Corporate Update

UOA Development Berhad

(5200 | UOAD MK) Main | Property

SHARIAH Compliant

ESG 3 Stars

Maintain **NEUTRAL**

Unchanged Target Price **RM1.86**

1QFY26 Results Review
Softer Progress Billings

1QFY26 earnings deemed within expectations. UOA Development 1QFY26 core net earnings of RM46.8m deemed within expectations despite making up 13% of our and consensus full year forecast as progress billings were softer in 1Q due to seasonality. We expect earnings to strengthen in subsequent quarters as progress billings pick up.

Weaker 1QFY26 earnings on seasonal factor. Sequentially, 1QFY26 core net income was weaker at RM46.8m (-43.6%qoq), in tandem with weaker revenue (-34.8%qoq) as progress billings were weaker amid the festive period. Besides, the lower revenue recognition was due to completion of construction of medical centre in 4QFY25. In addition, the lower earnings were also attributable to lower margin achieved in 1QFY26. Note that gross profit margin narrowed to 31% in 1QFY26 from 35% in 4QFY25. Looking forward, we expect gross profit margin to maintain at above 30% level.

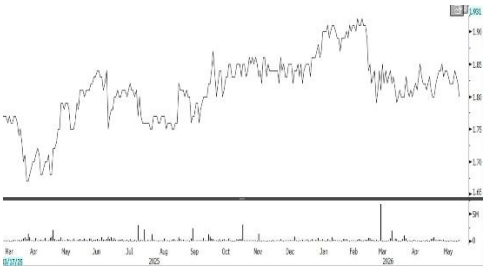
Weaker earnings on lower progress billing. On a yearly basis, 1QFY26 core net income was lower at RM46.8m (-41.7%yoy), in line with the lower topline (-25.1%yoy). The lower earnings were dragged by lower progress billing from ongoing projects namely Bamboo Hills Residences, Aster Hill and Duo Tower. Besides, the lower earnings were due to completion of construction of medical centre which contributed to earnings in 1QFY25. Moreover, earnings were also partly dragged by the narrower gross profit margin of 31% in 1QFY26 from 40% in 1QFY25.

1QFY26 new sales driven by Aethera Residences. UOA Development registered new property sales of RM131m in 1QFY26, higher than new sales of RM RM108.3m in 4QFY25. Aethera Residences in Johor which was launched in 1QFY26 was the main contributor to property sales, contributing 59%. Meanwhile, Bamboo Hills Residence and Duo Tower also contributed to new property sales in 1QFY26. On the other hand, unbilled sales declined to RM612.4m in 1QFY26 from RM656.5m in 4QFY25, providing earnings visibility for less than one year.

Maintain NEUTRAL with an unchanged TP of RM1.86. We make no changes to our earnings forecast for FY26/27/28. We maintain our **TP** for UOA Development at **RM1.86**, based on 25% discount to RNAV. Dividend yield of UOA Development is attractive at 5.6% while its balance sheet remains healthy at net cash position. Nevertheless, we see muted earnings outlook due to softer progress billing and margin pressure. Hence, we maintain our **NEUTRAL** call on UOA Development.

RETURN STATISTICS	
Price @ 26th May 2026 (RM)	1.80
Expected share price return (%)	+3.3
Expected dividend yield (%)	+5.6
Expected total return (%)	+8.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-0.6	1.2
3months	0.0	-4.8
12 months	2.3	-8.3

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	710	726	821
Operating Profit	514	539	605
Profit Before Tax	493	518	582
Core PATAMI	363	382	427
Core EPS	14.59	15.33	17.13
DPS	10.00	10.00	11.00
Dividend Yield	5.6%	5.6%	6.1%

KEY STATISTICS

FBM KLCI	1,699.02
Issue shares (m)	2653
Estimated free float (%)	25.95
Market Capitalisation (RM'm)	4,779
52-wk price range	RM1.73 – RM1.95
3-mth average daily volume (m)	0.30
3-mth average daily value (RM'm)	0.55
Top Shareholders (%)	
UOA Holdings Sdn Bhd	69.29
EPF	14.43

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UOA Development: 1QFY26 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	1QFY26	%YoY	%QoQ	FY26	%YoY
Revenue	113.9	-25.1%	-34.8%	113.9	-25.1%
Core EBIT	58.4	-41.8%	-65.5%	58.4	-41.8%
Core PBT	58.3	-41.8%	-65.5%	58.3	-41.8%
Net Income	41.9	-43.3%	-78.2%	41.9	-43.3%
Core Net Income	46.8	-41.7%	-43.6%	46.8	-41.7%
EPS (sen)	1.58	-43.9%	-78.2%	1.6	-43.9%
Core EPS (sen)	1.76	-42.4%	-43.6%	1.8	-42.4%
Net DPS (sen)	0.00	NA	NA	0.0	NA
NTA/share (RM)	2.24	NA	1%	2.2	NA
Net Gearing (x)	Net Cash	NA	NA	Net Cash	NA
Core EBIT Margin	51.3%	NA	NA	51.3%	NA
Core PBT Margin	51.2%	NA	NA	51.2%	NA

Source: Company, MBSB Research

UOA Development RNAV

Landbank	Est.GDV (RM m)	Location	Stake		Value (RM m)
Ongoing Projects and unbilled sales					
Aster Hill	480	Sri Petaling, KL	100%	DCF @ WACC 10%	34.82
Duo Tower A	1300	Bangsar South, KL	100%	DCF @ WACC 10%	82.57
Bamboo Hill Residences	1400	Jalan Ipoh	100%	DCF @ WACC 10%	88.92
UOA Business Park (Phase 2)	130	Bangsar South, KL	100%	DCF @ WACC 10%	9.43
Aethera Residences	800	Johor Bahru	75%	DCF @ WACC 10%	69.58
Unbilled sales	794		100%	DCF @ WACC 10%	55.06
Future Projects					
Jalan Ipoh Land	4600	Jalan Ipoh	100%	DCF @ WACC 10%	247.32
Bangsar South land (commercial)	1000	Bangsar South, KL	100%	DCF @ WACC 10%	66.34
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	Cyberjaya	100%	DCF @ WACC 10%	17.58
Total landbank value					**854.0**
Equity					5720.00
Total RNAV					**6574.0**
No of shares (m)					2655
RNAV per share (RM)					2.48
Discount					25%
Target Price (RM)					**1.86**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	546	674	710	726	821
EBIT	532	473	514	539	605
PBT	470	453	493	518	582
Net Income	342	342	363	382	427
Core Net Income	307	342	363	382	427
Core EPS (sen)	11.6	13.7	14.6	15.3	17.1
Core PER (x)	15.5	13.1	12.3	11.7	10.5
NTA/share	2.13	2.37	2.42	2.47	2.52
P/NTA	0.84	0.76	0.74	0.73	0.71

Balance Sheet (RM'm)	2024A	2025A	2026F	2027F	2028F
Investment properties	1,784	2,311	2,323	2,335	2,346
Total non-current assets	2,742	3,259	3,294	3,331	3,414
Inventories	1,426	1,286	1,372	1,330	1,477
Short term investments	1,333	1,327	1,262	1,341	1,557
Fixed deposits	233	255	231	240	242
Cash and bank balances	234	167	199	200	189
Other assets	421	394	498	637	454
Total Assets	6,389	6,687	6,857	7,079	7,333
LT Borrowings	0	0	0	0	0
ST Borrowings	0	0	0	0	0
Other Liabilities	512	550	636	738	858
Total Liability	512	550	636	738	858
Share capital	3,297	3,345	3,345	3,345	3,345
Other Equity	2,538	2,792	2,876	2,996	3,130
Total Equity	5,835	6,137	6,221	6,341	6,475
Equity + Liability	6,389	6,687	6,857	7,079	7,333

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
Cash flows from operating activities					
Net income before taxation	394	637	493	518	582
Net cash from operating activities	26	247	287	328	375
Cash flows from investing activities					
Addition to investment properties	-59	-166	-141	-127	-114
Net cash used in investing activities	-28	-98	-75	-57	-43
Cash flows from financing activities					
Net cash from/(used in) financing activities	-45	-200	-270	-183	-125
Net increase/(decrease) in cash and cash equivalents	-46	-51	-57	88	207
Cash and cash equivalent at 1 January	1846	1800	1749	1692	1781
Cash and cash equivalent at 1 December	1800	1749	1692	1781	1988

Profitability Ratios (%)	2024A	2025A	2026F	2027F	2028F
EBIT margin	97.5%	70.1%	72.4%	74.3%	73.7%
PBT margin	86.2%	67.1%	69.4%	71.3%	71.0%
PAT margin	62.7%	50.8%	51.2%	52.6%	52.0%
Core PATAMI margin	56.3%	50.8%	51.2%	52.6%	52.0%
ROE	5.4%	5.8%	6.0%	6.2%	6.8%
ROA	4.8%	5.1%	5.3%	5.4%	5.8%

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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