

UEM Sunrise Berhad

(5148 | UEMS MK) Property | Property

Maintain BUY

Disposing land in SiLC Johor for RM434m

Unchanged Target Price: RM0.52

KEY INVESTMENT HIGHLIGHTS

- **Disposing land in SiLC Johor for RM434m**
- **Neutral on the land disposal**
- **Sale of land within new sales assumption**
- **Earnings estimates maintained**
- **Maintain BUY with an unchanged TP of RM0.52**

Disposing land in SiLC Johor for RM434m. UEM Sunrise (UEMS) announced that it has entered into two separate heads of agreements (HOAs) for the land disposal in SiLC Johor. The first HOA was entered into with Pentagon Land Sdn Bhd (Pentagon) and Greenhill SiLC Sdn Bhd (Greenhill) while the second HOA was entered into with Pentagon. Both Pentagon and Greenhill are subsidiaries of AME Elite Consortium Berhad (AME). The signed HOAs are in relation to the disposal of 72 freehold industrial plots measuring approximately 169.8 acres in phase 3, SiLC in Iskandar Puteri Johor for a total purchase consideration of RM434.3m.

Neutral on the land disposal. We are not surprised by the land disposal as UEMS has been actively monetizing its landbank in Johor. Note that UEMS disposed 164 acres of freehold land in Mukim Pulau Johor to Country View Berhad for RM310m in 2017. The latest land disposal implies disposal price of RM2.6m/acre which is higher than disposal price of RM1.9m/acre to Country View Berhad due to more strategic location of the land in SiLC Iskandar Puteri.

Sale of land within new sales assumption. The land sales of RM434m is expected to boost new sales of UEMS in FY20. Nevertheless, this is within management and our expectations as management has targeted new sales of RM1b (which include land sales) for FY20. Note that UEMS recorded low new sales of RM150.9m in 1HFY20 due to disruption to business activities from MCO while sales in 2HFY20 are expected to be supported by Penjana incentives.

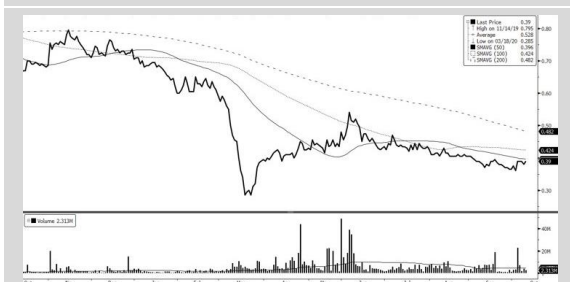
Maintain BUY with an unchanged TP of RM0.52. We make no changes to our earnings forecasts as land sales are within management and our new sales target. We maintain our TP for UEMS at RM0.52, based on 75% discount to RNAV. We maintain BUY on UEM Sunrise as we expect earnings to return to the black in 2HFY20. Besides, valuation is attractive as it is trading at 73% discount to latest NTA of RM1.42 per share.



RETURN STATISTICS

Price @ 9 October 2020 (RM)	0.39
Expected share price return (%)	33.3
Expected dividend yield (%)	0.0
Expected total return (%)	33.3

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	-4.69	-3.57
3 months	1.39	-9.51
12 months	5.17	6.41

KEY STATISTICS

FBM KLCI	1530.35
Syariah compliant	Yes
Issue shares (m)	5638.307
Estimated free float (%)	52.83054
Market Capitalisation (RM'm)	20,636.20
52-wk price range (RM)	RM2.7 - RM3.99
Beta vs FBM KLCI (x)	0.7926014
Monthly velocity (%)	0.611925639
Monthly volatility (%)	8.237658763
3-mth average daily volume (m)	8.71393
3-mth average daily value (RM'm)	32.8038
Top Shareholders (%)	
Employees Provident Fund Board	9.26
Wide Synergy Sdn Bhd	7.71
Azam Utama Sdn Bhd	7.64

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INVESTMENT STATISTICS

FYE Dec	FY17A	FY18A	FY19A	FY20F	FY21F
Revenue	2155	2044	2909	806	1090
Core EBIT	499	320.3	504	52	85
Core PBT	435	260.7	418	51	119
Net Income	280	280.3	224	36	90
Core Net Income	276	124.6	257	36	90
EPS (sen)	6.17	6.2	4.9	0.79	1.99
Core EPS (sen)	6.09	2.7	6.6	0.79	1.99
Net DPS (sen)	1.00	0.0	0.0	0.00	0.00
Net Dvd Yield	2.6%	0.0%	0.0%	0.0%	0.0%
Core PER	6.4	14.2	5.9	49.1	19.6
NTA/share (RM)	1.38	1.43	1.47	1.47	1.49
P/NTA	0.28	0.27	0.27	0.26	0.26
Core ROE	4.0%	1.8%	3.5%	0.5%	1.2%
Core ROA	1.9%	0.9%	1.9%	0.3%	0.7%

Source: Company, MIDFR

UEMS RNAV

UEM Sunrise Fully Diluted RNAV					
	Location	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Ongoing projects					
East Ledang	Iskandar Puteri	100%	1467.5	10%	106.76
Nusa Idaman	Iskandar Puteri	100%	440.9	10%	70.98
Nusa Bayu	Iskandar Puteri	100%	440.9	10%	31.61
Almas, Puteri Harbour	Iskandar Puteri	100%	1776.9	10%	129.27
Estuari, Puteri Harbour	Iskandar Puteri	100%	3373.7	10%	224.81
Aspira LakeHomes, Gerbang Nusajaya	Iskandar Puteri	100%	256.1	10%	19.49
Aspira Square	Iskandar Puteri	100%	8.6	10%	0.69
Aspira Gardens (Cassia)	Iskandar Puteri	100%	73.9	10%	5.38
Senadi Hills	Iskandar Puteri	100%	294.7	10%	18.81
Mall of Medini	Iskandar Puteri	55%	2097.0	10%	73.64
Horizon Hills	Iskandar Puteri	50%	1685.3	10%	67.13
Emerald Bay	Iskandar Puteri	40%	3075.8	10%	89.50
Nusajaya Tech Park	Iskandar Puteri	40%	3158.0	10%	84.17
The Maris, Desaru	Johor	51%	2852.3	10%	9.11
Serene Heights	Selangor	100%	3067.0	10%	204.37
Solaris Parq	Kuala Lumpur	100%	1999.9	10%	139.19
Radia Bukit Jelutong	Selangor	50%	1013.9	10%	38.58
Kiara Bay, Kepong	Kuala Lumpur	50%	14348.2	10%	310.76
Seremban Forest Heights	Negeri Sembilan	50%	1547.2	10%	51.55
Pipeline projects					
Gerbang Nusajaya	Iskandar Puteri	100%	25902.6	10%	1205.74
Gerbang Nusantara	Iskandar Puteri	100%	485.2	10%	33.77
Residential South	Iskandar Puteri	80%	2827.4	10%	143.12
The Waves (CS3) - Puteri Harbour	Iskandar Puteri	50%	1201.0	10%	37.99
Gerbang Nusajaya - Mulpha JV (UEMS Land)	Iskandar Puteri	50%	2771.0	10%	83.93
Gerbang Nusajaya - Mulpha JV (Mulpha Land)	Iskandar Puteri	50%	2586.3	10%	71.21
Gerbang Nusajaya - KLK	Iskandar Puteri	40%	5000.0	10%	102.56
Gerbang Nusajaya - Fastrackcity	Iskandar Puteri	30%	3700.0	10%	56.16
Fraser Metropolis	Johor	60%	15000.0	10%	346.23
Equine Land, Sri Kembangan	Selangor	100%	722.3	10%	41.55
Angkasa Raya	Kuala Lumpur	100%	1903.6	10%	114.45
MK 31	Kuala Lumpur	100%	742.0	10%	44.95
Allevia	Kuala Lumpur	100%	541.8	10%	35.83
Unbilled Sales		100%	1700	10%	120.35
Total					4,113.64
Shareholder Funds					7,047.13
Total RNAV					11,160.8
FD number of shares					5,329.95
FD RNAV per share					2.09
Discount					75%
Target Price (RM)					0.52

Source: MIDFR

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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 <i>rise</i> 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 <i>fall</i> 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.