

UOA Development Berhad

(5200 | UOAD MK) Main | Property

Positive New Sales Prospect


KEY INVESTMENT HIGHLIGHTS

- **9MFY24 earnings within expectations**
- **Stable earnings growth**
- **Positive new sales prospect**
- **Earnings forecast maintained**
- **Maintain BUY with an unchanged TP of RM2.06**

9MFY24 earnings within expectations. UOA Development's 9MFY24 core net income of RM158.8m came in within expectations, making up 74% and 70% of our and consensus full year estimates respectively.

Stable earnings growth. Sequentially, 3QFY24 revenue was higher (+42.5%qoq) due to higher revenue recognition from on-going projects. Nevertheless, core net income was lower at RM49.7m (-17%qoq) despite higher revenue mainly due to higher cost of sales and higher tax rate. Tax rate increased to 39% in 3QFY24 from 36% in 2QFY24 due to certain expenditure are not tax deductible. On yearly basis, 3QFY24 core net income was higher (+10.6%yoy), bringing 9MFY24 cumulative core net income higher at RM158.8m (+4.5%yoy). The higher earnings were supported by earnings recognition from ongoing projects namely Aster Hill, Laurel Residence and medical centre in Bangsar South. The higher earnings were also driven by higher hospitality income and rental income from its investment assets.

Positive new sales prospect. New property sales surged to RM526.5m in 3QFY24 from RM142m in 2QFY24 due to sales recognition from Bamboo Hills Residence (GDV: RM1.4b) at Jalan Ipoh which were launched in July 2024. That brought total new sales to RM790m in 9MFY24 which contributed mainly by Bamboo Hills Residence at 58% and Aster Hill at 30%. Looking forward, new sales momentum should sustain by Bamboo Hills Residence due to good location of the project and affordable selling price of RM400k-RM600k. Hence, we expect stronger new sales in FY24. On the other hand, unbilled sales stood increased to RM524.6m in 3QFY24 from RM368.7m in 2QFY24, lifted by medical centre project in Bangsar South.

Maintain BUY with unchanged TP of RM2.06. We maintain our earnings forecast for FY24/25/26F. We also maintain our **TP** for UOA Development at **RM2.06**, based on 25% discount to RNAV. We remain upbeat on new sales prospect for UOA Development which will support earnings growth in the medium term. Besides, the recurring income from its investment properties and hospitality assets will further support earnings growth. Meanwhile, dividend yield is attractive at 5.4%. Hence, we maintain our **BUY** call on UOA Development. 

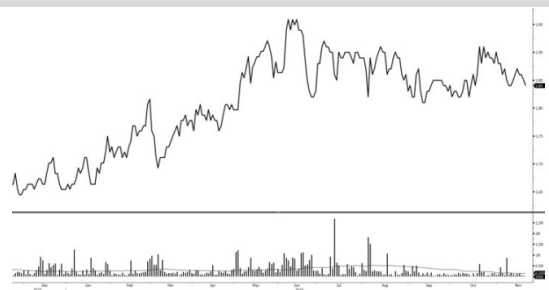
Maintain BUY

Unchanged Target Price: RM2.06

RETURN STATISTICS

Price @ 20 Nov 2024 (RM)	1.84
Expected share price return (%)	+12.0
Expected dividend yield (%)	+5.4
Expected total return (%)	+17.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-3.7	-0.6
3 months	0.0	1.3
12 months	4.5	-4.5

INVESTMENT STATISTICS

FYE Dec	2024E	2025F	2026F
Revenue	662	664	681
Operating Profit	316	328	342
Profit Before Tax	297	308	321
Core PATAMI	215	223	232
Core EPS	8.63	8.95	9.33
DPS	10.00	10.00	10.00
Dividend Yield	5.4%	5.4%	5.4%

KEY STATISTICS

FBM KLCI	1,598.18
Issue shares (m)	2,489.28
Estimated free float (%)	24.21
Market Capitalisation (RM'm)	4,830
52-wk price range	RM1.71-RM2.07
3-mth average daily volume (m)	0.15
3-mth average daily value (RM'm)	0.28
Top Shareholders (%)	
UOA Holdings Sdn Bhd	70.11
EPF	12.52

Analyst

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

UOADEV: 3QFY24 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	3QFY24	%YoY	%QoQ	FY24	%YoY
Revenue	141.4	32.1%	42.5%	310.8	7.0%
Core EBIT	82.7	3.3%	10.0%	219.4	2.7%
Core PBT	82.6	3.2%	9.8%	219.2	2.6%
Net Income	48.3	-5.0%	-20.8%	159.1	-1.1%
Core Net Income	49.7	10.6%	-17.0%	158.8	4.5%
EPS (sen)	1.87	-10.4%	-23.9%	4.3	-35.1%
Core EPS (sen)	1.92	4.3%	-20.2%	4.3	-31.3%
Net DPS (sen)	0.00	NA	NA	0.0	NA
NTA/share (RM)	2.14	NA	1%	2.1	NA
Net Gearing (x)	Net Cash	NA	NA	Net Cash	NA
Core EBIT Margin	58.5%	NA	NA	70.6%	NA
Core PBT Margin	58.4%	NA	NA	70.5%	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	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					5,609.5
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	452	399	662	664	681
EBIT	294	299	316	328	342
PBT	289	299	297	308	321
Net Income	135	280	218	226	235
Core Net Income	221	210	215	223	232
Core EPS (sen)	9.2	8.4	8.6	9.0	9.3
Core PER (x)	20.0	21.8	21.3	20.5	19.7
NTA/share	2.38	2.17	2.20	2.23	2.25
P/NTA	0.77	0.85	0.84	0.83	0.82

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	408	797	1,258
Total Assets	6,454	6,081	6,161	6,315	6,486
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	2,588	2,660	2,735
Total Equity	5,917	5,589	5,659	5,731	5,807
Equity + Liability	6,454	6,081	6,161	6,315	6,486

Cash Flow (RM'm)	2022A	2023A	2024F	2025F	2026F
Cash flows from operating activities					
Net income before taxation	287	368	300	311	324
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%	47.8%	49.4%	50.2%
PBT margin	63.9%	74.9%	44.8%	46.3%	47.1%
PAT margin	29.8%	70.0%	32.9%	34.0%	34.6%
Core PATAMI margin	49.0%	52.6%	32.5%	33.6%	34.1%
ROE	3.9%	3.9%	3.9%	4.0%	4.1%
ROA	3.4%	3.5%	3.5%	3.5%	3.6%

Source: Bloomberg, MIDFR

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad (197501002077 (23878 – X)).
 (Bank Pelaburan)
 (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (197501002077 (23878 – X)) for distribution to and use by its clients to the extent permitted by applicable law or regulation.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that MIDF Investment believes are reliable at the time of publication. All information, opinions and estimates contained in this report are subject to change at any time without notice. Any update to this report will be solely at the discretion of MIDF Investment.

MIDF Investment makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. MIDF Investment and its affiliates and related BNM and each of their respective directors, officers, employees, connected parties, associates and agents (collectively, "Representatives") shall not be liable for any direct, indirect or consequential loss, loss of profits and/or damages arising from the use or reliance by anyone upon this report and/or further communications given in relation to this report.

This report is not, and should not at any time be construed as, an offer, invitation or solicitation to buy or sell any securities, investments or financial instruments. The price or value of such securities, investments or financial instruments may rise or fall. Further, the analyses contained herein are based on numerous assumptions. This report does not take into account the specific investment objectives, the financial situation, risk profile and the particular needs of any person who may receive or read this report. You should therefore independently evaluate the information contained in this report and seek financial, legal and other advice regarding the appropriateness of any transaction in securities, investments or financial instruments mentioned or the strategies discussed or recommended in this report.

The Representatives may have interest in any of the securities, investments or financial instruments and may provide services or products to any company and affiliates of such BNM mentioned herein and may benefit from the information herein.

This document may not be reproduced, copied, distributed or republished in whole or in part in any form or for any purpose without MIDF Investment's prior written consent. This report is not directed or intended for distribution to or use by any person or entity where such distribution or use would be contrary to any applicable law or regulation in any jurisdiction concerning the person or entity.

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