

22 February 2018 | 4QFY17 Results Review

## UOA Development Berhad

*Higher earnings in FY17*

**Maintain BUY**

**Unchanged Target Price (TP): RM2.80**


### INVESTMENT HIGHLIGHTS

- **FY17 earnings within expectations**
- **Higher earnings in FY17**
- **FY17 new property sales at RM1.3b**
- **Maintain BUY with an unchanged TP of RM2.80**

**FY17 earnings within expectations.** UOA Development Berhad (UOADEV) FY17 core net income of RM401.4m (excluding one-off gain from re-measurement) came in within expectations, making up 101% and 102% of our and consensus forecast respectively. UOADEV announced dividend of 15sen per share or equivalent to dividend yield of 5.9%.

**Higher earnings in FY17.** UOADEV's 4QFY17 earnings climbed 10%yoy to RM102.1m, bringing FY17 earnings to RM401.4m (+7.4%yoy). The higher earnings were mainly driven by earnings recognition of its ongoing projects namely United Point Residence, Sentul Point, Danau Kota Suite Apartment. Besides, sales of completed projects (Desa Green Serviced Apartment and Scenaria @ North Kiara Hills) also contributed to higher earnings. Meanwhile, 4QFY17 unbilled sales stood at RM1.37b (59% contributed by United Point while 38% contributed by Sentul Point), flattish against unbilled sales of RM1.41b in 3QFY17, providing earnings visibility of 1.3 years.

**FY17 new property sales at RM1.3b.** UOADEV recorded new property sales of RM375.8m in 4QFY17, higher than new sales of RM311.2m in 3QFY17 and new sales of RM270m in 4QFY16. That brought total new sales in FY17 to RM1.3b, which is within our new sales expectations. The total new sales in FY17 is lower than new sales of RM1.42b in FY16 as last year sales were supported by launches of Sentul Point (GDV: RM1.5b) and United Point Residence (GDV: RM1.5b). Meanwhile, 36% of new sales in FY17 were contributed by Sentul Point, 35% by United Point Residence, 15% by UOA Business Park and 14% by other projects. Meanwhile, UOADEV planned to launch projects with total GDV of RM1.89b in FY18. Key launches in FY18 include The Park Residence II (GDV: RM600m) and SouthLink (GDV: RM550m) in Bangsar South.

**Maintain BUY with an unchanged TP of RM2.80.** We make no changes to our earnings forecast for FY18. Our target price for UOADEV is unchanged at RM2.80, based on 10% discount to RNAV. We like UOADEV for its attractive dividend yield and healthy balance sheet. Property sales prospect of UOADEV will continue to be driven by launches of urban-based affordable priced properties. 

RETURN STATS	
Price (21 Feb 2017)	RM2.54
Target Price	RM2.80
Expected Share Price Return	10.2%
Expected Dividend Yield	5.9%
Expected Total Return	16.1%
STOCK INFO	
KLCI	1,858.17
Bursa / Bloomberg	5200 / UOAD MK
Board / Sector	Main / Properties
Syariah Compliant	Yes
Issued shares (mil)	1520
Market cap. (RM'm)	4,402
Price over NA	1.07
52-wk price Range	RM2.3-RM2.76
Beta (against KLCI)	0.79
3-mth Avg Daily Vol	0.84m
3-mth Avg Daily Value	RM2.05m
Major Shareholders (%)	
UOA Holdings Sdn Bhd	69.40%
EPF	5.85%

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## INVESTMENT STATISTICS

FYE Dec (RM m)	FY15A	FY16A	FY17A	FY18F	FY19F
Revenue	1643.2	996.2	1081.6	1461.5	1483.6
Core EBIT	634.6	611.7	549.8	676.4	694.5
Core PBT	626.3	626.5	566.4	660.9	678.6
Net Income	417.0	676.7	491.1	431.3	442.8
Core Net Income	398.1	373.9	401.4	431.3	442.8
EPS (sen)	28.3	42.0	30.4	28.4	29.1
Core EPS (sen)	27.0	23.2	24.9	28.4	29.1
Net DPS (sen)	15.00	15.0	15.0	15.00	15.00
Net Dvd Yield	5.9%	5.9%	5.9%	5.9%	5.9%
Core PER	9.4	11.0	10.2	9.0	8.7
NTA/share (RM)	2.14	2.36	2.47	2.96	3.10
P/NTA	1.2	1.1	1.0	0.9	0.8
Core ROE	12.6%	9.8%	9.4%	9.6%	9.4%
Core ROA	9.1%	7.5%	7.3%	7.4%	7.3%
Net Gearing	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Source: Company, MIDF Research Estimate

## UOADEV: 4QFY17 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY17	%YoY	%QoQ	FY17	%YoY
Revenue	199.3	-26%	-23.8%	1,081.6	9%
Core EBIT	109.0	-51%	-22.7%	549.8	-10%
Core PBT	126.3	-43%	-10.7%	566.4	-10%
Net Income	191.8	-45%	112.3%	491.1	-27.4%
Core Net Income	102.1	10%	13.0%	401.4	7.4%
EPS (sen)	11.07	-48%	110.4%	30.44	-27.4%
Core EPS (sen)	5.89	3%	12.0%	24.88	7%
Net DPS (sen)	15.00	0%	NA	15.0	0%
NTA/share (RM)	2.47	6%	4%	2.5	5%
Net Gearing (x)	Cash	NA	NA	Cash	NA
Core EBIT Margin	54.7%	NA	NA	50.8%	NA
Core PBT Margin	63.4%	NA	NA	52.4%	NA

Source: Company

## UOADEV RNAV

Landbank/Buildings	Location	Stake	Size (sq ft)	Price (RM/sqft)	Value (RM m)
<b>Completed Buildings</b>					
Nexus Bangsar South	Bangsar South, KL	100%	768,252	250	192.0
The Vertical Bangsar South	Bangsar South, KL	100%	124,700	1,330	165.8
Camelia Service Apartments	Bangsar South, KL	100%	249,884	511	127.8
Bangsar South	Bangsar South, KL	100%	44,692	1,865	83.4
The Vertical Bangsar South Car Park	Bangsar South, KL	100%	32,367	1,858	60.1
The Vertical office tower	Bangsar South, KL	100%	22,927	2,105	48.3

## Ongoing Projects and unbilled sales

Project Name	Location	Progress (%)	DCF @ WACC 10%	DCF @ WACC 10%
Desa Green	Taman Desa, KL	85%	60.22	
UOA Business Park (previously: Kencana Square)	Selangor	39%	27.89	
South View Serviced Apartments	Bangsar South, KL	100%	101.04	
SouthBank Residence	Old Klang Road	60%	30.87	
Desa Sentul (Phase 1)	Sentul	100%	34.55	
Vertical Corporate Tower	Bangsar South, KL	100%	54.61	
Suria @ North Kiara	KL	100%	15.60	
United Point	Kepong	100%	192.53	
Danau Kota Suite	KL	100%	45.09	
Sentul Point	Sentul	100%	213.53	
The Sphere	Bangsar South, KL	100%	135.88	
South Link	Bangsar South, KL	100%	80.19	
Desa Center	Taman Desa, KL	100%	47.94	

## Future Projects

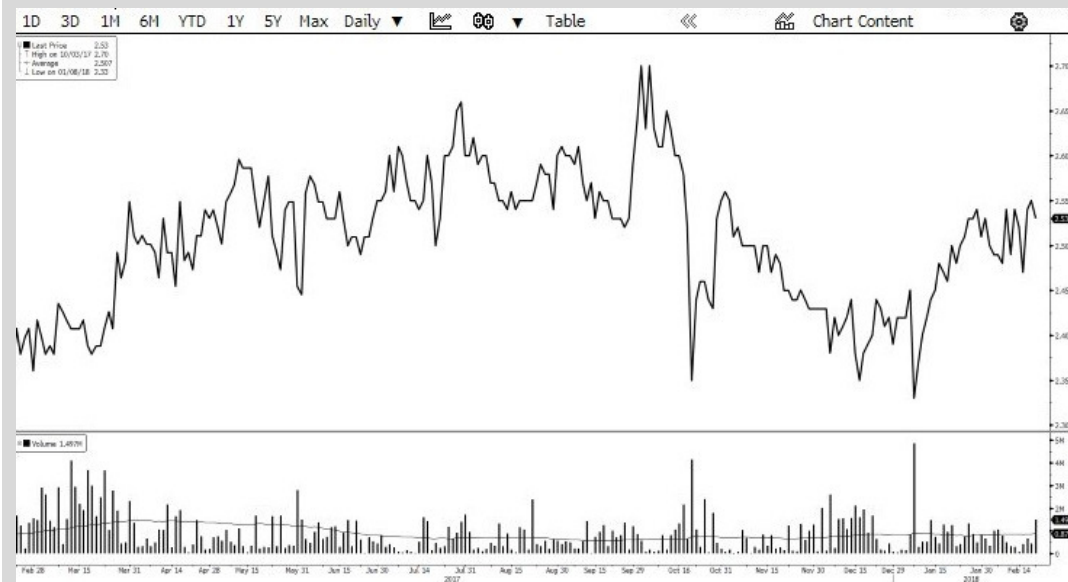
Project Name	Location	Progress (%)	Assumed Duration (Yrs)	DCF @ WACC 10%	DCF @ WACC 10%
Jalan Ipoh Land	Jalan Ipoh	100%	6	1,138.61	
Desa Business Suites	Taman Desa	100%	4	64.72	
Bandar Tun Razak Land	Cheras	100%	3	47.12	
Desa III	Taman Desa	70%	2	1.70	
Bangsar South Land (Commercial)	Bangsar South, KL	100%	6	419.00	
Bangsar South Land (Residential)	Bangsar South, KL	100%	6	359.14	
Land around Bangsar South	Kerinchi	100%	5	117.94	

## Total landbank value

Fixed Assets	162
Cash	988.166
Total Liabilities (excl. deferred tax & construction related payables)	294
<b>Total RNAV</b>	<b>4721.7</b>
Fully Diluted No of shares (m)	1520
RNAV per share (RM)	3.11
Discount	10%
<b>Target Price (RM)</b>	<b>2.80</b>

Source: Company, MIDF Research Forecast

## 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.