UEM Sunrise Berhad

(5148 | UEMS MK) Property| Property

Maintain NEUTRAL

Muted new sales outlook

Revised Target Price: RM0.21

Previously RM0.30

KEY INVESTMENT HIGHLIGHTS

- **9MFY22 earnings above expectations**
- **Lower expenses in 3QFY22**
- **Muted new sales outlook**
- **Earnings forecast revised up factoring in lower expenses**
- **Maintain NEUTRAL with revised TP of RM0.21 on wider 90% RNAV discount due to muted new sales outlook**

9MFY22 earnings above expectations. UEM Sunrise 9MFY22 core net earnings of RM61.5m came in above expectations, making up 119% and 129% of consensus and our full year forecast respectively. The stronger than expected earnings were mainly attributed to the lower than expected expenses in 3QFY22 and higher contribution from international property project.

Lower expenses in 3QFY22. Sequentially, 3QFY22 core net earnings increased to RM24.9m (+2.7%qoq) despite lower revenue (-2.5%qoq) mainly due to lower expenses (-28.7%qoq) in 3QFY22 and higher settlements from projects in Australia. On yearly basis, UEM Sunrise reported net profit of RM24.9m in 3QFY22 against core net loss of RM45.8m in 3QFY21, bringing 9MFY22 earnings to RM61.5m against core net loss of RM57.5m in 9MFY21. The earnings recovery was underpinned by higher land sales and higher earnings recognition from its ongoing projects namely Residensi Solaris Parq, Serene Heights, Residensi AVA, Senadi Hills, Aspira ParkHomes and Estuari Gardens. Meanwhile, unbilled sales eased marginally to RM2.2b in 3QFY22 from RM2.3b in 2QFY22, providing close to 2 years earnings visibility.

Muted new sales outlook. UEM Sunrise registered new property sales of RM297m in 3QFY22, lower than new property sales of RM329m in 2QFY22. That brings total new sales to RM736m in 9MFY22. New sales in 9MFY22 is below expectation as it makes up only 49% of management new sales target of RM1.5b. The weak new sales momentum is mainly due to delayed in project launches which was owing to delays in authorities' approvals. Looking ahead, new sales is expected to be muted in 4QFY22 and hence UEM Sunrise should be unable to meet new sales target of RM1.5b.

Maintain NEUTRAL with a revised TP of RM0.21. We revise our earnings forecast by +48%/25.7% for FY22/23F after factoring in the lower expenses and higher contribution from international property project. We revised **TP** for UEM Sunrise to **RM0.21** from RM0.30 as we widen our RNAV discount to 90% from 86% due to muted new sales outlook. We maintain **Neutral** on UEM Sunrise due to limited upside.

RETURN STATISTICS	
Price @ 23 Nov 2022 (RM)	0.21
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	0.4
3 months	-23.1	-30.2
12 months	-42.9	-39.6

KEY STATISTICS	
FBM KLCI	1,443.50
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)	1062
52-wk price range (RM)	RM0.18 - RM0.37
Beta vs FBM KLCI (x)	1.22
3-mth average daily volume (m)	10.04
3-mth average daily value (RM'm)	2.11
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	1136.9	1211.2	1481.0	1337.0
Core EBIT	504.3	(29.8)	445.7	136.3	89.6
Core PBT	417.8	(103.6)	314.0	100.7	78.9
Net Income/(Net Loss)	223.8	(276.7)	(214.3)	76.5	60.0
Core Net Income/(Core Net Loss)	257.0	(183.5)	(115.5)	76.5	60.0
EPS (sen)	4.9	(4.5)	(4.72)	1.69	1.32
Core EPS (sen)	6.6	(2.4)	(1.0)	1.69	1.32
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	3.2	(8.6)	(21.2)	12.4	15.9
NTA/share (RM)	1.47	1.20	1.17	1.18	1.19
P/NTA	0.14	0.17	0.18	0.18	0.18
Core ROE	3.5%	-2.7%	-1.7%	1.1%	0.9%
Core ROA	1.9%	-1.4%	-0.9%	0.6%	0.5%

Source: Company, MIDFR

UEMS: 3QFY22 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	3QFY22	%YoY	%QoQ	FY22	%YoY
Revenue	355.8	67.0%	-2.5%	1,137.2	59.1%
Core EBIT	60.7	3071.1%	-1.0%	177.8	311.3%
Core PBT/(LBT)	30.4	NA	-15.0%	95.2	NA
Net Income	20.4	NA	-1.7%	60.1	NA
Core Net Income/(Loss)	24.9	NA	2.7%	61.5	NA
EPS (sen)	0.40	NA	-1.7%	1.2	NA
Core EPS (sen)	0.49	20.4%	2.7%	1.2	NA
Net DPS (sen)	0.0	NA	NA	0.0	NA
NTA/share (RM)	1.21	-1%	0%	1.2	-1%
Net Gearing (x)	0.51	NA	NA	0.5	NA
Core EBIT Margin	17.1%	NA	NA	15.6%	NA
Core PBT Margin	8.5%	NA	NA	8.4%	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					90%
Target Price (RM)					0.21

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