



**PROPERTY**

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**2QFY07 Results Review**

Private Circulation Only

<b>United Malayan Land</b>	<b>BUY</b>	<b>Maintain</b>
	<b>Price</b>	<b>RM2.49</b>
	<b>Target</b>	<b>RM3.57</b>

***Above Expectation, Standing On Solid Ground***

**Stock Profile/Statistics**

Bloomberg Ticker	UML MK Equity
KLCI	1,263.7
Issued Share Capital (m)	241.55
Market Capitalisation (RMm)	601.47
52 week H   L Price (RM)	3.12   1.17
Average Volume (3m) '000	159.97
YTD Returns (%)	1.32
Net gearing (x)	0.37
Altman Z-Score	2.12
ROCE/WACC	0.54
Beta (x)	1.29
Book Value/share (RM)	3.33

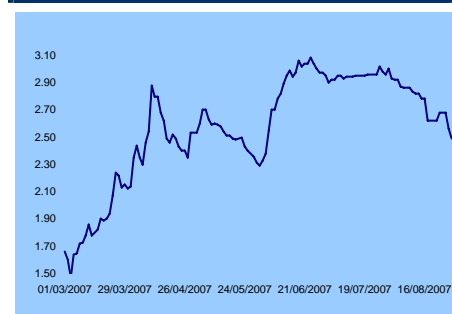
**Major Shareholders (%)**

Wawasan Perangsang	24.6
CapitaLand	21.6
Chee Tat Holdings	7.7

**Share Performance (%)**

Month	Absolute	Relative
1m	(16.44)	(9.97)
3m	5.51	14.23
6m	51.83	43.75
12m	111.40	49.83

**6-month Share Price Performance**



UMLand's 1H07 turnover and net profit both came in 21.7% and 21.4% above our full-year projection, boosted primarily by strong sales from its Bandar Seri Alam (IDR) and its 100%-taken-up Suasana Sentral Loft (KL Sentral). Sitting on unbilled sales of RM80.4m (0.53x of the remaining RM150.5m to be recognised in 2H07 to achieve full-year target), the developers' earnings growth will continue to be underpinned by its 3 township developments and its upcoming high-end developments in key prime locations in the Klang Valley. We reiterate our BUY call with a target price of RM3.57 (+43.4% upside) based on 20.0% discount to estimated fully-diluted RNAV of RM4.46 (Fig. 2).

**Solid growth.** 2Q07 turnover and net profit both grew by 78.5.0% (+32.8% QoQ) and 565.5% (+298.8% QoQ) YoY respectively. The better performance was primarily attributable to better sales performance in township developments, particularly the sale of some higher margin-yielding bungalow lots in its Bandar Seri Alam (IDR) and the progress billings from its Suasana Sentral Loft (KL Sentral, latest unbilled portion is RM69.7m).

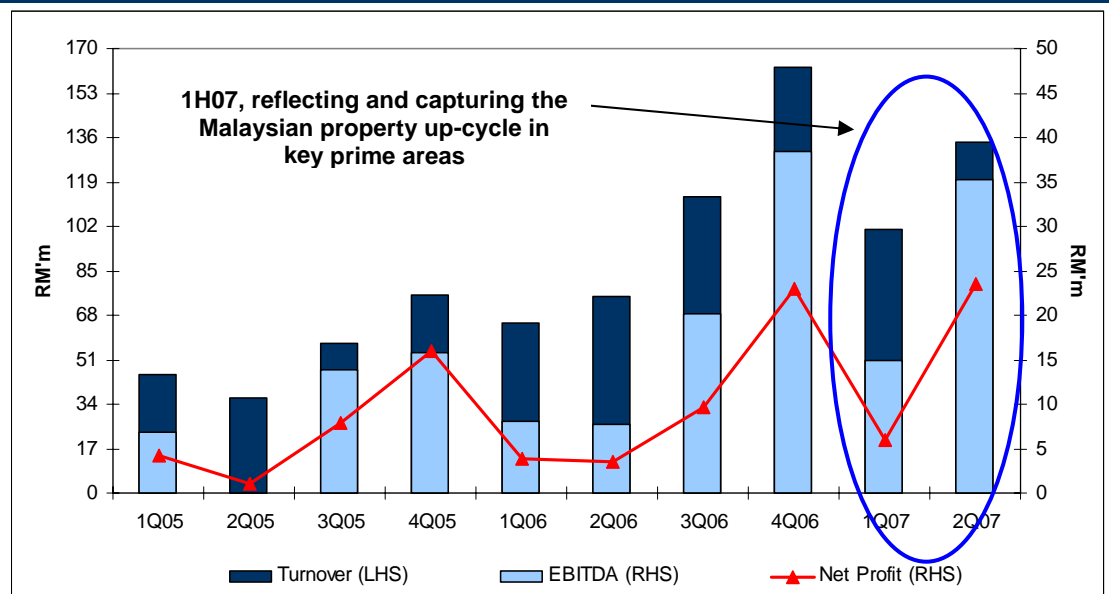
**Riding on the property up-cycle in key prime areas in the Klang Valley,** UMLand's upcoming RM120m service apartments along Persiaran Raja Chulan (the Bukit Ceylon enclave), RM99m high-end condos in Bangsar and RM744m high-end condos along Jln Mayang (KLCC enclave) will be a set of proven strong earnings drivers for the developer by end-2007 and onwards.

**Greatly undervalued, reiterate BUY.** UM Land is among the more low-profile property companies in Malaysia. Despite its unblemished track record and strong growth catalysts ahead, UMLand is trading at a significant 44.2% and 25.3% discount to its RNAV of RM4.46 and NTA/share of RM3.33 respectively. However, with good projects in hand and blue-chip shareholders, there is a strong likelihood that shareholders' wealth will continue to grow significantly. The recent heavy sell-down on the stock (inline with the broad weakness in the stock market) represents an excellent opportunity to accumulate at current level. **Target price maintained at RM3.57,** based on 20% discount to our RNAV estimate of RM4.46 (Fig. 2).

FYE Dec (RMm)	FY04	FY05	FY06	FY07f	FY08f
Turnover	164.8	214.8	416.6	386.6	522.6
Net Profit	20.6	29.2	40.1	48.4	54.9
% chg YoY	44.8	42.0	37.4	20.6	13.3
Consensus Net Profit	-	-	-	51.5	-
FDEPS (sen)	8.9	12.6	17.3	20.1	22.8
DPS (sen)	7.5	7.5	9.0	8.7	8.7
Div Yield (%)	3.0	3.0	3.6	3.5	3.5
PER (x)	28.1	19.8	14.4	12.4	10.9
P/BV (x)	0.8	0.8	0.7	0.7	0.7
ROE (%)	2.8	3.9	5.3	6.1	6.6
ROA (%)	1.9	2.5	3.2	3.4	3.5

**1Q07 RESULTS KEY BRIEF NOTES**

Quarter Results Table FYE Dec (RMm)	2QFY07	1QFY07	% chg	YTD FY07	YTD FY06	% chg
Turnover	134.1	101.0	32.8%	235.1	140.0	68.0%
EBITDA	36.2	15.5	134.3%	51.7	16.7	209.8%
Depreciation	(0.4)	(0.4)	4.9%	(0.8)	(0.7)	3.9%
Net interest expense	(2.5)	(2.2)	15.8%	(4.7)	(1.6)	188.5%
Associates	0.0	(0.0)	-200.0%	0.0	(0.0)	-100.0%
PBT	33.3	12.9	158.1%	46.3	14.3	222.8%
Tax	(6.2)	(3.7)	66.1%	(9.9)	(3.1)	223.4%
MI	(3.7)	(3.3)	10.5%	(7.0)	(3.8)	82.7%
Net Profit	23.5	5.9	298.8%	29.4	7.5	294.0%
EPS (sen)	9.8	2.5		12.2	3.2	
Gross DPS (sen)	0.0	0.0		0.0	0.0	
EBITDA margin	27.0%	15.3%		22.0%	11.9%	
NTA/share (RM)	3.33	3.33	0.2%	3.33	3.21	3.9%

**Figure 1: UM Land Quarterly Performance**

Source: United Malayan Land

**VALUATION AND RECOMMENDATION**

**Solid growth but still greatly undervalued.** UM Land is among the more low-profile property companies in Malaysia. Despite its unblemished track record and strong growth catalysts ahead, UM Land has been trading at a significant 44.2% and 25.3% discount to its RNAV of RM4.46 and NTA/share of RM3.33 respectively. However, with good projects in hand and blue-chip shareholders, there is a strong likelihood that its shareholders' wealth will continue to grow significantly. UM Land is rated a **BUY a target price of RM3.57**, based on 20% discount to our **RNAV estimate of RM4.46 (Figure 2)**.

**Figure 2: RNAV-Based Fair Value Of UM Land, RM4.46. Target Price at RM3.57**

Upcoming Niche Projects	GDV (RM'm)	GDV Balance (RM'm)	Project Size (Acres)	Undeveloped Landbank (Acres)	Effective		
					Target Launch	Interest (%)	DCF (RM'm)
<b>Klang Valley</b>							
Mayang	744.0	744.0	4.3	4.3	2008	35.0%	40.49
Raja Chulan	120.0	120.0	1.5	1.5	2008	35.5%	25.18
Bangsar Land	99.0	99.0	0.9	0.9	2H07	100.0%	12.14
							<b>Total DCF</b> 77.80

Undeveloped Land	Description	GDV Balance (RM'm)	Outstanding Landbank (acres)	Outstanding Landbank (sq ft' m)	Net Book Value (RM/sq ft)	Net Book Value (RM'm)	Market Value (RM/sq ft)	Share (%)	Net Land Surplus (RM'm)
<b>Klang Valley</b>									
Bandar Seri Putra	Township Mixed Development	531.0	217.0	9.45	2.49	23.54	4.00	70.0%	7.29
<b>South Johor</b>									
Bandar Seri Alam	Township Mixed Development	3,260.0	1,667.0	72.61	2.48	180.08	5.45	100.0%	157.44
Seri Austin	Township Mixed Development	1,067.0	435.0	18.95	5.88	111.42	7.00	100.0%	15.49

<b>ADD: Total Net Land Surplus (after 27.0% tax)</b>	180.22
<b>ADD: Net Profit from Unbilled Sales @31st Dec 06</b>	34.50
<b>ADD: NTA @31st Dec 06</b>	772.40
<b>RNAV</b>	1,064.93
<b>Basic No. of Shares (m)</b>	232.35
<b>Basic RNAV/share, RM</b>	<b>4.58</b>
<b>ADD: Proceeds from ESOS (@RM1.31)</b>	11.58
<b>RNAV after conversion of all ESOS</b>	<b>1,076.51</b>
<b>Outstanding No. of ESOS (m)</b>	8.84
<b>Enlarged No. of Shares (m)</b>	241.19
<b>Fully-Diluted RNAV/share, RM</b>	<b>4.46</b>
<b>LESS: 20.0% Discount On RNAV after conversion of all ESOS</b>	(215.30)
<b>Discounted RNAV after conversion of all ESOS</b>	<b>861.21</b>
<b>Target Price, RM</b>	<b>3.57</b>
<b>FY07 Fully-Diluted Target PE (x)</b>	17.78
<b>FY08 Fully-Diluted Target PE (x)</b>	15.69
<b>FY07 Fully-Diluted Target P/NTA (x)</b>	1.06
<b>FY08 Fully-Diluted Target P/NTA (x)</b>	1.01
<b>Current Price (RM)</b>	2.49
<b>Capital Gain (%)</b>	43.4%
<b>Dividend Yield (%)</b>	3.5%
<b>Total Return (%)</b>	46.9%
<b>Call</b>	<b>BUY</b>

Source: OSK Research

<b>FYE 31 Dec (RMm)</b>	<b>FY03</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07f</b>	<b>FY08f</b>	<b>FY09f</b>	<b>FY10f</b>
<b>P&amp;L Statement</b>								
Turnover	108.79	164.85	214.81	416.58	386.56	522.64	693.82	980.81
EBITDA	28.04	38.24	38.18	75.66	81.54	122.76	152.11	217.41
PBT	23.66	35.02	36.86	67.46	71.66	110.09	136.28	197.94
Net Profit	14.20	20.57	29.21	40.15	48.44	54.89	76.03	107.15
EPS (sen)	6.11	8.85	12.57	17.28	20.85	23.63	32.72	46.12
GDPS (sen)	5.00	7.50	7.50	9.00	8.67	8.67	8.67	8.67
<b>Margin (%)</b>								
EBITDA	25.77	23.20	17.78	18.16	21.09	23.49	21.92	22.17
PBT	21.74	21.24	17.16	16.19	18.54	21.06	19.64	20.18
Net Profit	13.05	12.48	13.60	9.64	12.53	10.50	10.96	10.92
ROE	1.98	2.83	3.95	5.29	6.12	6.62	8.64	11.20
ROA	1.43	1.94	2.50	3.16	3.39	3.46	4.35	5.32
5-Year Net Profit CAGR (%)	-	-	-	-	36.53	31.05	29.89	29.68
<b>Balance Sheet</b>								
Fixed Assets	391.22	344.16	344.39	344.29	344.86	342.52	340.20	337.88
Current Assets	560.67	571.21	642.37	812.61	970.32	1,147.88	1,315.89	1,705.18
Total Assets	976.24	1,143.54	1,191.83	1,353.16	1,501.91	1,668.08	1,825.17	2,203.98
Current Liabilities	169.85	229.07	240.57	360.91	404.98	474.73	569.90	705.39
Net Current Assets	390.82	342.14	401.80	451.70	565.34	673.15	745.99	999.79
LT Liabilities	39.07	126.11	145.46	145.22	151.03	157.12	163.52	170.24
Shareholders Funds	719.57	733.97	746.40	772.40	809.97	849.59	910.36	1,002.24
Net Gearing (%)	9.92	28.70	28.81	37.74	39.27	41.76	43.26	42.55

**OSK Research Guide to Investment Ratings****Buy:** Share price may exceed 10% over the next 12 months**Trading Buy:** Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain**Neutral:** Share price may fall within the range of +/- 10% over the next 12 months**Take Profit:** Target price has been attained. Look to accumulate at lower levels**Sell:** Share price may fall by more than 10% over the next 12 months**Not Rated:** Stock is not within regular research coverage

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