UOA Development Berhad

(5200 | UOAD MK) Property| Property

Higher income from investment properties

***Maintain* NEUTRAL**

***Unchanged* Target Price: RM1.65**

KEY INVESTMENT HIGHLIGHTS

- **FY22 earnings within our expectation**
- **Higher income from investment properties**
- **FY22 new property sales at RM638.2m**
- **Earnings estimates maintained**
- **Maintain NEUTRAL with an unchanged TP of RM1.65**

FY22 earnings within our expectation. UOA Development (UOADEV) FY22 core net income of RM221.3m came in above consensus expectation but within ours, making up 110% and 101% of consensus and our forecast respectively. UOADEV proposed dividend of 10sen/share which implies attractive dividend yield of 6%.

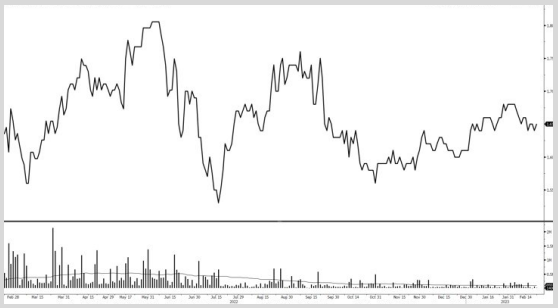
Higher income from investment properties. Sequentially, 4QFY22 core net earnings eased to RM57.7m (-40.9%qoq) due to high base earnings in 3QFY22. Note that earnings in 3QFY22 were ballooned by higher sales of completed properties namely The Goodwood Residence and Aster Green Residence. On yearly basis, 4QFY22 core net income was lower at RM57.7m (-14.3%yoy), bringing FY22 core net income to RM221.3m (+13.2%yoy). UOADEV recorded earnings growth in FY22 despite lower topline (-17.5%yoy) mainly due to higher rental and hospitality income from investment properties and sales of completed properties which offset the higher expenses in FY22. Meanwhile, unbilled sales increased to RM203.4m in 4QFY22 from RM181m in 3QFY22, providing less than one-year earnings visibility.

FY22 new property sales at RM638.2m. UOADEV chalked up new property sales of RM158.2m in 4QFY22 against new sales of RM229m in 3QFY22. That brought total new sales to RM638.2m in FY22, higher than new sales of RM341m in FY21. New sales in FY22 were mainly contributed by Laurel Residence at 43% and Goodwood Residence at 38%. Looking forward, we expect stable new sales prospect in FY23, underpinning by ongoing sale of Laurel Residence and planned new launches in FY23. The key upcoming new launches in FY23 are Aster Hill at Sri Petaling and Vertical Office at Bangsar South.

Maintain NEUTRAL with an unchanged TP of RM1.65. We make no changes to our earnings forecast for FY23F. We maintain our **TP** for UOADEV to **RM1.65** based on 44% discount to RNAV. Despite the improved new sales of UOADEV, we maintain our **NEUTRAL** call on UOADEV due to limited upside. Meanwhile, dividend yield for UOADEV is attractive at 6%.

RETURN STATISTICS	
Price @ 22 Feb 2023 (RM)	1.66
Expected share price return (%)	-0.6
Expected dividend yield (%)	6.0
Expected total return (%)	**5.4**

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	0.0	1.8
3 months	2.5	1.9
12 months	-4.6	2.4

KEY STATISTICS	
FBM KLCI	1,464.0
Syariah compliant	Yes
F4BGM Index	N/A
ESG Grading Band (Star rating)	N/A
Issue shares (m)	2,325.33
Estimated free float (%)	11.90
Market Capitalisation (RM'm)	3,998
52-wk price range (RM)	RM1.52– RM1.92
Beta vs FBM KLCI (x)	0.75
3-mth average daily volume (m)	0.09
3-mth average daily value (RM'm)	0.15
Top Shareholders (%)	
UOA Holdings Sdn Bhd	72.33
Employees Provident Fund Board	10.32

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INVESTMENT STATISTICS

FYE Dec (RM m)	FY21A	FY22A	FY23F	FY24F	FY25F
Revenue	547.5	451.7	594.0	654.0	646.5
Core EBIT	290.3	78.7	306.1	312.1	304.8
Core PBT	289.8	288.6	287.0	292.3	284.4
Net Income	222.4	134.6	211.0	214.9	209.1
Core Net Income	195.5	221.3	208.0	211.9	206.1
EPS (sen)	9.6	5.6	8.8	9.0	8.7
Core EPS (sen)	8.4	9.2	8.7	8.9	8.6
Net DPS (sen)	10.00	10.00	10.00	10.00	10.00
Net Dvd Yield	6.0%	6.0%	6.0%	6.0%	6.0%
Core PER	19.76	18.06	19.07	18.72	19.25
NTA/share (RM)	2.42	2.36	2.40	2.43	2.45
P/NTA	0.69	0.70	0.69	0.68	0.68
Core ROE	3.5%	3.9%	3.6%	3.7%	3.5%
Core ROA	3.0%	3.43%	3.2%	3.2%	3.1%
Net Gearing	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Source: Company, MIDF Research Estimate

UOADEV: 4QFY22 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY22	%YoY	%QoQ	FY22	%YoY
Revenue	112.5	-17.5%	-31.2%	451.7	-17.5%
Core EBIT	78.5	-25.2%	-31.2%	78.7	-72.9%
Core PBT	78.5	-25.0%	-31.3%	288.6	-0.4%
Net Income	53.1	-46.3%	-44.8%	219.9	-1.1%
Core Net Income	57.7	-14.3%	-40.9%	221.3	13.2%
EPS (sen)	2.20	-48.1%	-45.2%	9.3	-7.0%
Core EPS (sen)	2.40	-17.2%	-41.4%	9.5	8.2%
Net DPS (sen)	10.00	NA	NA	10.0	0.0%
NTA/share (RM)	2.38	NA	0%	2.4	NA
Net Gearing (x)	Net Cash	NA	NA	Net Cash	NA
Core EBIT Margin	69.8%	NA	NA	17.4%	NA
Core PBT Margin	69.8%	NA	NA	63.9%	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

Landbank/Buildings	Location	Stake	Size (sq ft)		Price (RM/sqft)	Value (RM m)
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