

Singapore Flash Note

Refer to important disclosures at the end of this report

DBS Group Research . Equity

9 Sep 2019

UOL Group (UOL SP) : BUY

Mkt. Cap: US\$4,567m | **3m Avg. Daily Val:** US\$5.6m

Last Traded Price (6 Sep 2019): S\$7.48

Price Target 12-mth: S\$8.53 (14% upside)

Analyst

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Company Guide



Summary of our point of view, and highlights the relevant data points, which are actively tracked

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First believers of the Greater Southern Waterfront

- UOL's Avenue South Residences sold 276 units - 92% of 300 units that were launched or 26% of total units
- Possibly the best-selling project during any launch weekend YTD
- Buyers mostly Singaporeans with small units the most sought after, implying investment demand could be returning
- UOL will be marketing the project overseas soon

Forecasts and Valuation

FY Dec (\$m)	2017A	2018A	2019F	2020F
Revenue	2,114	2,397	1,854	2,535
EBITDA	667	828	760	841
Pre-tax Profit	1,038	710	535	640
Net Profit	880	434	326	415
Net Pft (Pre Ex.)	352	348	326	415
Net Pft Gth (Pre-ex) (%)	8.4	(0.9)	(6.3)	27.1
EPS (S cts)	105	51.5	38.7	49.2
EPS Pre Ex. (S cts)	41.8	41.3	38.7	49.2
EPS Gth Pre Ex (%)	4	(1)	(6)	27
Diluted EPS (S cts)	105	51.5	38.7	49.2
Net DPS (S cts)	17.5	17.5	17.5	17.5
BV Per Share (S cts)	1,123	1,145	1,166	1,198
PE (X)	7.2	14.5	19.3	15.2
PE Pre Ex. (X)	17.9	18.1	19.3	15.2
P/Cash Flow (X)	6.7	nm	6.1	5.7
EV/EBITDA (X)	20.9	18.1	19.1	16.7
Net Div Yield (%)	2.3	2.3	2.3	2.3
P/Book Value (X)	0.7	0.7	0.6	0.6
Net Debt/Equity (X)	0.2	0.3	0.2	0.2
ROAE (%)	10.0	4.5	3.4	4.2

Source of all data on this page: Company, DBS Bank, Bloomberg Finance L.P.

What's New

UOL's Avenue South Residences sold 276 units, representing 92% of 300 units that were launched and 26% of total units. This is possibly the best-selling project during any launch weekend YTD. UOL's strategy of phasing out and segmenting the project has proven to be successful. The first 300 "offer"-priced units were too hard to resist.

While the Heritage Collection with an average price of S\$1,780psf was the most popular over the weekend, we understand that the developer did release some units from the Peak Collection (premium collection) with an average price of S\$2,250psf. The mid-range, Horizon Collection's average price is S\$1,980psf.

We understand that buyers were mostly Singaporeans with small units (one- to two-bedroom units) as the most popular, implying that investment demand has returned for selected properties with strong growth potential in the long-term led by the Greater Southern Waterfront development.

UOL will be marketing the project overseas soon as it has received enquiries from foreign buyers, potentially taking advantage of any spillover demand from HK/China investors looking at overseas properties given the chaos in HK.



DBS
Live more, Bank less

Flash Note

Avenue South Residences: Showflat



Source: DBS Bank

Avenue South Residences: First day launch



Source: DBS Bank

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	10 Dec 18	6.15	7.15	HOLD
2:	03 Jan 19	6.00	7.15	HOLD
3:	17 Jan 19	6.58	7.15	HOLD
4:	19 Feb 19	6.69	7.15	HOLD
5:	27 Feb 19	6.75	7.15	HOLD
6:	18 Mar 19	6.58	7.15	HOLD
7:	28 Mar 19	6.86	7.15	HOLD
8:	16 Apr 19	7.43	8.53	BUY
9:	30 Apr 19	7.58	8.53	BUY
10:	13 May 19	7.08	8.53	BUY
11:	05 Jul 19	7.73	8.53	BUY
12:	05 Aug 19	7.16	8.53	BUY
13:	13 Aug 19	7.38	8.53	BUY

Note: Share price and Target price are adjusted for corporate actions.

Source: DBS Bank

Analyst: Rachel TAN
Derek TAN

Flash Note

DBS Bank recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

Completed Date: 9 Sep 2019 12:51:27 (SGT)

Dissemination Date: 9 Sep 2019 12:52:41 (SGT)

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