Corporate Update

UOA Development Berhad

(5200 | UOAD MK) Main | Property

SHARIAH Compliant

ESG 3 Stars

Maintain **NEUTRAL**

Revised Target Price **RM1.66**
(from RM1.86)

2QFY26 Results Review
Muted Earnings Outlook

1HFY26 earnings below expectations. UOA Development 1HFY26 core net income of RM141.6m came in slightly below expectations, making up 39% and 41% of our and consensus full year forecast respectively. The negative deviation could be attributed to lower-than-expected margin in 1HFY26.

Earnings recovery in 2QFY26. Sequentially, 2QFY26 core net income increased to RM94.8m (+102.7%qoq), in line with higher revenue (+94.3%qoq). The increase in earnings was in line with our expectation of pick up in progress billing from a quieter 1Q. The earnings growth was also due to earnings recognition from Aster Hill and Aethera Residences. Besides, the higher earnings were also due to lower administrative expenses (-12%qoq). Meanwhile, gross margin expanded to 37% in 2QFY26 from 31% in 1QFY26.

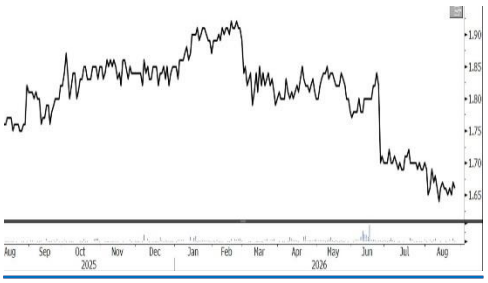
Weaker earnings on lower margin and higher tax rate. On a yearly basis, 2QFY26 core net income was moderately higher at RM94.8m (+4.7%yoy). That brought 1HFY26 core net income lower at RM141.6m (-17%yoy) despite topline was higher (+18.7%yoy). The lower earnings were mainly due to margin contraction in 1HFY26 which narrowed to 35% in 1HFY26 from 45% in 1HFY25. The decline in earnings was also dragged by higher effective tax rate of 22.3% in 1HFY26 from 18.1% in 1HFY25.

1HFY26 new sales driven by Aethera Residences. New property sales of UOA Development picked up in 1QFY26 to RM186m in 2QFY26 from RM131m in 1QFY26. That brought total new sales to RM317.4m. Aethera Residences in Johor is the main sales contributor, contributing 66% to total new sales in 1HFY26. We expect Aethera Residences to sustain new sales momentum in FY26. On the other hand, unbilled sales declined to RM566m in 2QFY26 from RM612.4m in 1QFY26, providing earnings visibility for less than one year.

Maintain NEUTRAL with a revised TP of RM1.66. We revise our FY26/27/28 earnings forecast by -14.2%/-11.1%/-14.1%. We also revise our **TP** for UOA Development to **RM1.66** from RM1.86 as we widen RNAV discount to 33% from 25% in view of the weaker earnings visibility. Dividend yield of UOA Development is attractive at 6.1% while its balance sheet remains healthy at net cash position. Nevertheless, we see muted earnings outlook for FY26 due to margin compression. Hence, we maintain our **NEUTRAL** call on UOA Development.

RETURN STATISTICS	
Price @ 26th Aug 2026 (RM)	1.65
Expected share price return (%)	+0.6
Expected dividend yield (%)	+6.1
Expected total return (%)	+6.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-2.4	-4.8
3months	-2.4	-10.2
12 months	-5.7	-14.5

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	584	620	671
Operating Profit	444	482	523
Profit Before Tax	423	460	500
Core PATAMI	312	339	366
Core EPS	12.52	13.63	14.71
DPS	10.00	10.00	11.00
Dividend Yield	6.1%	6.1%	6.7%

KEY STATISTICS

FBM KLCI	1,748.54
Issue shares (m)	2653
Estimated free float (%)	26.90
Market Capitalisation (RM'm)	4,439
52-wk price range	RM1.64 – RM1.95
3-mth average daily volume (m)	0.14
3-mth average daily value (RM'm)	0.25
Top Shareholders (%)	
UOA Holdings Sdn Bhd	68.40
EPF	15.04

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UOA Development: 2QFY26 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY26	%YoY	%QoQ	FY26	%YoY
Revenue	221.2	69.9%	94.3%	335.1	18.7%
Core EBIT	130.8	21.2%	124.1%	189.2	-9.0%
Core PBT	130.8	21.2%	124.2%	189.1	-9.0%
Net Income	95.6	4.2%	127.9%	137.5	-17.0%
Core Net Income	94.8	4.7%	102.7%	141.6	-17.0%
EPS (sen)	3.60	3.0%	127.9%	5.2	-18.0%
Core EPS (sen)	3.57	3.4%	102.7%	5.3	-18.1%
Net DPS (sen)	0.00	NA	NA	0.0	NA
NTA/share (RM)	2.18	NA	-3%	2.2	NA
Net Gearing (x)	Net Cash	NA	NA	Net Cash	NA
Core EBIT Margin	59.1%	NA	NA	56.5%	NA
Core PBT Margin	59.1%	NA	NA	56.4%	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					33%
Target Price (RM)					**1.66**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026F	2027F	2028F
Revenue	546	674	584	620	671
EBIT	532	473	444	482	523
PBT	470	453	423	460	500
Net Income	342	342	312	339	366
Core Net Income	307	342	312	339	366
Core EPS (sen)	11.6	13.7	12.5	13.6	14.7
Core PER (x)	14.2	12.0	13.2	12.1	11.2
NTA/share	2.13	2.37	2.41	2.46	2.50
P/NTA	0.77	0.70	0.68	0.67	0.66

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	483	609	408
Total Assets	6,389	6,687	6,841	7,051	7,286
LT Borrowings	0	-	-	-	-
ST Borrowings	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	2,860	2,968	3,084
Total Equity	5,835	6,137	6,205	6,313	6,429
Equity + Liability	6,389	6,687	6,841	7,051	7,286

Cash Flow (RM'm)	2024A	2025A	2026F	2027F	2028F
Cash flows from operating activities					
Net income before taxation	394	637	423	460	500
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%	76.0%	77.8%	77.9%
PBT margin	86.2%	67.1%	72.4%	74.3%	74.5%
PAT margin	62.7%	50.8%	53.4%	54.8%	54.6%
Core PATAMI margin	56.3%	50.8%	53.4%	54.8%	54.6%
ROE	5.4%	5.8%	5.2%	5.6%	5.9%
ROA	4.8%	5.1%	4.6%	4.8%	5.0%

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MBSB 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