

## Sunway (SWB MK) : HOLD

**Mkt. Cap:** US\$1,482m | **3m Avg. Daily Val:** US\$0.87m

**Last Traded Price ( 13 Oct 2016):** RM3.06

**Price Target 12-mth:** RM2.90 (5% downside) (Prev RM2.90)

### Analyst

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## Weathering the storm in stride

- **Revising down FY16 property sales target to RM1.1bn from RM1.4bn**
- **Strengthening integrated real estate model to enhance projects' overall value proposition**
- **Ready to strike on land-banking opportunities**
- **Maintain Hold and RM2.90 TP**

### Forecasts and Valuation

FY Dec (RMm)	2015A	2016F	2017F	2018F
Revenue	4,451	5,085	4,777	5,013
EBITDA	929	946	907	962
Pre-tax Profit	929	737	699	743
Net Profit	732	497	490	538
Net Pft (Pre Ex.)	591	497	490	538
Net Pft Gth (Pre-ex) (%)	(0.2)	(15.9)	(1.5)	9.9
EPS (sen)	41.1	27.9	27.5	30.2
EPS Pre Ex. (sen)	33.2	27.9	27.5	30.2
EPS Gth Pre Ex (%)	(3)	(16)	(1)	10
Diluted EPS (sen)	35.6	24.1	23.8	26.1
Net DPS (sen)	49.0	8.37	8.25	9.07
BV Per Share (sen)	368	388	407	428
PE (X)	7.4	11.0	11.1	10.1
PE Pre Ex. (X)	9.2	11.0	11.1	10.1
P/Cash Flow (X)	6.3	63.2	8.6	10.0
EV/EBITDA (X)	10.1	10.5	11.0	10.4
Net Div Yield (%)	16.0	2.7	2.7	3.0
P/Book Value (X)	0.8	0.8	0.8	0.7
Net Debt/Equity (X)	0.5	0.5	0.4	0.4
ROAE (%)	11.7	7.4	6.9	7.2

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

## Company Guide

### Sunway



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

### What's New

We attended Sunway's interim investor update session yesterday which shed more light on the group's progress for the year. While the overall sentiment in the property market remains weak, Sunway continues to leverage on its integrated real estate model which includes property development, property investment, and construction, to weather the downturn.

In tandem with the relatively weaker market, management has revised its launch pipeline for 2016, resulting in lower FY16 sales target of RM1.1bn, compared to RM1.4bn previously. This is in line with our conservative sales assumption of RM1.07bn. As at end-Sep16, Sunway achieved sales of RM805m, largely due to Sunway Mont (RM174m), Iskandar projects (RM120m) and Singapore projects (RM109m).

Sunway's initial launch target of RM1.6bn has now been revised to RM800m due to changes in plans for Sunway Geo Residences 3 (Gross Development Value (GDV) : RM400m) which will now be launched in FY17, deferred launches of RM400m worth of landed residences in Sunway Iskandar as well as the conversion of Velocity Offices into a property investment asset (RM200m GDV).

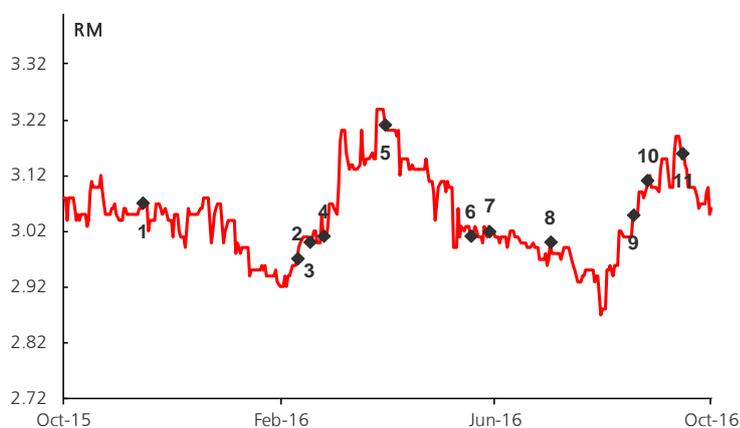
Meanwhile, Sunway continues to focus on beefing up its other divisions especially property investment assets (hotel, medical center, retail, office) to grow its recurring income. One of its key assets is Sunway Velocity Mall (Net Leasable

## Flash Note

Area: 880k sf) which is estimated to be worth RM1bn. The retail mall, already achieved 90% tenancy currently, is expected to be opened by end-16. Other assets that will come onstream by 2017 include: RM120m Sunway Geo Office Tower (1Q17), RM60m Geo Avenue Retail Centre (3Q17) and RM350m Sunway Velocity Hotel (2H17).

We maintain our SOP-derived TP of RM2.90, based on a 10% discount to our SOP valuation of RM3.20. While we continue to like Sunway for its superior and unrivalled 'build-own-operate' model, there is no re-rating catalyst in the near term in view of the challenging property market outlook.

### Target Price & Ratings History



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

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	27 Nov 15	3.07	3.20	HOLD
2:	22 Feb 16	2.97	3.20	HOLD
3:	29 Feb 16	3.00	3.00	HOLD
4:	08 Mar 16	3.01	3.00	HOLD
5:	12 Apr 16	3.21	3.00	HOLD
6:	30 May 16	3.01	2.90	HOLD
7:	10 Jun 16	3.02	2.90	HOLD
8:	14 Jul 16	3.00	2.90	HOLD
9:	30 Aug 16	3.05	2.90	HOLD
10:	07 Sep 16	3.11	2.90	HOLD
11:	27 Sep 16	3.16	2.90	HOLD

Source: AllianceDBS

Analyst: QUAH He Wei, CFA

AllianceDBS 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 catalysts within this time frame)

*Share price appreciation + dividends*

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