

Uni-Asia Holdings (UNIAF SP)

NOT RATED

A better FY13

Valuation

- Uni-Asia Holdings (Uni) is trading at 10.8x FY13F PE vs peers' average of 10.4x.

Investment Highlights

- A shipping sector recovery - slowly but surely.** The shipping sector has been in a slump since 2009 due to a supply glut. While outlook for the shipping industry remains mixed as the supply overhang continues, it is worth noting that all of Uni's vessels are Handysize bulkers (<40,000dwt). According to Pacific Basin, there was zero net fleet growth among global Handysize bulkers in 1Q13 as new supply was fully offset by those that were scrapped. With current global orderbook for Handysize bulkers at 17% of existing fleet vs 20% for existing Handysize bulkers that are over 25 years old (which may be scrapped soon) as at 1 Apr 13, the supply-demand situation for the Handysize bulkers seems to be looking a bit brighter. In a shipping sector recovery, we believe Handysize bulkers will be the first to pick up.
- Recurring income to gain momentum.** In FY12, Uni generated a pre-tax profit of US\$3.3m from its three vessels. Given two vessels to be added to its portfolio by 2QFY13, we expect recurring income from Uni's chartering business to increase by more than 40% in FY13. Uni will be receiving another three Handysize bulkers between 2014 and 2016.
- A better 2013.** Besides contributions from ship chartering, property development projects in Japan and Hong Kong are expected to boost Uni's earnings for FY13. Uni has a 10.2% interest in an office building redevelopment project in Kowloon East, Hong Kong. Expected to be completed by end-13, Uni could recognise US\$1m-2m of profit from this project. Uni will also be selling four small residential projects in Tokyo, Japan, which are expected to be completed by end-13. Hotel operations, which had been a drag on past years' performances, have also seen an improvement, with management guiding the segment to achieve a breakeven in FY13.

Our View

- While the outlook for the shipping sector remains mixed, we believe the worst is over for Uni. With the Baltic Dry Index trading near a 5-year low, Uni has been capitalising on the bargain prices of vessels, growing its fleet to generate a recurring source of income. Its steep discount to NAV (P/B: 0.6x) also provides a huge margin of safety for value investors.

Key Financials

Year to 31 Dec (US\$m)	2010	2011	2012	1Q12	1Q13
Net Turnover	50.7	56.9	79.8	19.6	20.2
EBITDA	3.1	3.9	10.3	1.9	4.9
EBIT	0.9	(0.4)	3.5	0.4	3.3
Net Profit	2.4	1.3	3.4	0.5	2.7
EPS (cents)	0.75	0.35	0.73	0.10	0.57
PE (x)	22.4	48.1	24.1	-	-
P/B (x)	0.5	0.6	0.6	0.6	0.6
Dividend Yield (%)	-	0.0	3.0	-	-
Net Margin (%)	4.8	2.3	4.3	2.4	13.3
Net Debt to Equity (%)	(0.3)	22.4	27.3	23.0	26.9
Interest cover (x)	-	-	-	-	-
ROE (%)	2.3	1.1	2.5	-	-

Source: Bloomberg, UOB Kay Hian

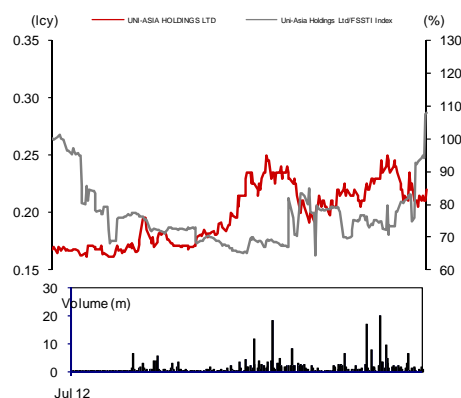
Share Price \$S0.205
Target Price n.a.
Upside n.a.

Uni-Asia invests in ship chartering, hotel operations and small residential property developments.

Company Description

GICS sector	Financials
Bloomberg ticker:	UNIAF SP
Shares issued (m):	469.8
Market cap (S\$m):	103.4
Market cap (US\$m):	81.0
3-mth avg t'over (US\$m):	0.4

Price Chart



Source: Bloomberg

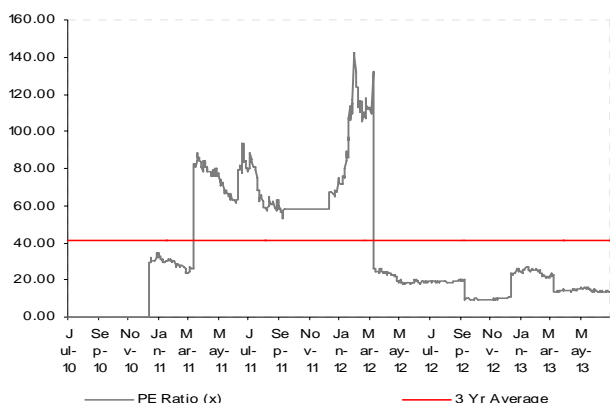
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Bloomberg Consensus

Recommendation	Buy	Sell	Hold	Valuation Ratios	12/11	12/12	12/13E	12/14E	
18/7/2013	100%	0%	0%	P/E	28.0	21.9	11.5	7.8	
Target Price			0.30	EV/EBIT	-	32.1	-	-	
Upside			36%	EV/EBITDA	19.5	11.0	-	-	
				P/S	0.6	0.9	0.9	0.9	
Income Statement	12/11	12/12	12/13E	12/14E	P/B	0.3	0.5	0.6	0.5
Revenue	72	100	113	119	Div Yield	0.0%	3.1%	-	-
Gross Income					Profitability Ratios %				
Operating Income	(1)	4	13	17	Gross Margin	-	-	-	-
Pretax Income	2	5	10	15	EBITDA Margin	6.8	12.9	-	-
Net Income Adjusted*	2	4	9	13	Operating Margin	-0.8	4.5	11.5	14.6
EPS Adjusted	0.01	0.01	0.02	0.03	Profit Margin	2.3	4.3	7.7	10.8
Dividends Per Share	0.00	0.01	-	-	Return on Assets	0.6	1.4	2.7	4.1
Payout Ratio (%)	0	67	-	-	Return on Equity	1.1	2.5	4.9	6.8
EBITDA	5	13	-	-					
Peer Comparison	Ticker	Price @ 18 July 13	Market Cap (\$m)	PE FY12 (x)	PE FY13F (x)	P/B FY12 (x)	P/B FY13F (x)	Yield FY13F (%)	
Neptune Orient Lines Ltd	NOL SP	1.045	2,719.1	-	13.8	1.0	0.9	1.0	
Vard Holdings Ltd	VARD SP	0.82	973.5	5.0	8.2	1.4	1.3	4.3	
Yangzijiang Shipbuilding	YZJ SP	0.87	3,314.7	4.7	5.9	1.1	0.9	4.9	
Cosco Corp Singapore Ltd	COS SP	0.735	1,645.8	15.6	21.6	1.3	1.2	2.3	
Rickmers Maritime	RMT SP	0.29	241.5	4.2	2.7	0.3	0.2	9.7	
Average				7.4	10.4	1.0	0.9	4.4	
Uni-Asia Holdings Ltd	UNIAF SP	0.205	94.0	22.5	10.8	0.6	0.5	-	

Price Earnings Ratio (3 years average)



Price to Book Ratio (3 years average)



Source: Bloomberg, UOB Kay Hian

Technical View



Source: Nextview

Uni-Asia Holdings (UNIAF SP, C3T) -

Support: S\$0.185
Resistance: S\$0.265

The stock has been resisted near S\$0.265 and currently, any further retracement is likely to be well supported above S\$0.185. Its MACD indicator on the weekly chart is still above its centreline.

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