

26 February 2018 | Corporate Update

## UOA Development Berhad

### Acquiring land in Sri Petaling

#### INVESTMENT HIGHLIGHTS

- Acquiring land in Sri Petaling
- Positive on the land acquisition
- Limited impact on balance sheet
- Maintain BUY with a revised TP of RM2.84

**Acquiring land in Sri Petaling.** UOA Development Berhad (UOADEV) announced that it has acquired 2 ordinary shares in Cosmo Housing Development Sdn Bhd (Cosmo) at a consideration of RM61.1m. Subsequent to the acquisition, Cosmo will become a subsidiary of UOADEV. Note that Cosmo owns 9.4 acres of freehold land in Sri Petaling.

**Positive on the land acquisition.** We view the acquisition positively as the acquisition will allow UOADEV to continue its strategic focus in Kuala Lumpur. The land is strategically located near the existing township of Sri Petaling and is located within close proximity to the proposed future MRT station in Sri Petaling. Note that UOADEV has exposure in that district as the land is located opposite Le Yuan Residence that was developed by UOADEV few years ago. UOADEV intends to develop mixed development with residential focus complemented by some commercial elements on the land with estimated GDV of RM1b.

**Limited impact on balance sheet.** The acquisition will be satisfied by cash from internally generated funds. UOADEV is also expected to assume liabilities of RM61m. We estimate UOADEV to remain in net cash position post acquisition as it has RM570m in its cash coffer as at 4QFY17. Meanwhile, we maintain our earnings forecast for FY18/19 pending further details on the launches timeline.

**Maintain BUY with a revised TP of RM2.84.** Our TP is revised to RM2.84 from RM2.80 as we factor in the contribution of the land to our RNAV. TP is based on 10% discount to RNAV. We maintain our BUY call on UOADEV as we like its attractive dividend yield of 5.7% and healthy balance sheet. Property sales outlook in FY18 will also be driven by launches of urban-based affordable priced properties namely The Park Residence II (GDV: RM600m) and SouthLink (GDV: RM550m) in Bangsar South.



**Maintain BUY**  
**Revised Target Price (TP): RM2.84**  
**(Previously: RM2.80)**

RETURN STATS	
Price (23 February 2017)	RM2.61
Target Price	RM2.84
Expected Share Price Return	8.8%
Expected Dividend Yield	5.7%
Expected Total Return	14.5%
STOCK INFO	
KLCI	1,861.50
Bursa / Bloomberg	5200 / UOAD MK
Board / Sector	Main / Properties
Syariah Compliant	Yes
Issued shares (mil)	1520
Market cap. (RM'm)	44,523.43
Price over NA	1.06
52-wk price Range	RM2.3-RM2.76
Beta (against KLCI)	0.83
3-mth Avg Daily Vol	0.87m
3-mth Avg Daily Value	RM2.13m
Major Shareholders (%)	
UOA Holdings Sdn Bhd	69.40%
EPF	5.86%

## 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	5.7%	5.7%	5.7%	5.7%	5.7%
Core PER	9.65	11.25	10.49	9.20	8.96
NTA/share (RM)	2.14	2.36	2.47	2.96	3.10
P/NTA	1.22	1.10	1.06	0.88	0.84
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 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
<b>Ongoing Projects and unbilled sales</b>					
Desa Green	Taman Desa, KL	85%		DCF @ WACC 10%	60.22
UOA Business Park (previously: Kencana Square)	Selangor	39%		DCF @ WACC 10%	27.89
South View Serviced Apartments	Bangsar South, KL	100%		DCF @ WACC 10%	101.04
SouthBank Residence	Old Klang Road	60%		DCF @ WACC 10%	30.87
Desa Sentul (Phase 1)	Sentul	100%		DCF @ WACC 10%	34.55
Vertical Corporate Tower	Bangsar South, KL	100%		DCF @ WACC 10%	54.61
Suria @ North Kiara	KL	100%		DCF @ WACC 10%	15.60
United Point	Kepong	100%		DCF @ WACC 10%	192.53
Danau Kota Suite	KL	100%		DCF @ WACC 10%	45.09
Sentul Point	Sentul	100%		DCF @ WACC 10%	213.53
The Sphere	Bangsar South, KL	100%		DCF @ WACC 10%	135.88
South Link	Bangsar South, KL	100%		DCF @ WACC 10%	80.19
Desa Center	Taman Desa, KL	100%		DCF @ WACC 10%	47.94
<b>Future Projects</b>				<b>Assumed Duration (Yrs)</b>	

Jalan Ipoh Land	Jalan Ipoh	100%	6	DCF @ WACC 10%	1,138.61
Desa Business Suites	Taman Desa	100%	4	DCF @ WACC 10%	64.72
Bandar Tun Razak Land	Cheras	100%	3	DCF @ WACC 10%	47.12
Desa III	Taman Desa	70%	2	DCF @ WACC 10%	1.70
Bangsar South Land (Commercial)	Bangsar South, KL	100%	6	DCF @ WACC 10%	419.00
Bangsar South Land (Residential)	Bangsar South, KL	100%	6	DCF @ WACC 10%	359.14
Sri Petaling land	Sri Petaling	100%	5	DCF @ WACC 10%	76.72
Land around Bangsar South	Kerinchi	100%	5	DCF @ WACC 10%	117.94
<b>Total landbank value</b>					<b>3942.3</b>
Fixed Assets					162
Cash					988.166
Total Liabilities (excl. deferred tax & construction related payables)					294
<b>Total RNAV</b>					<b>4798.4</b>
Fully Diluted No of shares (m)					1520
RNAV per share (RM)					3.16
Discount					10%
<b>Target Price (RM)</b>					<b>2.84</b>

Source: Company, MIDF Research Forecast

## DAILY PRICE CHART



Jessica Low Jze Tieng  
 Jessica.low@midf.com.my  
 03-2173 8391

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 (Bank Pelaburan)  
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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.