

UOA Development Berhad

(5200 | UOAD MK) Main | Property

Visit to Bamboo Hills

KEY INVESTMENT HIGHLIGHTS

- **Visit to Bamboo Hills**
- **Bamboo Hills increases hospitality income**
- **Bamboo Hills Residences to be launched in July**
- **Earnings forecast maintained**
- **Upgrade to BUY with a revised TP of RM2.06**

Visit to Bamboo Hills. We visited Bamboo Hills of UOA Development and came away feeling positive on outlook for its hospitality segment. We also visited the property gallery of Bamboo Hills Residences. Key takeaways from the visit as below:

Bamboo Hills increases hospitality income. Bamboo Hills is one of the latest hospitality assets of UOA Development which was completed in 2022. Bamboo Hills is a modern dining enclave with lush bamboo landscape. Bamboo Hills is developed on 16 acres of land in Jalan Ipoh with more than 10 F&B tenants. Tenants in Bamboo Hills include Starbucks, Hanam BBQ, the Qing, Kampai Yakini, Nok Yung, Locasara, Ginger, Botanica+Co, Tap Room and Potager. Location of Bamboo Hills is strategic with main access points from Jalan Kuching, Jalan Ipoh and DUKE Highway. We gather that Bamboo Hills is a popular dining place especially on weekends. That bodes well for the hospitality income of UOA Development considering rental structure is based on combination of fixed rent and variable rent. Note that contribution from investment properties is significant to UOA Development with earnings contribution of RM77m from rental and hospitality in 1QFY24.

Bamboo Hills Residences to be launched in July. UOA Development is planning to launch Bamboo Hills Residences officially next month. Bamboo Hills Residences is a transit-oriented development (TOD) as it is directly linked to the Kentonmen MRT station via a linked bridge. Bamboo Hills Residences comprises of three towers of freehold suite apartment which sit atop of two and half storey retail podium with total GDV of RM1.4b. Sizes for the apartment is ranging from 603sf to 904sf with selling price starts from ~RM370k. Tower A and tower B of Bamboo Hills Residence are opened for booking and we gather that booking for tower A is encouraging as close to 70% of the units are booked. We think that the good booking rate could be due to the affordable absolute selling price of Bamboo Hills Residence of RM400k-RM600k. Besides, we believe that the good location of the project located next to Jalan Ipoh with direct access to MRT station also helps in attracting buyers.

Upgrade to BUY

(Previously NEUTRAL)

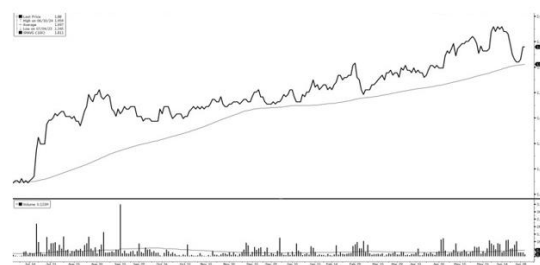
Revised Target Price: RM2.06

(Previously RM1.93)

RETURN STATISTICS

Price @ 2 July 2024 (RM)	1.88
Expected share price return (%)	+9.6
Expected dividend yield (%)	+5.3
Expected total return (%)	+14.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-4.1	-4.2
3 months	2.7	-3.8
12 months	19.0	3.9

INVESTMENT STATISTICS

FYE Dec	2024E	2025F	2026F
Revenue	654	647	661
Operating Profit	312	305	315
Profit Before Tax	292	284	293
Core PATAMI	212	206	213
Core EPS	8.51	8.28	8.54
DPS	10.00	10.00	10.00
Dividend Yield	5.3%	5.3%	5.3%

KEY STATISTICS

FBM KLCI	1,597.96
Issue shares (m)	2,489.28
Estimated free float (%)	13.38
Market Capitalisation (RM'm)	4,682
52-wk price range	RM1.56-RM2.07
3-mth average daily volume (m)	0.43
3-mth average daily value (RM'm)	0.83
Top Shareholders (%)	
UOA Holdings Sdn Bhd	68.41
EPF	12.24

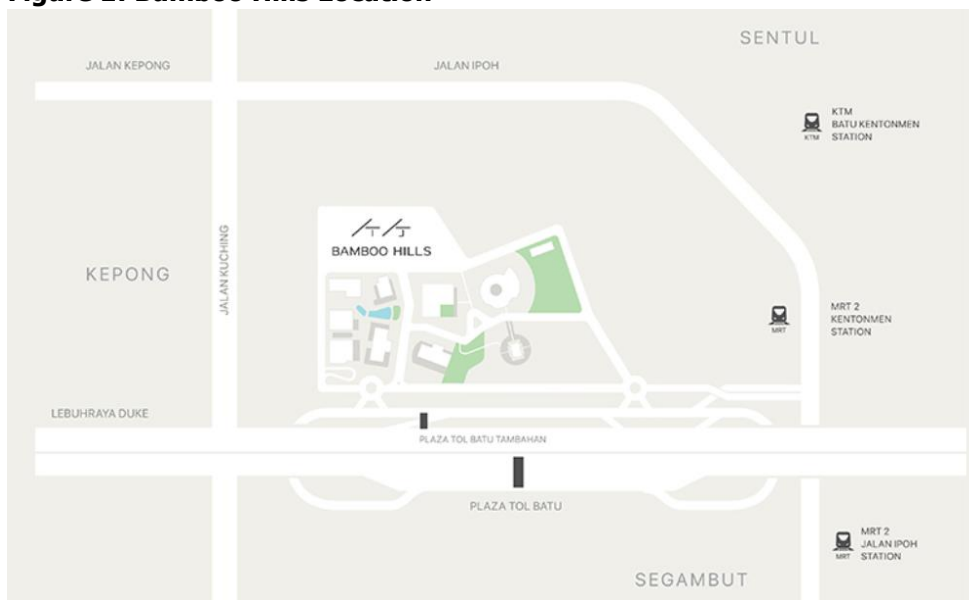
Analyst

Jessica Low Jze Tieng
jessica.low@midf.com.my

Better new sales outlook. UOA Development recorded new property sales of RM121m in 1QFY24 which contributed mainly by Aster Hill project in Sri Petaling. Going forward, we expect new sales contribution from Bamboo Hills Residences to support new sales momentum in 2HFY24. Besides, sales of ongoing projects namely Laurel Residence in Bangsar South, Aster Hill in Sri Petaling, and Duo Tower in Bangsar South should continue to support new sales in 2HFY24. Overall, we see better new sales outlook for UOA Development ahead as UOA Development ramps up property launches since last year after staying less aggressive in project launches during Covid-19 pandemic. The pickup in project launches is in view of the improving property market condition and stronger buying interest.

Upgrade to BUY with a revised TP of RM2.06. Post visit, we maintain our earnings forecast for FY24F/25F/26F. We revise our **TP** for UOA Development to **RM2.06** from RM1.93 as we narrow our RNAV discount to 25% from 30% in view of the better new sales prospect. We upgrade UOA Development to **BUY** from NEUTRAL as we see better outlook for UOA Development following pick up in project launches. Earnings from its investment properties are expected to remain stable going forward mainly due to recovery in hospitality and retail industries. Besides, dividend yield of UOA Development is attractive at 5.3%.

Figure 1: Bamboo Hills Location



Source: Company

Figure 2: Bamboo Hills entrance



Source: Company

Figure 3: Lush bamboo landscape at Bamboo Hills



Source: MIDF Research

Figure 4: Tenants at Bamboo Hills



Source: MIDF Research

Figure 5: Bamboo Hills Residences Scale Model



Source: MIDF Research

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	1,300	Bangsar South, KL	100%	DCF @ WACC 10%	90.14
Unbilled sales	285.2		100%	DCF @ WACC 10%	20.69
Future Projects					
Jalan Ipoh Land	6,000	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)	2,300	Bangsar South, KL	100%	DCF @ WACC 10%	152.58
Bangsar South land (residential)	1,850	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					1,016.2
Equity					5,609.53
Total RNAV					6,625.7
Fully Diluted No of shares (m)					2,407
RNAV per share (RM)					2.75
Discount					25%
Target Price (RM)					2.06

FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024F	2025F	2026F
Revenue	294	299	312	305	315
EBIT	289	299	292	284	293
PBT	135	280	215	209	216
Net Income	221	210	212	206	213
Core Net Income	9.2	8.4	8.5	8.3	8.5
Core EPS (sen)	20.2	22.0	21.9	22.5	21.8
Core PER (x)	20.5	22.3	22.1	22.7	22.0
NTA/share	2.38	2.17	2.20	2.22	2.25
P/NTA	0.79	0.86	0.85	0.85	0.84
Balance Sheet (RM'm)	2022A	2023A	2024F	2025F	2026F
Investment properties	1,624	1,652	1,669	1,677	1,685
Total non-current assets	2,526	2,581	2,610	2,638	2,668
Inventories	1,422	1,404	1,375	1,334	1,424
Short term investments	1,316	1,443	1,031	883	537
Fixed deposits	232	206	276	238	240
Cash and bank balances	615	196	460	424	360
Other assets	342	250	407	791	1,246
Total Assets	6,454	6,081	6,160	6,309	6,474
LT Borrowings	0	0	0	0	0
ST Borrowings	0	0	0	0	0
Other Liabilities	536	492	502	583	679
Total Liability	537	492	502	584	679
Share capital	2,954	3,071	3,071	3,071	3,071
Other Equity	2,963	2,518	2,587	2,654	2,723
Total Equity	5,917	5,589	5,658	5,725	5,795
Equity + Liability	6,454	6,081	6,160	6,309	6,474
Cash Flow (RM'm)	2022A	2023A	2024F	2025F	2026F
Cash flows from operating activities					
Net income before taxation	287	368	295	287	296
Net cash from operating activities	489	267	253	242	231
Cash flows from investing activities					
Addition to investment properties	-18	-10	-7	-9	-12
Net cash used in investing activities	-16	32	28	21	16
Cash flows from financing activities					
Net cash from/(used in) financing activities	-104	-616	-360	-486	-656
Net increase/(decrease) in cash and cash equivalents	369	-317	-78	-222	-408
Cash and cash equivalent at 1 January	1794	2163	1846	1768	1545
Cash and cash equivalent at 1 December	2163	1846	1768	1545	1137
Profitability Margins	2022A	2023A	2024F	2025F	2026F
EBIT margin	65.1%	74.9%	47.7%	47.1%	47.6%
PBT margin	63.9%	74.9%	44.7%	44.0%	44.4%
PAT margin	29.8%	70.0%	32.9%	32.3%	32.7%
Core PATAMI margin	49.0%	52.6%	32.4%	31.9%	32.2%
ROE	3.9%	3.9%	3.9%	3.7%	3.8%
ROA	3.4%	3.5%	3.4%	3.3%	3.3%

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