

Hold (unchanged)

Share price: MYR2.74
Target price: MYR2.65 (unchanged)

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Stock Information

Description: One of the leading property and construction groups in Malaysia. Property – 2,780 acres remaining landbank with MYR18.2b effective GDV; construction – MYR4.2b outstanding orderbook.

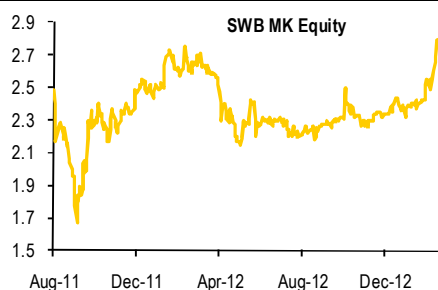
Ticker:	SWB MK
Shares Issued (m):	1,292.5
Market Cap (MYR m):	3,567.3
3-mth Avg Daily Turnover (USD m):	0.73
KLCI:	1,657.96
Free float (%):	47.4

Major Shareholders:	%
SUNGEI WAY CORP SDN	42.6

Key Indicators

Net cash / (debt) (MYR m):	(1,606.7)
NTA/shr (MYR):	2.75
Net Gearing (x):	0.45

Historical Chart



Performance:

52-week High/Low	MYR2.82/MYR2.12				
	1-mth	3-mth	6-mth	1-yr	YTD
Absolute (%)	15.0	17.9	26.6	6.2	16.0
Relative (%)	12.9	15.5	24.3	1.2	17.8

Sunway

Another Job Win, At KLCC

Another job win. Sunway's latest job win of MYR304m has lifted its outstanding orderbook to MYR4.2b (+8%). This strengthens the earnings visibility of its construction business over the next 2-3 years. We maintain our earnings forecasts as we have already imputed job wins of MYR1.8b for FY13. Our TP is unchanged MYR2.65 which is pegged to a 45% discount to our RNAV estimate. Maintain HOLD.

A MYR304m external job. Sunway has received a MYR304m award from Cititower S/B [a JV between KLCC (Holdings) S/B and QD Asia Pacific Ltd] for the construction of the North East Car Park underneath the KLCC Park for the proposed Lot 185, Lot 167(K) and Lot 176 mixed developments. The scope of works include excavation, installation of diaphragm wall, foundation, piling, and construction of 6 levels of basement car park. The works would take 178 weeks (3.4 years).

2nd major win for the year. Sunway's outstanding construction order book now stands at MYR4.2b including this new job (+8%). This is its 2nd major construction win for the year, after the clinching MYR452.5m works for a new Bus Rapid Transit (BRT) Sunway Line. Assuming a net margin of 6% for this latest job, we estimate a net profit contribution of MYR18m (+1.4sen per share) in FY13-16. We maintain our earnings forecasts having imputed MYR1.8b job wins for FY13.

Sunway – Summary Earnings Table

Source: Maybank KE

FYE Dec (MYR m)	2011A	2012A	2013F	2014F	2015F
Revenue	3,738.9	3,876.8	3,928.0	4,453.7	4,712.8
EBITDA	397.7	535.1	530.0	632.7	701.1
Recurring Net Profit	327.1	350.6	395.8	449.5	520.0
Recurring Basic EPS (sen)	25.3	27.1	30.6	34.8	40.2
EPS growth (%)	5.1	7.2	12.9	13.6	15.7
DPS (sen)	0.0	6.0	6.1	7.0	8.0
BVPS (MYR)	2.33	2.75	3.10	3.38	3.70
PER	10.8	10.1	9.0	7.9	6.8
EV/EBITDA (x)	9.8	7.1	7.0	5.7	4.9
Div Yield (%)	0.0	2.2	2.2	2.6	2.9
P/BV(x)	1.2	1.0	0.9	0.8	0.7
Net Gearing (%)	49.6	45.2	38.3	32.5	25.6
ROE (%)	12.4	15.0	9.9	10.3	10.9
ROA (%)	4.7	6.1	4.3	4.3	4.9
Consensus Net Profit (MYR m)	-	-	374.8	418.7	515.3

INCOME STATEMENT (MYR m)

FY Dec	2012A	2013F	2014F	2015F
Revenue	3,876.8	3,928.0	4,453.7	4,712.8
EBITDA	535.1	530.0	632.7	701.1
Depreciation & Amortisation	(31.0)	(24.7)	(27.0)	(30.8)
Operating Profit	504.2	505.3	605.7	670.3
Associate	152.3	73.1	80.5	87.1
JV companies	149.3	66.0	76.5	101.1
Interest (Exp)/Inc	(77.5)	(51.3)	(49.0)	(45.1)
Exceptional Items	0.0	0.0	0.0	0.0
Pre-Tax Profit	728.2	593.0	713.7	813.3
Tax	(128.5)	(148.3)	(178.4)	(203.3)
Minority Interest	(67.4)	(49.0)	(85.8)	(89.9)
Net Profit	532.3	395.8	449.5	520.0
Net Profit Ex. EI	350.6	395.8	449.5	520.0
Revenue Growth %	3.7	1.3	13.4	5.8
EBITDA Growth (%)	34.5	(0.9)	19.4	10.8
EBIT Growth (%)	35.8	0.2	19.9	10.7
Net Profit ex-EI Growth (%)	7.2	12.9	13.6	15.7
Tax Rate %	17.7	25.0	25.0	25.0

CASH FLOW (MYR m)

FY Dec	2012A	2013F	2014F	2015F
Profit before taxation	355.8	593.0	713.7	813.3
Depreciation	0.0	24.2	26.5	30.3
Net interest receipts/(payments)	(71.8)	75.5	(49.0)	(45.1)
Working capital change	0.0	0.0	0.0	0.0
Cash tax paid	(92.8)	(148.3)	(178.4)	(203.3)
Others	0.0	0.0	0.0	0.0
Cash flow from operations	191.2	544.5	512.8	595.1
Capex	(465.5)	(400.0)	(400.0)	(400.0)
Disposal/(purchase)	317.4	0.0	0.0	0.0
Others	(130.5)	78.1	83.2	88.7
Cash flow from investing	(278.5)	(321.9)	(316.8)	(311.3)
Debt raised/(repaid)	401.5	0.0	0.0	0.0
Equity raised/(repaid)	0.0	0.0	0.0	0.0
Dividends (paid)	(38.9)	(77.6)	(79.2)	(89.9)
Others	0.0	(75.5)	0.0	0.0
Cash flow from financing	362.5	(153.1)	(79.2)	(89.9)
Change in cash	275.2	69.6	116.8	193.9

Source: Company, Maybank KE

BALANCE SHEET (MYR m)

FY Dec	2012A	2013F	2014F	2015F
Fixed Assets	1,965.3	1,880.5	2,007.0	2,137.3
Other LT Assets	2,965.2	3,271.4	3,215.4	3,034.6
Cash/ST Investments	1,140.2	1,209.8	1,326.6	1,520.5
Other Current Assets	2,674.1	2,944.1	3,983.7	4,017.5
Total Assets	8,744.9	9,305.8	10,532.6	10,709.8
ST Debt	782.7	782.7	782.7	782.7
Other Current Liabilities	1,636.1	1,657.3	1,875.0	1,982.2
LT Debt	1,964.2	1,964.2	1,964.2	1,964.2
Other LT Liabilities	493.5	579.5	1,229.1	882.9
Minority Interest	310.0	310.0	310.0	310.0
Shareholders' Equity	3,558.4	4,012.1	4,371.7	4,787.7
Total Capital	8,744.9	9,305.8	10,532.6	10,709.8
Share Capital (RM 'm)	1,292.5	1,292.5	1,292.5	1,292.5
Net Debt/ (Cash)	1,606.7	1,537.1	1,420.4	1,226.5
Working Capital	1,395.5	1,713.9	2,652.5	2,773.0
Gross Gearing %	77.2	68.5	62.8	57.4
Net Gearing %	45.2	38.3	32.5	25.6

RATES & RATIOS

FY Dec	2012A	2013F	2014F	2015F
EBITDA Margin %	13.8	13.5	14.2	14.9
Op. Profit Margin %	13.0	12.9	13.6	14.2
Net Profit Margin %	13.7	10.1	10.1	11.0
ROE %	15.0	9.9	10.3	10.9
ROA %	6.1	4.3	4.3	4.9
Net Margin Ex. EI %	9.0	10.1	10.1	11.0
Dividend Cover (x)	4.5	5.0	5.0	5.0
Interest Cover (x)	6.5	9.8	12.4	14.9
Asset Turnover (x)	2.3	2.4	2.4	2.3
Asset/Debt (x)	3.2	3.4	3.8	3.9
Debt/ EBITDA (x)	5.1	5.2	4.3	3.9
Debt/ Market Cap (x)	0.8	0.8	0.8	0.8
EV/EBITDA (x)	7.1	7.0	5.7	4.9

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