

UOA Development Berhad

(5200 | UOAD MK) Main | Property

Limited Catalyst


KEY INVESTMENT HIGHLIGHTS

- **1HFY23 earnings within expectations**
- **Decent earnings in 1HFY23**
- **1HFY23 new sales at RM303m**
- **Earnings forecast unchanged**
- **Maintain NEUTRAL with unchanged TP of RM1.65**

1HFY23 earnings within expectations. UOA Development 1HFY23 core net earnings of RM107.1m came in within expectations, making up 51% of our and consensus full year estimates.

Decent earnings in 1HFY23. Sequentially, 2QFY23 core net income was higher at RM61.5m (+34.8%qoq), in line with higher topline (+15.1%qoq). The higher earnings were mainly driven by higher earnings recognition from ongoing projects as well as lower administrative and general expenses. On yearly basis, 2QFY23 core net income was higher (+32.7%yoy), bringing total earnings in 1HFY23 to RM107.1m (+46.9%yoy). The higher earnings were due to earnings recognition from ongoing projects namely Laurel Residence and Aster Hill. Besides, sale from completed projects from The Goodwood Residence and United Point Residence also contributed to higher earnings. Meanwhile, higher hospitality income and rental income from investment properties also contributed to higher earnings.

1HFY23 new sales at RM303m. UOA Development recorded new property sales of RM179m in 2QFY23, higher than new sales of RM124m in 1QFY23. That brought total new sales to RM303m in 1HFY23. New sales in 1HFY23 were mainly contributed by The Goodwood Residence (37%) and Aster Hill (35%) projects. Meanwhile, unbilled sales increased to RM285.2m in 2QFY23 from RM226.3m in 1QFY23, providing less than one-year earnings visibility. Looking forward, new sales will be mainly from ongoing projects namely Laurel Residence and Aster Hill. In addition, UOA Development targets to launch Desa 3, Duo Tower and Bamboo Hill Residence in 2HFY23.

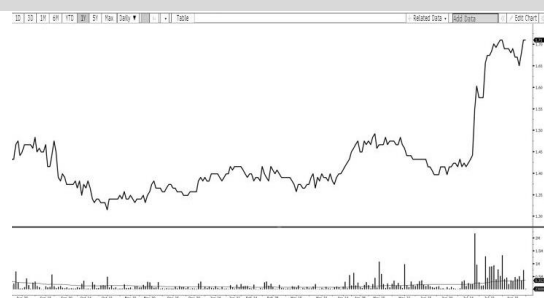
Maintain Neutral an unchanged TP of RM1.65. We make no changes to our earnings forecast for FY23F/24F/25F. We maintain our TP for UOA Development at RM1.65, based on 40% discount to RNAV. Balance sheet of UOA Development is healthy at net cash position. Nevertheless, we maintain our **NEUTRAL** call on UOA Development due to limited catalyst in the near term. 

Maintain NEUTRAL
Unchanged Target Price: RM1.65

RETURN STATISTICS

Price @ 23 rd Aug 2023 (RM)	1.73
Expected share price return (%)	-4.6
Expected dividend yield (%)	5.8
Expected total return (%)	+1.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-4.5	-6.6
3 months	9.6	-4.6
12 months	0.6	3.2

INVESTMENT STATISTICS

FYE Dec	2023E	2024F	2025F
Revenue	594	654	647
Operating Profit	306	312	305
Profit Before Tax	287	292	284
Core PATAMI	208	212	206
Core EPS	8.70	8.87	8.62
DPS	30.00	10.00	10.00
Dividend Yield	17.3%	5.8%	5.8%

KEY STATISTICS

FBM KLCI	1,440.11
Issue shares (m)	2,406.32
Estimated free float (%)	11.52
Market Capitalisation (RM'm)	4,207
52-wk price range	RM1.52-RM1.92
3-mth average daily volume (m)	0.35
3-mth average daily value (RM'm)	0.61
Top Shareholders (%)	
UOA Holdings Sdn Bhd	71.45
EPF	10.91

Analyst

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UOADEV: 2QFY23 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY23	%YoY	%QoQ	FY23	%YoY
Revenue	98.1	-19.0%	15.1%	183.3	4.3%
Core EBIT	76.7	20.6%	34.7%	133.6	32.0%
Core PBT	76.7	20.6%	34.8%	133.5	32.1%
Net Income	63.9	41.0%	38.5%	110.0	55.6%
Core Net Income	61.5	32.7%	34.8%	107.1	46.9%
EPS (sen)	2.65	36.2%	38.5%	4.6	50.3%
Core EPS (sen)	2.55	28.2%	34.8%	4.4	45.6%
Net DPS (sen)	20.0	NA	NA	0.0	NA
NTA/share (RM)	2.33	NA	-3%	2.3	NA
Net Gearing (x)	Net Cash	NA	NA	Net Cash	NA
Core EBIT Margin	78.2%	NA	NA	72.9%	NA
Core PBT Margin	78.1%	NA	NA	72.8%	NA

UOADEV RNAV

Landbank	Est.GDV (RM m)	Location	Stake		Value (RM m)
Ongoing Projects and unbilled sales					
Laurel Residence	250	Bangsar South, KL	100%	DCF @ WACC 10%	18.13
Aster Hill	412	Sri Petaling, KL	100%	DCF @ WACC 10%	28.57
Desa 3	18	Taman Desa, KL	70%	DCF @ WACC 10%	0.91
Duo Tower	1300	Bangsar South, KL	100%	DCF @ WACC 10%	90.14
Unbilled sales	285.2		100%	DCF @ WACC 10%	20.69
Future Projects					
Jalan Ipoh Land	6000	Jalan Ipoh	100%	DCF @ WACC 10%	365.13
UOA Business Park (Phase 2)	140	Shah Alam	100%	DCF @ WACC 10%	140.00
Bangsar South land (commercial)	2300	Bangsar South, KL	100%	DCF @ WACC 10%	152.58
Bangsar South land (residential)	1850	Bangsar South, KL	100%	DCF @ WACC 10%	122.73
Land around Bangsar South	900	Bangsar South, KL	100%	DCF @ WACC 10%	59.70
Cyberjaya land	265	Bangsar South, KL	100%	DCF @ WACC 10%	17.58
Total landbank value					1016.2
Equity					5609.53

Landbank	Est.GDV (RM m)	Location	Stake	Value (RM m)
Total RNAV				6625.7
Fully Diluted No of shares (m)				2407
RNAV per share (RM)				2.75
Discount				40%
Target Price (RM)				1.65

FINANCIAL SUMMARY

Income Statement (RM'm)	2021A	2022A	2023E	2024F	2025F
Revenue	547	452	594	654	647
EBIT	290	294	306	312	305
PBT	290	289	287	292	284
Net Income	222	135	211	215	209
Core Net Income	195	221	208	212	206
Core EPS (sen)	8.4	9.2	8.7	8.9	8.6
Core PER (x)	20.6	18.8	19.9	19.5	20.1
NTA/share	2.42	2.38	2.43	2.46	2.48
P/NTA	0.72	0.73	0.71	0.70	0.70

Balance Sheet (RM'm)	2021A	2022A	2023E	2024F	2025F
Investment properties	1,608	1,624	1,648	1,665	1,673
Total non-current assets	2,683	2,526	2,554	2,582	2,611
Inventories	1,316	1,422	1,208	1,184	1,014
Short term investments	835	1,316	1,309	1,757	1,978
Fixed deposits	390	232	518	380	377
Cash and bank balances	569	615	635	606	619
Other assets	616	342	312	106	178
Total Assets	6,409	6,454	6,536	6,616	6,776
LT Borrowings	0	0	0	0	0
ST Borrowings	0	0	0	0	0
Other Liabilities	604	536	552	564	657
Total Liability	605	537	553	564	657
Share capital	2,822	2,954	2,954	2,954	2,954
Other Equity	2,983	2,963	3,029	3,098	3,166
Total Equity	5,805	5,917	5,983	6,052	6,119
Equity + Liability	6,409	6,454	6,536	6,616	6,776

Cash Flow (RM'm)	2021A	2022A	2023E	2024F	2025F
Cash flows from operating activities					
Net income before taxation	317	287	290	295	287
Net cash from operating activities	196	489	426	404	386
Cash flows from investing activities					
Addition to investment properties	-161	-18	-18	-14	-17
Net cash used in investing activities	-128	-16	-16	-15	-11
Cash flows from financing activities					
Net cash from/(used in) financing activities	-35	-104	-111	-107	-145
Net increase/(decrease) in cash and cash equivalents	34	369	298	282	230
Cash and cash equivalent at 1 January	1760	1794	2163	2461	2744
Cash and cash equivalent at 1 December	1794	2163	2461	2744	2974

Profitability Margins	2021A	2022A	2023E	2024F	2025F
EBIT margin	53.0%	65.1%	51.5%	47.7%	47.1%
PBT margin	52.9%	63.9%	48.3%	44.7%	44.0%
PAT margin	40.6%	29.8%	35.5%	32.9%	32.3%
Core PATAMI margin	35.7%	49.0%	35.0%	32.4%	31.9%
ROE	3.5%	3.9%	3.6%	3.6%	3.5%
ROA	3.0%	3.4%	3.2%	3.2%	3.0%

Source: Bloomberg, MIDFR

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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.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology