UEM Sunrise Berhad

(5148 | UEMS MK) Property| Property

Maintain NEUTRAL

Earnings supported by land sales

Revised **Target Price: RM0.30**

(Previously RM0.34)

KEY INVESTMENT HIGHLIGHTS

- **1HFY22 earnings above expectations**
- **Earnings supported by land sales**
- **New property sales at RM439m**
- **Maintain NEUTRAL with a revised TP of RM0.30**

1HFY22 earnings above expectations. UEM Sunrise 1HFY22 core net earnings of RM24.2m came in above expectations, making up 109% and 157% of consensus and our full year forecast respectively. The higher than expected earnings were mainly attributed to the gain from land sales.

Earnings supported by land sales. Sequentially, 2QFY22 core net earnings jumped to RM24.2m (+98%qoq) despite lower revenue (-12.4%qoq) mainly due to disposal of land in Johor with higher margin in 2QFY22. That brought 1HFY22 cumulative earnings to RM36.6m against core net loss of RM13.9m in 1HFY21. The higher earnings in 1HFY22 were mainly supported by land sales in Johor. Note that UEMS disposed 19 industrial plots in phase 3 of the Southern Industrial and Logistics Clusters (SiLC), non-strategic lands in Seputeh, 68 Avenue, land in Mersing and Iskandar Puteri in 1HFY22. Besides, higher earnings were also driven by contribution from JV. Meanwhile, unbilled sales increased marginally to RM2.3b in 2QFY22 from RM2.2b in 1QFY22.

New property sales at RM439m. UEM Sunrise recorded new property sales of RM329m in 2QFY22, higher than new property sales of RM110m in 1QFY22. Projects in Central region contributed to 57% to total new sales, followed by projects in Southern region (39%) and Melbourne projects (4%). New sales were muted in 1HFY22 as it makes up 29% of management new sales target of RM1.5b. Nevertheless, management is maintaining its new sales target of RM1.5b for FY22 on the back of launches with GDV of RM3.3b for FY22.

Maintain NEUTRAL with a revised TP of RM0.30. We revise our earnings forecast by +121%/5.5% for FY22/23F after factoring in the land sales gain. We maintain Neutral on UEMS with a revised TP of RM0.30 from RM0.34 as we widen our RNAV discount to 86% from 84% in view of the muted new sales outlook. In a nutshell, we see limited catalyst to UEMS.

RETURN STATISTICS	
Price @ 24 Aug 2022 (RM)	0.30
Expected share price return (%)	0.0
Expected dividend yield (%)	0.0
Expected total return (%)	**0.0**

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	0.0	0.1
3 months	-3.2	-3.4
12 months	-18.9	-13.3

KEY STATISTICS	
FBM KLCI	1,467.26
Syariah compliant	Yes
F4BGM Index	Yes
ESG Grading Band (Star rating)	☆☆☆
Issue shares (m)	4,960.28
Estimated free float (%)	20.12
Market Capitalisation (RM'm)	1,517.54
52-wk price range (RM)	RM0.29 - RM0.42
Beta vs FBM KLCI (x)	1.20
Monthly velocity (%)	6.78
Monthly volatility (%)	20.67
3-mth average daily volume (m)	1.21
3-mth average daily value (RM'm)	0.38
Top Shareholders (%)	
Khazanah Nasional Bhd	69.56
Urusharta Jamaah Sdn Bhd	6.28

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INVESTMENT STATISTICS

FYE Dec	FY19A	FY20A	FY21A	FY22F	FY23F
Revenue	2909.5	1211.2	1211.2	1115.0	965.0
Core EBIT	504.3	445.7	445.7	102.6	64.7
Core PBT	417.8	314.0	314.0	68.0	62.7
Net Income/(Net Loss)	223.8	(214.3)	(214.3)	51.7	47.7
Core Net Income/(Core Net Loss)	257.0	(115.5)	(115.5)	51.7	47.7
EPS (sen)	4.9	(4.2)	(4.72)	1.14	1.05
Core EPS (sen)	6.6	(0.0)	(1.0)	1.14	1.05
Net DPS (sen)	0.0	0.0	0.00	0.00	0.00
Net Dvd Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Core PER	4.6	(1,313.6)	(30.3)	26.3	28.6
NTA/share (RM)	1.47	1.20	1.17	1.17	1.18
P/NTA	0.20	0.25	0.26	0.26	0.25
Core ROE	3.5%	-1.7%	-1.7%	0.8%	0.7%
Core ROA	1.9%	-0.9%	-0.9%	0.4%	0.4%

Source: Company, MIDFR

UEMS: 2QFY22 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY22	%YoY	%QoQ	FY22	%YoY
Revenue	365.0	46.5%	-12.4%	781.5	55.7%
Core EBIT	61.3	NA	9.7%	117.2	NA
Core PBT/(LBT)	35.8	NA	23.3%	64.8	NA
Net Income	20.7	NA	8.8%	39.7	NA
Core Net Income/(Loss)	24.2	NA	98.0%	36.6	NA
EPS (sen)	0.41	NA	8.8%	0.8	NA
Core EPS (sen)	0.48	NA	19698.2%	0.7	NA
Net DPS (sen)	0.0	NA	NA	0.0	NA
NTA/share (RM)	1.21	-3%	0%	1.2	-3%
Net Gearing (x)	0.51	NA	NA	0.5	NA
Core EBIT Margin	16.8%	NA	NA	15.0%	NA
Core PBT Margin	9.8%	NA	NA	8.3%	NA

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY22	%YoY	%QoQ	FY22	%YoY
Revenue	365.0	46.5%	-12.4%	781.5	55.7%
Core EBIT	61.3	-346.9%	9.7%	117.2	-411.1%
Core PBT/(LBT)	35.8	-236.8%	23.3%	64.8	-320.9%
Net Income	20.7	-381.0%	8.8%	39.7	-439.9%
Core Net Income/(Loss)	24.2	-459.2%	98.0%	36.6	-362.4%
EPS (sen)	0.41	-381.0%	8.8%	0.8	-439.9%
Core EPS (sen)	0.00	-103.6%	98.0%	0.0	-102.7%
Net DPS (sen)	0.0	NA	NA	0.0	NA
NTA/share (RM)	1.21	-3%	0%	1.2	-3%
Net Gearing (x)	0.51	NA	NA	0.5	NA
Core EBIT Margin	16.8%	NA	NA	15.0%	NA
Core PBT Margin	9.8%	NA	NA	8.3%	NA

UEMS RNAV

UEM Sunrise Fully Diluted RNAV

	Location	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Ongoing projects					
East Ledang	Iskandar Puteri	100%	1467.5	10%	106.76
Nusa Idaman	Iskandar Puteri	100%	440.9	10%	70.98
Nusa Bayu	Iskandar Puteri	100%	440.9	10%	31.61
Almas, Puteri Harbour	Iskandar Puteri	100%	1776.9	10%	129.27
Estuari, Puteri Harbour	Iskandar Puteri	100%	3373.7	10%	224.81
Aspira LakeHomes, Gerbang Nusajaya	Iskandar Puteri	100%	256.1	10%	19.49
Aspira Square	Iskandar Puteri	100%	8.6	10%	0.69
Aspira Gardens (Cassia)	Iskandar Puteri	100%	73.9	10%	5.38
Senadi Hills	Iskandar Puteri	100%	294.7	10%	18.81
Mall of Medini	Iskandar Puteri	55%	2097.0	10%	73.64
Horizon Hills	Iskandar Puteri	50%	1685.3	10%	67.13
Emerald Bay	Iskandar Puteri	40%	3075.8	10%	89.50
Nusajaya Tech Park	Iskandar Puteri	40%	3158.0	10%	84.17
The Maris, Desaru	Johor	51%	2852.3	10%	9.11
Serene Heights	Selangor	100%	3067.0	10%	204.37
Solaris Parq	Kuala Lumpur	100%	1999.9	10%	139.19

Radia Bukit Jelutong	Selangor	50%	1013.9	10%	38.58
Kiara Bay, Kepong	Kuala Lumpur	50%	14348.2	10%	310.76
Seremban Forest Heights	Negeri Sembilan	50%	1547.2	10%	51.55
Pipeline projects					
Gerbang Nusajaya	Iskandar Puteri	100%	25902.6	10%	1205.74
Gerbang Nusantara	Iskandar Puteri	100%	485.2	10%	33.77
Residential South	Iskandar Puteri	80%	2827.4	10%	143.12
The Waves (CS3) - Puteri Harbour	Iskandar Puteri	50%	1201.0	10%	37.99
Gerbang Nusajaya - Mulpha JV (UEMS Land)	Iskandar Puteri	50%	2771.0	10%	83.93
Gerbang Nusajaya - Mulpha JV (Mulpha Land)	Iskandar Puteri	50%	2586.3	10%	71.21
Gerbang Nusajaya - KLK	Iskandar Puteri	40%	5000.0	10%	102.56
Gerbang Nusajaya - Fastrackcity	Iskandar Puteri	30%	3700.0	10%	56.16
Fraser Metropolis	Johor	60%	15000.0	10%	346.23
Equine Land, Sri Kembangan	Selangor	100%	722.3	10%	41.55
Angkasa Raya	Kuala Lumpur	100%	1903.6	10%	114.45
MK 31	Kuala Lumpur	100%	742.0	10%	44.95
Allevia	Kuala Lumpur	100%	541.8	10%	35.83
PJ Land	Kuala Lumpur	100%	1300.0	10%	65.08
Connought Land	Kuala Lumpur	100%	1000.0	10%	69.60
Unbilled Sales		100%	1700	10%	120.35
Total					4,248.32
Shareholder Funds					7,047.13
Total RNAV					11,295.4
FD number of shares					5,329.95
FD RNAV per share					2.12
Discount					86%
Target Price (RM)					0.30

Source: 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 *rise* 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 *fall* 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