Corporate Update

UOA Development Berhad

(5200 | UOAD MK) Main | Property

SHARIAH Compliant

ESG 3 Stars

Maintain **BUY**

Revised Target Price **RM1.98** (from RM1.93)

1QFY25 Results Review Commendable Earnings

1QFY25 earnings slightly above our expectation. UOA Development 1QFY25 core net profit of RM80.2m came in slightly above our expectation but within consensus expectation, making up 31% and 29% of our and consensus full year estimates respectively. The positive deviation could be attributed to the better-than-expected margin and the lower-than-expected tax rate in 1QFY25.

Earnings helped by better margin and lower tax rate. Sequentially, 1QFY25 core net income was marginally lower at RM80.2m (-3.7%qoq) despite sharper drop in topline of 35%qoq as earnings were helped by better margin and lower tax rate. The lower topline could be attributed to seasonally weaker progress billing in 1Q. Meanwhile, gross profit margin expanded to 40% in 1QFY25 from 37% in 4QFY25 due to higher margin achieved for ongoing projects. On the other hand, tax rate decline to 19.2% in 1QFY25 from 25% in 4QFY25 as certain income not subject to tax.

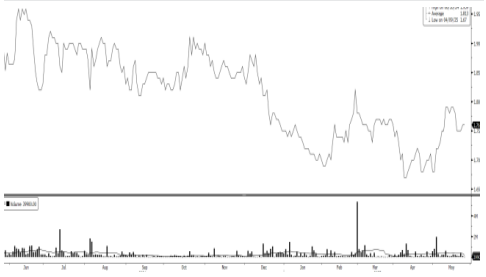
Commendable earnings in 1QFY25. 1QFY25 core net earnings were higher (+62.7%yoy) in tandem with the higher topline (+116.5%yoy). The higher earnings were driven by higher progress billing of its ongoing projects namely Aster Hill, Laurel Residence, Bamboo Hills Residence and medical centre in Bangsar South. Besides, the higher earnings were also driven by income from its investment properties and hospitality assets.

Stable new property sales. UOA Development recorded new property sales of RM265m in 1QFY25, higher than new sales of RM213m in 4QFY24. New property sales were mainly contributed by Bamboo Hills Residence which made up 59% of total new sales. Moving forward, new property sales should remain supported by Bamboo Hills Residence. On a side note, its maiden project in Johor is expected to be launched in FY26 which will drive property sales beyond FY26. Meanwhile, unbilled sales increased to RM891m in 1QFY25 from RM837m in 4QFY24, providing earnings visibility for 1.6 years.

Maintain BUY with a revised TP of RM1.98. We revise our FY25F/26F /27F earnings forecast by +19%/+20%/+17% as we factor in better margin and lower tax rate in our forecast. We expect earnings to pick up in 2HFY25 due to acceleration of progress billing of Bamboo Hills Residence and Duo Tower. Meanwhile, we revise our TP for UOA Development to RM1.98 from RM1.93 as we narrow RNAV discount to 28% from 30% in view of the better earnings visibility. We see better earnings prospect for UOA Development which will be backed by the profit recognition of its ongoing projects in Klang Valley as well as income from investment properties. Besides, its recent maiden venture into Johor property market support new sales growth in the future. Dividend yield of UOA Development is attractive at 5.6% while its balance sheet is healthy at net cash position. Hence, we maintain our **BUY** call on UOA Development.

RETURN STATISTICS	
Price @ 28th May 2025 (RM)	1.78
Expected share price return (%)	+11.2
Expected dividend yield (%)	+5.6
Expected total return (%)	+16.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	3.5	2.5
3months	0.0	0.7
12 months	-12.4	-7.0

INVESTMENT STATISTICS			
FYE Dec	2025E	2026F	2027F
Revenue	589	611	621
Operating Profit	424	459	483
Profit Before Tax	404	438	461
Core PATAMI	306	323	340
Core EPS	12.27	12.96	13.65
DPS	10.00	10.00	10.00
Dividend Yield	5.6%	5.6%	5.6%

KEY STATISTICS	
FBM KLCI	1,523.48
Issue shares (m)	2622.66
Estimated free float (%)	25.07
Market Capitalisation (RM'm)	4,672
52-wk price range	RM1.65 – RM2.07
3-mth average daily volume (m)	0.40
3-mth average daily value (RM'm)	0.69
Top Shareholders (%)	
UOA Holdings Sdn Bhd	70.11
EPF	13.01

Analyst

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UOA Development: 1QFY25 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	1QFY25	%YoY	%QoQ	FY25	%YoY
Revenue	152.1	116.5%	-35.2%	152.1	116.5%
Core EBIT	100.2	63.2%	-22.4%	100.2	63.2%
Core PBT	100.2	63.4%	-22.4%	100.2	63.4%
Net Income	73.9	48.8%	-42.3%	73.9	48.8%
Core Net Income	80.2	62.7%	-3.7%	80.2	62.7%
EPS (sen)	2.82	41.2%	-42.3%	2.8	41.2%
Core EPS (sen)	3.06	54.5%	-3.7%	3.1	54.5%
Net DPS (sen)	0.00	NA	NA	0.0	0.0%
NTA/share (RM)	2.18	NA	1%	2.2	NA
Net Gearing (x)	Net Cash	NA	NA	Net Cash	NA
Core EBIT Margin	65.9%	NA	NA	65.9%	NA
Core PBT Margin	65.9%	NA	NA	65.9%	NA

Source: Company, MIDF Research

UOA Development 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	1300	Bangsar South, KL	100%	DCF @ WACC 10%	90.14
Unbilled sales	285.2		100%	DCF @ WACC 10%	20.69
Future Projects					
Jalan Ipoh Land	6000	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)	2300	Bangsar South, KL	100%	DCF @ WACC 10%	152.58
Bangsar South land (residential)	1850	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					1016.2
Equity					5609.53
Total RNAV					6625.7
Fully Diluted No of shares (m)					2407
RNAV per share (RM)					2.75
Discount					28%
Target Price (RM)					**1.98**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	399	546	589	611	621
EBIT	299	348	424	459	483
PBT	299	348	404	438	461
Net Income	280	253	306	323	340
Core Net Income	210	242	306	323	340
Core EPS (sen)	8.4	9.2	12.3	13.0	13.7
Core PER (x)	21.1	19.3	14.5	13.7	13.0
NTA/share	2.17	2.16	2.31	2.35	2.39
P/NTA	0.82	0.82	0.77	0.76	0.74

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
Investment properties	1,652	1,784	1,793	1,802	1,811
Total non-current assets	2,581	2,742	2,772	2,803	2,834
Inventories	1,404	1,426	1,383	1,476	1,431
Short term investments	1,443	1,333	1,176	1,204	1,150
Fixed deposits	206	233	224	221	226
Cash and bank balances	196	234	348	260	281
Other assets	250	421	631	769	1,032
Total Assets	6,081	6,389	6,534	6,733	6,953
LT Borrowings	0	0	0	0	0
ST Borrowings	0	0	0	0	0
Other Liabilities	492	512	594	690	803
Total Liability	492	512	594	690	803
Share capital	3,071	3,297	3,297	3,297	3,297
Other Equity	2,518	2,538	2,644	2,746	2,854
Total Equity	5,589	5,835	5,940	6,043	6,151
Equity + Liability	6,081	6,389	6,534	6,733	6,953

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Cash flows from operating activities					
Net income before taxation	368	394	404	438	461
Net cash from operating activities	267	26	30	34	39
Cash flows from investing activities					
Addition to investment properties	-10	-59	-58	-49	-44
Net cash used in investing activities	32	-28	-21	-16	-12
Cash flows from financing activities					
Net cash from/(used in) financing activities	-616	-45	-61	-82	-56
Net increase/(decrease) in cash and cash equivalents	-317	-46	-52	-63	-28
Cash and cash equivalent at 1 January	2163	1846	1800	1748	1685
Cash and cash equivalent at 1 December	1846	1800	1748	1685	1657

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
EBIT margin	74.9%	63.8%	72.1%	75.1%	77.8%
PBT margin	74.9%	63.8%	68.6%	71.7%	74.3%
PAT margin	70.0%	46.4%	51.9%	52.9%	54.8%
Core PATAMI margin	52.6%	44.4%	51.9%	52.9%	54.8%
ROE	3.9%	4.3%	5.3%	5.5%	5.7%
ROA	3.5%	3.8%	4.7%	4.8%	4.9%

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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	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
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	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

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