UOA Development Berhad

(5200 | UOAD MK) Property| Property

Earnings driven by sales of completed properties

***Maintain* NEUTRAL**

***Revised* Target Price: RM1.65**

(From RM1.62)

KEY INVESTMENT HIGHLIGHTS

- **9MFY22 earnings above expectations**
- **Earnings driven by sales of completed properties**
- **9MFY22 new property sales at RM480m**
- **Earnings estimates revised upwards**
- **Maintain NEUTRAL with a revised TP of RM1.65**

9MFY22 earnings above expectations. UOA Development (UOADEV) 9MFY22 core net income of RM166m came in above expectations, making up 106% and 103% of our and consensus full year estimates respectively. The positive deviation could be attributed to the higher than expected sale of completed properties in 3QFY22.

Earnings driven by sales of completed properties. Sequentially, 3QFY22 core net income jumped to RM97.7m (+111%qoq) as earnings were boosted by higher sales of completed properties namely The Goodwood Residence and Aster Green Residence which completed in 3QFY22. On yearly basis, 3QFY22 core net income was higher at RM97.7m (+179.7%yoy), bringing cumulative earnings in 9MFY22 to RM166m (+29.5%yoy). The earnings growth was mainly fueled by earnings recognition from sales of completed properties. Besides, earnings growth was also partly due to earnings recognition from ongoing project namely Laurel Residence and recovery in rental income from its investment properties which mitigated increase in expenses. Meanwhile, unbilled sales increased from RM123.9m in 2QFY22 to RM181m in 3QFY22, providing less than one-year earnings visibility.

9MFY22 new property sales at RM480m. UOADEV reported higher new property sales of RM229m in 3QFY22 against new sales of RM148m in 2QFY22 as new sales were mainly lifted by sales of Good Wood Residence and Laurel Residence. That brought total new sales to RM480m in 9MFY22. New sales in 9MFY22 were mainly contributed by Laurel Residence at 49%, followed by Goodwood Residence at 34%. Meanwhile, upcoming new launches is minimal with total GDV at RM498m.

Maintain NEUTRAL with a revised TP of RM1.65. We revise FY22/23F earnings forecast by +39.2%/+6.7% to factor in higher sales of completed properties. We revise **TP** for UOADEV to **RM1.65** from RM1.62 as we narrow RNAV discount slightly from 45% to 44% in view of the better earnings visibility. Despite the better earnings outlook, we see new sales outlook to be tepid in FY23 due to absence of major new launches. Hence, we maintain our **NEUTRAL** call on UOADEV. Meanwhile, dividend yield for UOADEV is estimated at 6.0%.

RETURN STATISTICS	
Price @ 29 Nov 2022 (RM)	1.60
Expected share price return (%)	3.1
Expected dividend yield (%)	6.3
Expected total return (%)	**9.4**

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	2.6	1.4
3 months	-1.8	-4.8
12 months	-3.0	-0.6

KEY STATISTICS	
FBM KLCI	1,476.96
Syariah compliant	Yes
F4BGM Index	N/A
ESG Grading Band (Star rating)	N/A
Issue shares (m)	2,325.33
Estimated free float (%)	11.89
Market Capitalisation (RM'm)	3,851.92
52-wk price range (RM)	RM1.52– RM1.92
Beta vs FBM KLCI (x)	0.73
3-mth average daily volume (m)	0.12
3-mth average daily value (RM'm)	0.20
Top Shareholders (%)	
UOA Holdings Sdn Bhd	72.33
Employees Provident Fund Board	10.34

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INVESTMENT STATISTICS

FYE Dec (RM m)	FY19A	FY20A	FY21A	FY22F	FY23F
Revenue	1104.5	844.6	547.5	627.9	718.0
Core EBIT	475.9	389.7	290.3	319.1	306.1
Core PBT	483.2	388.7	289.8	300.5	287.0
Net Income	399.5	391.3	222.4	220.1	211.0
Core Net Income	365.2	300.0	195.5	218.1	208.0
EPS (sen)	20.3	18.4	9.6	11.9	11.4
Core EPS (sen)	18.6	14.1	8.4	11.8	11.3
Net DPS (sen)	14.00	15.00	10.00	10.00	10.00
Net Dvd Yield	8.8%	9.4%	6.3%	6.3%	6.3%
Core PER	8.61	11.33	19.04	13.54	14.21
NTA/share (RM)	2.58	2.55	2.42	3.07	3.11
P/NTA	0.62	0.63	0.66	0.52	0.52
Core ROE	7.2%	5.5%	3.5%	3.8%	3.6%
Core ROA	6.1%	4.9%	3.0%	3.26%	3.1%
Net Gearing	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Source: Company, MIDF Research Estimate

UOADEV: 3QFY22 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	3QFY22	%YoY	%QoQ	FY22	%YoY
Revenue	163.4	199.4%	34.9%	339.1	-17.5%
Core EBIT	114.2	133.5%	79.6%	215.4	16.3%
Core PBT	114.2	133.6%	79.6%	215.3	16.3%
Net Income	96.2	190.2%	112.3%	166.9	35.0%
Core Net Income	97.7	179.7%	111.0%	166.0	29.5%
EPS (sen)	4.03	176.9%	106.7%	7.1	23.7%
Core EPS (sen)	4.09	166.9%	105.4%	7.1	20.6%
Net DPS (sen)	0.00	NA	NA	0.0	NA
NTA/share (RM)	2.38	NA	1%	2.4	NA
Net Gearing (x)	Net Cash	NA	NA	Net Cash	NA
Core EBIT Margin	69.9%	NA	NA	63.5%	NA
Core PBT Margin	69.9%	NA	NA	63.5%	NA

Source: Company

UOADEV RNAV

Landbank/Buildings	Location	Stake	Size (sq ft)	Price (RM/sqft)	Value (RM m)
Completed Buildings					
Nexus Bangsar South	Bangsar South, KL	100%	768,252	250	192.0
The Vertical Bangsar South	Bangsar South, KL	100%	124,700	1,330	165.8
Camelia Service Apartments	Bangsar South, KL	100%	249,884	511	127.8
Bangsar South	Bangsar South, KL	100%	44,692	1,865	83.4
The Vertical Bangsar South Car Park	Bangsar South, KL	100%	32,367	1,858	60.1
Vertical Corporate Tower A	Bangsar South, KL				550.0
Ongoing Projects and unbilled sales					
Desa Green	Taman Desa, KL	85%		DCF @ WACC 10%	56.02
UOA Business Park	Selangor	74%		DCF @ WACC 10%	51.86
South View Serviced Apartments	Bangsar South, KL	100%		DCF @ WACC 10%	96.52
SouthBank Residence	Old Klang Road	60%		DCF @ WACC 10%	29.68
Desa Sentul (Phase 1)	Sentul	100%		DCF @ WACC 10%	33.19
Vertical Corporate Tower	Bangsar South, KL	100%		DCF @ WACC 10%	53.89
Suria @ North Kiara	KL	100%		DCF @ WACC 10%	15.04
United Point	Kepong	100%		DCF @ WACC 10%	188.42
Danau Kota Suite	KL	100%		DCF @ WACC 10%	41.95
Sentul Point	Sentul	100%		DCF @ WACC 10%	207.79
The Sphere	Bangsar South, KL	100%		DCF @ WACC 10%	134.25
South Link	Bangsar South, KL	100%		DCF @ WACC 10%	80.19
Desa Center	Taman Desa, KL	100%		DCF @ WACC 10%	46.53
Future Projects			**Assumed Duration (Yrs)**		
Jalan Ipoh Land	Jalan Ipoh	100%	6	DCF @ WACC 10%	1,115.14
Desa Business Suites	Taman Desa	100%	4	DCF @ WACC 10%	63.39
Bandar Tun Razak Land	Cheras	100%	3	DCF @ WACC 10%	46.15
Desa III	Taman Desa	70%	2	DCF @ WACC 10%	1.66
Bangsar South Land (Commercial)	Bangsar South, KL	100%	6	DCF @ WACC 10%	410.36
Bangsar South Land (Residential)	Bangsar South, KL	100%	6	DCF @ WACC 10%	351.74

Sri Petaling land	Sri Petaling	100%	5	DCF @ WACC 10%	117.96
Land around Bangsar South	Kerinchi	100%	5	DCF @ WACC 10%	143.23
UOA Business Park II	Selangor	74%	3	DCF @ WACC 10%	18.98
Total landbank value					**4483.0**
Fixed Assets					162
Cash					988.166
Total Liabilities (excl. deferred tax & construction related payables)					294
Total RNAV					**5339.2**
Fully Diluted No of shares (m)					1817
RNAV per share (RM)					2.94
Discount					44%
Target Price (RM)					**1.65**

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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