

28 December 2018 | Corporate Update

## UOA Development Berhad

### Acquired Pantai plots in KL


#### INVESTMENT HIGHLIGHTS

- Acquiring Pantai plots in KL
- Positive on the land acquisition
- Strong balance sheet
- Earnings forecasts maintained
- Maintain BUY unchanged TP of RM2.45

**Acquired Pantai plots in KL.** UOA Development (UOA DEV) announced that it has acquired 2 ordinary shares in Naik Makmur Development Sdn Bhd (Naik Makmur) for total consideration of RM24.7m. Naik Makmur currently holds 2 parcels of freehold land in Pantai totalling 0.62 acre.

**Positive on the land acquisition.** We are positive on the land acquisition as it would enable UOADEV to strengthen its presence in Klang Valley where we see a stable long-term outlook for property. The land is located within township and business district of Pantai and it is within walking distance to the Kerinchi LRT station. The land acquisition is in line with UOADEV's strategy of focusing on property development within Klang Valley.

**Strong balance sheet.** The acquisition will be funded by cash from internally generated funds. Funding is not an issue to UOADEV considering its cash pile of RM443m as at end September 2018. Balance sheet of UOADEV will remain sturdy at net cash position post the land acquisition. Meanwhile, at this juncture, we see minimal earnings impact from the land acquisition in FY18/19 as GDV and launches timeline are yet to be finalised. Hence, we maintain our earnings forecasts for FY18/19.

**Maintain BUY with an unchanged TP of RM2.45.** We maintain our TP of RM2.45, based on 17% discount to RNAV. We maintain our BUY call on UOADEV as we remain sanguine on its strategy of launching urban-based affordable priced properties in Klang Valley which are favoured by property purchaser. Meanwhile, dividend yield of UOADEV is attractive at 7.2%. 

**Maintain BUY**

**Unchanged Target Price (TP): RM2.45**

RETURN STATS	
Price (27 Dec 2018)	RM2.07
Target Price	RM2.45
Expected Share Price Return	18.4%
Expected Dividend Yield	7.2%
Expected Total Return	25.6%
STOCK INFO	
KLCI	1,690.72
Bursa / Bloomberg	5200 / UOAD MK
Board / Sector	Main / Properties
Syariah Compliant	Yes
Issued shares (mil)	1,843.74
Market cap. (RM'm)	3,816
Price over NA	0.84
52-wk price Range	RM1.84-RM2.71
Beta (against KLCI)	0.80
3-mth Avg Daily Vol	0.28m
3-mth Avg Daily Value	RM0.60m
Major Shareholders (%)	
UOA Holdings Sdn Bhd	69.81%
EPF	7.37%

## INVESTMENT STATISTICS

FYE Dec (RM m)	FY15A	FY16A	FY17A	FY18F	FY19F
Revenue	1643.2	996.2	1081.6	1270.1	1371.3
Core EBIT	634.6	611.7	549.8	531.4	546.0
Core PBT	626.3	626.5	566.4	515.9	530.1
Net Income	417.0	676.7	491.1	336.6	345.9
Core Net Income	398.1	373.9	401.4	336.6	345.9
EPS (sen)	28.3	42.0	30.4	22.1	22.8
Core EPS (sen)	27.0	23.2	24.9	22.1	22.8
Net DPS (sen)	15.00	15.0	15.0	15.00	15.00
Net Dvd Yield	7.2%	7.2%	7.2%	7.2%	7.2%
Core PER	7.66	8.92	8.32	9.35	9.10
NTA/share (RM)	2.14	2.36	2.47	2.93	3.04
P/NTA	0.97	0.88	0.84	0.71	0.68
Core ROE	12.6%	9.8%	9.4%	7.6%	7.5%
Core ROA	9.1%	7.5%	7.3%	5.8%	5.8%
Net Gearing	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Source: Company, MIDF Research Estimate

## 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
Vertical Corporate Tower A	Bangsar South, KL				550.0
<b>Ongoing Projects and unbilled sales</b>					
Desa Green	Taman Desa, KL	85%		DCF @ WACC 10%	56.02
UOA Business Park	Selangor	74%		DCF @ WACC 10%	51.86
South View Serviced Apartments	Bangsar South, KL	100%		DCF @ WACC 10%	96.52
SouthBank Residence	Old Klang Road	60%		DCF @ WACC 10%	29.68
Desa Sentul (Phase 1)	Sentul	100%		DCF @ WACC 10%	33.19
Vertical Corporate Tower	Bangsar South, KL	100%		DCF @ WACC 10%	53.89
Suria @ North Kiara	KL	100%		DCF @ WACC 10%	15.04
United Point	Kepong	100%		DCF @ WACC 10%	188.42
Danau Kota Suite	KL	100%		DCF @ WACC 10%	41.95
Sentul Point	Sentul	100%		DCF @ WACC 10%	207.79
The Sphere	Bangsar South, KL	100%		DCF @ WACC 10%	134.25
South Link	Bangsar South, KL	100%		DCF @ WACC 10%	80.19
Desa Center	Taman Desa, KL	100%		DCF @ WACC 10%	46.53
<b>Future Projects</b>					
				<b>Assumed Duration (Yrs)</b>	
Jalan Ipoh Land	Jalan Ipoh	100%	6	DCF @ WACC 10%	1,115.14
Desa Business Suites	Taman Desa	100%	4	DCF @ WACC 10%	63.39

Bandar Tun Razak Land	Cheras	100%	3	DCF @ WACC 10%	46.15
Desa III	Taman Desa	70%	2	DCF @ WACC 10%	1.66
Bangsar South Land (Commercial)	Bangsar South, KL	100%	6	DCF @ WACC 10%	410.36
Bangsar South Land (Residential)	Bangsar South, KL	100%	6	DCF @ WACC 10%	351.74
Sri Petaling land	Sri Petaling	100%	5	DCF @ WACC 10%	117.96
Land around Bangsar South	Kerinci	100%	5	DCF @ WACC 10%	143.23
UOA Business Park II	Selangor	74%	3	DCF @ WACC 10%	18.98
<b>Total landbank value</b>					<b>4483.0</b>
Fixed Assets					162
Cash					988.166
Total Liabilities (excl. deferred tax & construction related payables)					294
<b>Total RNAV</b>					<b>5339.2</b>
Fully Diluted No of shares (m)					1817
RNAV per share (RM)					2.94
Discount					17%
<b>Target Price (RM)</b>					<b>2.45</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.