Corporate Update

UOA Development Berhad

(5200 | UOAD MK) Main | Property

SHARIAH Compliant

ESG 3 Stars

Maintain **BUY**

Unchanged Target Price **RM2.04**

2QFY25 Results Review
Earnings Lifted by Cost Savings

1HFY25 earnings deemed within expectations. UOA Development 1HFY25 core net income of RM170.5m deemed within expectations despite it made up 56% and 60% of our and consensus full year estimates as we expect margin to normalise in 2HFY25 from the high margin in 1HFY25.

Earnings lifted by cost savings and lower tax rate. Sequentially, 2QFY25 core net income was higher at RM90.6m (+12.9%qoq) despite lower topline (-14.4%qoq) as earnings were lifted by cost savings recognised from the completion of Laurel Residence. The cost savings widened the operating profit margin to 82.9% in 2QFY25 from 65.9% in 1QFY25. Besides, earnings were also lifted by lower tax rate of 15% in 2QFY25 against tax rate of 19.2% in 1QFY25.

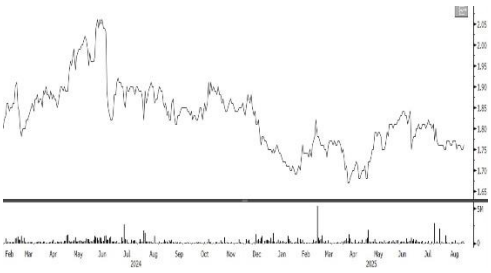
Solid earnings in 1HFY25. On a yearly basis, 2QFY25 core net income was higher (+51.4%yoy), in line with higher topline (+31.2%yoy). The higher earnings were due to higher revenue recognition from its ongoing property projects namely Bamboo Hills Residences, Aster Hill, medical centre in Bangsar South and Laurel Residence. Cumulatively, 1HFY25 core net earnings were higher at RM170.5m (+56.2%yoy) as earnings were lifted by progressive earnings recognition of its ongoing projects. Besides, the higher earnings were also partly attributed to the higher income from its investment properties and hospitality assets.

Stable new property sales. UOA Development recorded new property sales of RM148m in 2QFY25, lower than new sales of RM265m in 1QFY25. That brought total new sales to RM413m in 1HFY25. Bamboo Hills Residence remains the key sales contributor, contributing 65% to total new sales in 1HFY25. Going forward, we see that new sales in 2HFY25 to remain supported by Bamboo Hills Residence. Meanwhile, its maiden high-rise project in Johor with GDV of RM1.2b is expected to be launched by end of FY25 or FY26 is expected to sustain new sales momentum. On the other hand, unbilled sales were flattish at RM888m in 2QFY25, providing earnings visibility for 1.6 years.

Maintain BUY with an unchanged TP of RM2.04. We maintain our earnings forecast for FY25/26/27. We also maintain our TP for UOA Development at RM2.04, based on 26% discount to RNAV. Earnings prospect for UOA Development should remain stable on the back of earnings recognition of Bamboo Hills Residence and Aster Hill. The maiden launch of Johor project is expected to provide catalyst to new sales beyond FY26. 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 @ 26th Aug 2025 (RM)	1.76
Expected share price return (%)	+15.9
Expected dividend yield (%)	+5.6
Expected total return (%)	+21.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-0.6	-3.6
3months	-1.1	-3.0
12 months	-6.9	-3.5

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	5.7%	5.7%	5.7%

KEY STATISTICS

FBM KLCI	1,581.59
Issue shares (m)	2622.66
Estimated free float (%)	25.95
Market Capitalisation (RM'm)	4,672
52-wk price range	RM1.65 – RM1.91
3-mth average daily volume (m)	0.30
3-mth average daily value (RM'm)	0.53
Top Shareholders (%)	
UOA Holdings Sdn Bhd	70.11
EPF	13.07

Analyst

Jessica Low Jze Tieng
jessica.low@midf.com.my
03-2173 8391

UOA Development: 2QFY25 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY25	%YoY	%QoQ	FY25	%YoY
Revenue	130.2	31.2%	-14.4%	282.3	66.6%
Core EBIT	107.9	43.5%	7.7%	207.9	52.1%
Core PBT	107.9	43.4%	7.7%	207.8	52.1%
Net Income	91.7	50.2%	24.0%	165.7	49.6%
Core Net Income	90.6	51.4%	12.9%	170.5	56.2%
EPS (sen)	3.50	42.6%	24.0%	6.3	157.5%
Core EPS (sen)	3.45	43.7%	12.9%	6.5	171.0%
Net DPS (sen)	0.00	NA	NA	0.0	NA
NTA/share (RM)	2.12	NA	-3%	2.1	NA
Net Gearing (x)	Net Cash	NA	NA	Net Cash	NA
Core EBIT Margin	82.9%	NA	NA	73.6%	NA
Core PBT Margin	82.9%	NA	NA	73.6%	NA

Source: Company, MBSB 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					26%
Target Price (RM)					**2.04**

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)	20.9	19.1	14.3	13.6	12.9
NTA/share	2.17	2.16	2.31	2.35	2.39
P/NTA	0.81	0.82	0.76	0.75	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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MBSB INVESTMENT BANK (formerly known MIDF 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