

Malaysia Flash Note

Refer to important disclosures at the end of this report

DBS Group Research . Equity

14 Jul 2017

Sunway (SWB MK) : HOLD

Mkt. Cap: US\$1,870m | 3m Avg. Daily Val: US\$2.9m

Last Traded Price (13 Jul 2017): RM3.93

Price Target 12-mth: RM3.80 (3% downside) (Prev RM3.80)

Analyst

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Land acquisition in KL

- Acquires 4.53 acres of land in Jalan Belfield, KL for RM165m
- Proposed mixed development of RM1.1bn with first launch in 2H2018
- Maintain HOLD and RM3.80 TP

Forecasts and Valuation

| FY Dec (RMm) | 2016A | 2017F | 2018F | 2019F |
|--------------------------|-------|-------|-------|-------|
| Revenue | 4,726 | 4,867 | 5,037 | 5,154 |
| EBITDA | 994 | 964 | 1,017 | 1,008 |
| Pre-tax Profit | 859 | 773 | 798 | 807 |
| Net Profit | 586 | 544 | 576 | 618 |
| Net Pft (Pre Ex.) | 547 | 544 | 576 | 618 |
| Net Pft Gth (Pre-ex) (%) | (7.3) | (0.7) | 5.9 | 7.3 |
| EPS (sen) | 32.9 | 30.5 | 32.4 | 34.7 |
| EPS Pre Ex. (sen) | 30.8 | 30.5 | 32.4 | 34.7 |
| EPS Gth Pre Ex (%) | (7) | (1) | 6 | 7 |
| Diluted EPS (sen) | 28.3 | 26.2 | 27.8 | 29.8 |
| Net DPS (sen) | 14.1 | 9.16 | 9.71 | 10.4 |
| BV Per Share (sen) | 419 | 440 | 463 | 487 |
| PE (X) | 11.9 | 12.9 | 12.1 | 11.3 |
| PE Pre Ex. (X) | 12.8 | 12.9 | 12.1 | 11.3 |
| P/Cash Flow (X) | 13.0 | 31.0 | 11.3 | 10.5 |
| EV/EBITDA (X) | 11.2 | 12.0 | 11.4 | 11.5 |
| Net Div Yield (%) | 3.6 | 2.3 | 2.5 | 2.7 |
| P/Book Value (X) | 0.9 | 0.9 | 0.8 | 0.8 |
| Net Debt/Equity (X) | 0.4 | 0.4 | 0.4 | 0.4 |
| ROAE (%) | 8.4 | 7.1 | 7.2 | 7.3 |

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

Sunway announced that it has acquired a 4.53-acre land at Jalan Belfield, KL for RM165m, which translates into RM836.2psf. The land will be acquired with an approved plot ratio of 8.81x for a mixed-use development worth RM1.1bn gross development value (GDV). The proposed acquisition is expected to be completed by end-2017.

The proposed development will mainly comprise serviced apartments to be launched in 2H2018. The site is also located 500m away from the Maharajalela monorail station with easy road access to and from Jalan Syed Putra and Jalan Istana that could lead to major highways.

The land acquisition price tag implies 15% of the proposed development's GDV, which is relatively attractive due to the high plot ratio obtained. We believe the proposed development will focus on smaller built-up units with less than 1k sq ft to keep the entry price affordable.

There is no change to our earnings forecast as the potential contribution is expected to be minimal in FY19. We maintain our HOLD recommendation given the limited upside potential to our SOP-derived TP of RM3.80 though we continue to like Sunway's integrated real estate business model.

Flash Note

Development site at Jalan Belfield, KL



Source: Company

Target Price & Ratings History



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

Source: AllianceDBS

Analyst: QUAH He Wei, CFA

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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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