

## Uni-Asia Holdings Limited

### 1Q 2013 Corporate Update Presentation

We attended Uni-Asia Holdings Limited's (Uni-Asia) 1Q 2013 Corporate Update Presentation on the morning of 22 May 2013. We left the presentation with a positive view of the company's prospects given the number of profit drivers for this year. The company's long term plans remain consistent, i.e. to build a layer of recurring charter income of about US\$10m/year complemented by its property business and structured finance fee income.

- There were some questions on the impact of the weakened Japanese yen on the company. The company remarked that it earns its charter income in US dollars and Uni-Asia Shipping accounted for the bulk of earnings in 1Q FY13. The main impact seems to stem from changes in balance sheet items denominated in yen, but presented in USD. However, these changes are mainly reflected in other comprehensive income below net profit after tax.
- The management remarked that they have recognized about US\$3m of fair value gains from the property project in Hong Kong, which is due for completion within 2013. Total cash return is expected to be about US\$7m to US\$8m on investment of about US\$2.4m. We, thus, infer that there are about US\$1m to US\$2m of additional net gains to be recognized this year.
- Another question was on Uni-Asia's plans for the hotel operations business. The management shared with us that most hotel operating contracts are profitable at the individual level. The immediate objective is to improve profitability, while the long term goal is still to raise the number of rooms operated from about 1,900 to 3,000.
- As for the shipping business, the company continues to source for another two more vessels to add to its fleet. A Taiwan office was set up in Mar 2013 to promote shipping-related services and to facilitate the establishment of banking and ship financing relationships with Taiwanese banks.
- The briefing ended with the management expressing their belief that their shares remain undervalued at the moment. The presentation materials included a newspaper cutting of an Executive Director Mr. Masaki Fukumori's purchase of 0.5m shares at S\$0.230 per share on 14 May 2013.

## Increase Exposure

- Intrinsic Value S\$0.300
- Prev Close S\$0.230

### Main Activities

Uni-Asia Holdings Limited is a structured finance arrangement and alternative assets direct investment firm. The Company's main activities are the finance arrangement of transportation related assets and the provision of ship charter arrangements and the direct investing in alternative assets such as ships, distressed assets, and real estate.

### Financial Highlights

(Y/E Dec) US\$ m	FY11	FY12	FY13F
<b>Total Income</b>	57.9	78.3	89.8
<b>Operating Income</b>	3.4	6.3	10.3
<b>PATMI</b>	1.3	3.4	6.9
<b>EPS (US cts)</b>	0.35	0.73	1.46

Source: Company, SIAS Research

### Key ratios (FY13F)

<b>PER</b>	12.8
<b>P/BV</b>	0.6
<b>Return on Common Equity</b>	4.9%
<b>Net Debt/Common Equity</b>	22.0%
<b>Current Ratio</b>	2.43

Source: SIAS Research

### Indexed Price Chart

Green (FSSTI)

White (UNIAF SP)



Source: Bloomberg

52wks High-Low	S\$0.265 /S\$0.156
Number of Shares	469.79m
Market Capitalization	S\$108.1m

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**Figure 1: Financial Forecasts and Estimates**

US\$m	FY2010	FY2011	FY2012	FY2013F	FY2014F	FY2015F
Revenue	48.2	57.9	78.3	89.8	94.5	99.5
Operating Profit	5.0	3.4	6.3	10.3	13.8	17.2
PBT	2.7	1.6	3.7	8.3	12.3	15.7
PATMI	2.4	1.3	3.4	6.9	10.2	13.0
Total Current Assets	60.6	81.2	81.8	83.4	62.2	68.7
Total Non-Current Assets	107.5	168.6	165.2	171.9	178.8	177.9
Total Current Liabilities	57.1	51.1	38.3	34.3	19.3	19.3
Total Non-Current Liabilities	4.0	65.3	70.1	75.2	65.1	65.1
Total Equity	107.0	133.4	138.6	145.8	156.5	162.2
Cash from Operating Activities	0.3	1.9	4.4	3.5	6.8	9.6
Cash from Investing Activities	(36.6)	(48.3)	(12.6)	2.3	(3.0)	5.0
Cash from Financing Activities	6.8	71.0	1.2	1.0	(25.1)	(8.0)
Net Change in Cash	(29.5)	24.6	(7.1)	6.9	(21.3)	6.6
Return on Common Equity	2.3%	1.1%	2.5%	4.9%	6.8%	8.2%
Return on Assets	1.5%	0.6%	1.4%	2.7%	4.1%	5.3%
Net Debt / Common Equity	-0.4%	22.4%	27.3%	22.0%	18.1%	13.5%
Current Ratio	1.06	1.59	2.13	2.43	3.21	3.55
EPS (US cents)	0.77	0.35	0.73	1.46	2.17	2.76
BV / Share (US cents)	34.2	28.4	29.5	31.0	33.3	34.5
PER	36.4	67.1	25.6	12.8	8.6	6.8
P/BV	0.55	0.66	0.63	0.60	0.56	0.54

Source: SIAS Research

**Rating Definition:**

**Increase Exposure** – The current price of the stock is significantly lower than the underlying fundamental value. Readers can consider increasing their exposure in their portfolio to a higher level.

**Invest** – The current price of the stock is sufficiently lower than the underlying fundamental value of the firm. Readers can consider adding this stock to their portfolio.

**Fairly Valued** – The current price of the stock is reflective of the underlying fundamental value of the firm. Readers may not need to take actions at current price.

**Take Profit** – The current price of the stock is sufficiently higher than the underlying fundamental value of the firm. Readers can consider rebalancing their portfolio to take advantage of the profits.

**Reduce Exposure** - The current price of the stock is significantly higher than the underlying fundamental value of the firm. Readers can consider reducing their holdings in their portfolio.

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