

09 March 2018 | Corporate Update

## UOA Development Berhad

### *Decent take up rate for new launch*

#### INVESTMENT HIGHLIGHTS

- **South Link Lifestyle Apartment received positive response**
- **Decent take up rate for on-going projects**
- **Strategic focus in Kuala Lumpur**
- **Maintain BUY with an unchanged TP of RM2.84**

**South Link Lifestyle Apartment received positive response.** UOA Development Berhad (UOADEV) launched South Link Lifestyle Apartment (GDV: RM550m) recently. Note that South Link Lifestyle Apartment comprises 1,422 units of freehold serviced apartments located within Bangsar South. Take up rate for South Link Lifestyle Apartment is estimated at >20% while booking rate is estimated at >50%. South Link Lifestyle Apartment received good response due to (i) smaller built-up area ranging from 451sf to 859sf which is favoured by young professionals and small families, (ii) dual key concept and (iii) affordable price from RM354k onwards.


**Decent take up rate for on-going projects.** The two key on-going projects of UOADEV namely Sentul Point (GDV: RM1.5b) in Sentul and United Point Residence (RM1.5b) in North Kiara are enjoying good take up rate since its maiden launches in FY16. Note that Sentul Point contributed 36% of new sales in FY17 while United Point contributed 35% of new sales in FY17. Meanwhile, UOADEV launched the final blocks of the two projects in 2HFY17. Overall take up rate for Sentul Point and United Point Residence is at 67% and 74% respectively as at 31<sup>st</sup> Jan 2018.

**Strategic focus in Kuala Lumpur.** Going forward, UOADV will continue to launch more projects in Kuala Lumpur, in line with its strategic focus in Kuala Lumpur. UOADEV plans to launch phase two of Southbank (GDV: RM130m) in Old Klang Road and The Park Residences II (GDV: RM600m) in Bangsar South. Phase two of Southbank comprises one block of suite apartments with strata offices while The Park Residences II comprises of two blocks of residences within Bangsar South. Meanwhile, UOADEV is also focusing on clearing its RM1bil inventories of which half was contributed by UOA Business Park in Shah Alam. Overall, sales in FY18 are expected to be driven by launches of new projects and sale of inventories.

**Maintain BUY**

**Unchanged Target Price (TP): RM2.84**

RETURN STATS	
Price (8 March 2018)	RM2.50
Target Price	RM2.84
Expected Share Price Return	13.6%
Expected Dividend Yield	6.0%
Expected Total Return	19.6%
STOCK INFO	
KLCI	1,839.62
Bursa / Bloomberg	5200 / UOAD MK
Board / Sector	Main / Properties
Syariah Compliant	Yes
Issued shares (mil)	1520
Market cap. (RM'm)	4,332.78
Price over NA	1.01
52-wk price Range	RM2.3-RM2.76
Beta (against KLCI)	0.85
3-mth Avg Daily Vol	0.84m
3-mth Avg Daily Value	RM2.08m
Major Shareholders (%)	
UOA Holdings Sdn Bhd	69.40%
EPF	5.90%

**Maintain BUY with an unchanged TP of RM2.84.** We maintain our earnings forecast as we have factored in the decent sales of the projects into our forecast. Our call on UOADEV is maintained at BUY with unchanged TP of RM2.84, based on 10% discount to RNAV. We like UOADEV for its focus on launching urban-based affordable priced properties and attractive dividend yield of 6.0%. 

## 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	6.0%	6.0%	6.0%	6.0%	6.0%
Core PER	9.25	10.78	10.05	8.81	8.58
NTA/share (RM)	2.14	2.36	2.47	2.96	3.10
P/NTA	1.17	1.06	1.01	0.85	0.81
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

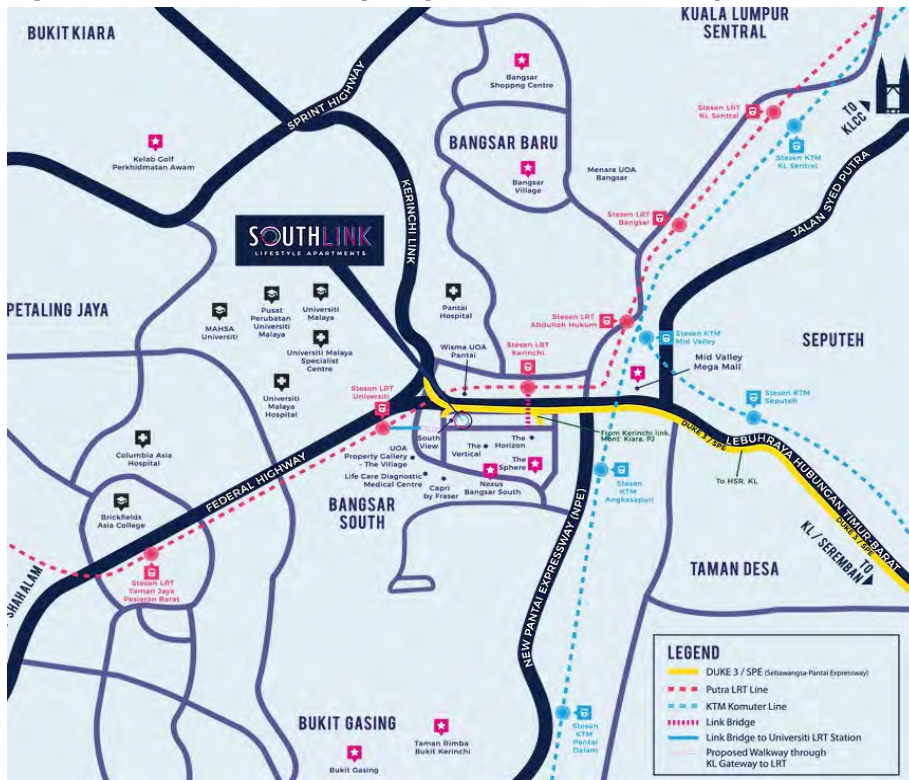
Source: Company, MIDF Research Estimate

**Figure 1: South Link Lifestyle Apartment artist's impression**



Source: Company

**Figure 2: South Link Lifestyle Apartment location map**



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
<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

### Future Projects

### Assumed Duration (Yrs)

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



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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.