor	100%	3118.1	10%	196.13
Radia Bukit Jelutong	Selangor	50%	1038.9	10%	38.68
Arcoris	KL	100%	439	10%	39.38
Solaris Parq Residences	KL	100%	2183.2	10%	187.06
Seremban Forest Heights	Negeri Sembilan	50%	1809.1	10%	59.11
Mayfair, Melbourne	Melbourne	100%	811.6	10%	66.48
<b>Pipeline projects</b>					
Gerbang Nusajaya	Iskandar Puteri	100%	25682.1	10%	962.15
Laman Nusantara	Iskandar Puteri	100%	485.2	10%	37.79
D'Santuary	Iskandar Puteri	100%	106.7	10%	8.31
Residential South	Iskandar Puteri	80%	2827.4	10%	122.40
CS 3 - Puteri Harbour	Iskandar Puteri	50%	1201	10%	38.89

Gerbang Nusajaya - Mulpha JV (UEMS land)	Iskandar Puteri	50%	2771	10%	98.70
Gerbang Nusajaya - Mulpha JV (Mulpha Land)	Iskandar Puteri	50%	2586.3	10%	88.20
Gerbang Nusajaya - KLK	Iskandar Puteri	40%	5000	10%	104.98
Gerbang Nusajaya - Motorsports City	Iskandar Puteri	30%	3700	10%	72.54
Fraser Metropolis	Johor	60%	15000	10%	354.39
Desaru	Johor	51%	10460	10%	245.22
Artisan Hills, Kajang	Selangor	100%	1485.9	10%	96.23
Angkasa Raya	KL	100%	1903.6	10%	128.86
MCOBA Land	KL	62%	843.4	10%	35.67
Seri Kembangan	Selangor	100%	700	10%	52.12
MK 31	KL	100%	1483.5	10%	101.18
MK27	KL	100%	249.9	10%	20.38
Kepong Land	Kepong	50%	15000	10%	357.35
Durban, South Africa	South Africa	100%	1631.9	10%	77.12
Unbilled sales (FY17)		100%	4766	10%	379.90

<b>Total</b>	5,015.54
Shareholder Funds	7,069.03
Total RNAV	12,084.6
<b>FD number of shares</b>	5,329.95
<b>FD RNAV per share</b>	2.27
<b>Discount</b>	45%
<b>Target Price (RM)</b>	1.25

Source: MIDF Estimate

## DAILY PRICE CHART



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### MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

#### SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.