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22 February 2024

Malaysia Property

Reuters SWAY.KL
Bloomberg SWB MK

Priced on 21 February 2024
KLSE Comp @ 1,552.4

12M hi/lo RM2.76/1.53

12M price target RM3.20
±% potential +18%

Shares in issue 4,873.7m
Free float (est.) 31.0%

Market cap US\$3.1bn

3M ADV US\$5.9m

Foreign s'holding 5.4%

Major shareholders

Jeffrey Cheah Fook Ling 63.0%
EPF 9.3%

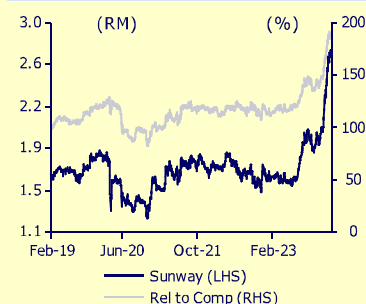
Blended ESG Score (%)*

Overall 73.8
Country average 56.7
GEM sector average 54.5

*Click to visit company page on cls.com for details

Stock performance (%)

	1M	3M	12M
Absolute	11.1	36.9	67.3
Relative	6.3	29.0	58.8
Abs (US\$)	9.2	33.2	54.5



Source: Bloomberg

Ramping up

Strong growth momentum to continue

Sunway's 4Q/FY23 earnings were deemed largely within expectations, driven by improvements across all business segments but a slightly softer contribution from its healthcare segment owing to higher operating expenses and taxes. Sunway has been on an acquisition spree; our earnings forecasts now account for these additions. We remain positive on Sunway's prospects and expect it to leverage its Johor exposure amid developments in Malaysia's southern region. We raise our SOTP-derived target price from RM2.33 to RM3.20, and maintain our BUY rating.

Strong momentum in 2023

Sunway recorded 18% growth in revenue, and 9% growth in its pre-tax profits for FY23 driven across all its business segments. Property development, property investment and construction divisions recorded 20-30% growth in revenue while pre-tax profits were driven mainly by the property development and property investment divisions. The healthcare segment (associate level) also improved but the increase in profit was milder due to higher expenses and taxes.

Property and healthcare to drive growth; construction could see upside

We expect Sunway to leverage the establishment of the Johor-Singapore Special Economic Zone, benefitting its property development division. Separately, Sunway Healthcare Group, its healthcare operations, is expected to see two new hospitals, currently under construction, SMC Damansara and SMC Ipoh; they are on track to commence operations in 4Q24 and 1Q25, respectively, which would add up to 600 additional bed capacity to the current 1,148 licensed beds. Meanwhile, its construction division could see upside in earnings potential with data centres and industrial buildings accounting for a substantial part of its tender book.

Upping the ante

Its property development segment is targeting RM2.6bn sales in FY24 (FY23: RM2.4bn). Sunway has been on an acquisition spree in 2023. Our forecasts now account for these acquisitions, including a partnership with Equalbase to build a logistics facility in a first fully carbon neutral free commercial zone with a GDV of RM8bn in Sunway City Iskandar Puteri township. Our 24-25CL revenue estimates are raised to account for these, but overall net profit is trimmed to account for higher expenses and finance costs. Our earnings forecasts are above consensus as we believe our bullish expectations lies in its healthcare division.

Maintain BUY, target price lifted to RM3.20

Post earnings revisions and updating our FY23 actual financials as well as target prices for Sunway Construction and Sunway Reit, we raise our SOTP-derived TP from RM2.33 to RM3.20 on a 25CL valuation base (from 24CL). Maintain BUY.

Financials

Year to 31 December	22A	23A	24CL	25CL	26CL
Revenue (RMm)	5,195	6,140	6,367	7,411	8,166
Rev forecast change (%)	-	-	3.0	9.9	-
Net profit (RMm)	639	648	809	911	1,085
NP forecast change (%)	-	-	(9.8)	(3.2)	-
EPS (sen)	13.1	13.3	16.6	18.7	22.3
CL/consensus (10) (EPS%)	-	-	131	139	-
EPS growth (% YoY)	199.8	1.4	24.9	12.6	19.1
PE (x)	20.7	20.4	16.3	14.5	12.2
Dividend yield (%)	2.0	2.0	2.1	2.4	2.9
ROE (%)	5.7	5.3	6.2	6.6	7.5
Net debt/equity (%)	52.4	49.0	46.5	46.5	45.3

Source: www.cls.com



Financials at a glance

Year to 31 December	2022A	2023A	2024CL	(% YoY)	2025CL	2026CL
Profit & Loss (RMm)						
Revenue	5,195	6,140	6,367	3.7	7,411	8,166
Cogs (ex-D&A)	(3,698)	(4,296)	(4,343)		(4,986)	(5,473)
Gross Profit (ex-D&A)	1,497	1,844	2,024	9.8	2,426	2,693
SG&A and other expenses	(707)	(961)	(1,078)		(1,265)	(1,398)
Op Ebitda	790	883	946	7.1	1,160	1,295
Depreciation/amortisation	(217)	(218)	(144)		(158)	(170)
Op Ebit	573	664	801	20.6	1,002	1,125
Net interest inc/(exp)	(14)	(68)	(244)		(197)	(208)
Other non-Op items	373	358	509	42.1	423	509
Profit before tax	931	954	1,067	11.8	1,228	1,425
Taxation	(164)	(138)	(134)		(193)	(220)
Profit after tax	766	817	933	14.2	1,035	1,205
Minority interest	(76)	(118)	(73)		(73)	(69)
Net profit	639	648	809	24.9	911	1,085
Adjusted profit	621	681	809	18.8	911	1,085
Cashflow (RMm)						
Operating profit	573	664	801	20.6	1,002	1,125
Depreciation/amortisation	217	218	144	(33.8)	158	170
Working capital changes	(327)	529	(70)		(619)	(587)
Other items	(126)	(1,021)	216		127	129
Net operating cashflow	337	390	1,092	179.9	669	837
Capital expenditure	(162)	(114)	(300)		(300)	(300)
Free cashflow	175	277	792	186.4	369	537
M&A/Others	(683)	(359)	0		0	0
Net investing cashflow	(845)	(472)	(300)		(300)	(300)
Increase in loans	334	1,034	200	(80.7)	200	100
Dividends	(222)	(231)	(319)		(334)	(370)
Net equity raised/other	(436)	(401)	(390)		(348)	(354)
Net financing cashflow	(325)	402	(509)		(483)	(624)
Incr/(decr) in net cash	(832)	320	283	(11.5)	(114)	(87)
Exch rate movements	(20)	23	-		-	0
Balance sheet (RMm)						
Cash & equivalents	1,958	2,300	2,583	12.3	2,470	2,383
Accounts receivable	1,969	2,790	3,538	26.8	3,938	4,228
Other current assets	4,414	4,990	4,184	(16.2)	4,569	5,174
Fixed assets	1,265	1,358	1,513	11.5	1,656	1,786
Investments	13,625	14,824	15,130	2.1	15,383	15,689
Intangible assets	378	388	388	0	388	388
Other non-current assets	2,454	1,962	1,962	0	1,962	1,962
Total assets	26,063	28,613	29,298	2.4	30,366	31,608
Short-term debt	5,361	6,018	4,925	(18.2)	5,025	5,075
Accounts payable	2,571	3,173	3,045	(4)	3,212	3,519
Other current liabs	101	83	83	0	83	83
Long-term debt/CBs	3,695	3,633	4,925	35.6	5,025	5,075
Provisions/other LT liabs	784	708	708	0	708	708
Shareholder funds	11,542	12,877	13,418	4.2	14,046	14,811
Minorities/other equity	2,010	2,121	2,194	3.4	2,266	2,336
Total liabs & equity	26,063	28,613	29,298	2.4	30,366	31,608
Ratio analysis						
Revenue growth (% YoY)	39.8	18.2	3.7		16.4	10.2
Ebitda margin (%)	15.2	14.4	14.9		15.7	15.9
Ebit margin (%)	11.0	10.8	12.6		13.5	13.8
Net profit growth (%)	199.8	1.4	24.9		12.6	19.1
Op cashflow growth (% YoY)	(65.6)	15.9	179.9		(38.8)	25.1
Capex/sales (%)	3.1	1.9	4.7		4.0	3.7
Net debt/equity (%)	52.4	49.0	46.5		46.5	45.3
Net debt/Ebitda (x)	9.0	8.3	7.7		6.5	6.0
ROE (%)	5.7	5.3	6.2		6.6	7.5
ROIC (%)	6.4	7.1	8.4		9.6	9.9

Source: www.clsa.com

Find CLSA research on Bloomberg, Thomson Reuters, FactSet and CapitalIQ - and profit from our evalu@tor proprietary database at clsa.com



Figure 1

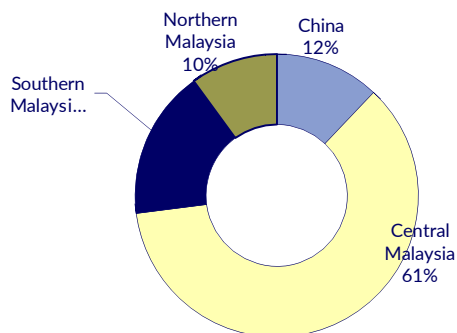
Sunway: 4Q/FY23 results summary

RMm / Dec FYE	4Q23	4Q22	YoY	3Q23	QoQ	FY23	FY22	YoY
Revenue	1868.8	1531.6	22.0%	1539.1	21.4%	6139.8	5194.9	18.2%
Property Development	499.4	442.7	12.8%	309.5	61.3%	1418.8	1165.3	21.8%
Property Investment	256.3	230.7	11.1%	232.8	10.1%	898.4	690.0	30.2%
Construction	532.8	291.0	83.1%	424.0	25.7%	1688.9	1281.6	31.8%
Trading/Manufacturing	260.1	233.5	11.4%	242.6	7.2%	954.6	902.1	5.8%
Quarry	124.8	123.4	1.1%	148.8	(16.1%)	446.3	406.2	9.9%
Investment	6.6	6.5	1.7%	12.9	(49.2%)	23.7	19.3	22.6%
Others	188.9	204.0	(7.4%)	168.5	12.1%	709.2	730.5	(2.9%)
Ebit	291.9	201.9	44.6%	119.1	145.0%	664.4	572.6	16.0%
Net Interest	(21.5)	(0.6)	3495.0%	(28.0)	(23.5%)	(68.2)	(14.5)	370.9%
Share of Associates/JCE	80.0	82.0	(2.5%)	156.7	(49.0%)	397.0	351.1	13.1%
PBT	350.4	283.3	23.7%	247.8	41.4%	993.2	909.2	9.2%
Property Development	136.8	70.4	94.3%	55.2	147.8%	211.6	155.3	36.3%
Property Investment	62.8	52.8	19.0%	51.1	22.9%	293.0	236.9	23.7%
Construction	12.0	58.7	(79.6%)	13.4	(10.6%)	197.9	186.6	6.1%
Trading/Manufacturing	9.4	9.1	3.5%	10.2	(7.8%)	45.1	41.4	8.9%
Quarry	41.7	5.1	714.1%	44.4	(6.2%)	27.5	13.7	101.0%
Healthcare	(16.8)	71.7	(123.4%)	(1.5)	1019.3%	152.7	176.7	(13.6%)
Investment	35.5	11.4	211.4%	4.5	686.0%	(3.0)	23.8	(112.7%)
Others	0.0	14.7	(100.0%)	0.0	n.m.	68.4	85.4	(19.9%)
Tax	(33.1)	(71.1)	(53.5%)	(40.5)	(18.4%)	(137.7)	(164.3)	(16.2%)
PAT	317.3	212.2	49.5%	207.3	53.1%	855.6	744.9	14.9%
MI	(51.4)	(17.4)	196.3%	(27.0)	90.7%	(117.8)	(76.3)	54.5%
PATAMI	289.0	187.1	54.4%	172.5	67.5%	737.8	637.8	15.7%
EI	(50.6)	53.7	(194.3%)	5.7	(987.6%)	(38.8)	21.6	(280.0%)
Core Earnings	238.4	240.8	(1.0%)	178.2	33.8%	699.0	659.4	6.0%
Ebit margin	15.6%	13.2%	2.4%	7.7%	7.9%	10.8%	11.0%	(0.2%)
PBT margin	18.8%	18.5%	0.3%	16.1%	2.7%	16.2%	17.5%	(1.3%)
PAT margin	12.8%	15.7%	(3.0%)	11.6%	1.2%	11.4%	12.7%	(1.3%)

Source: CLSA, Company. Note: Figure 1 excludes dividends for its irredeemable convertible preference shares of RM51m

Figure 2

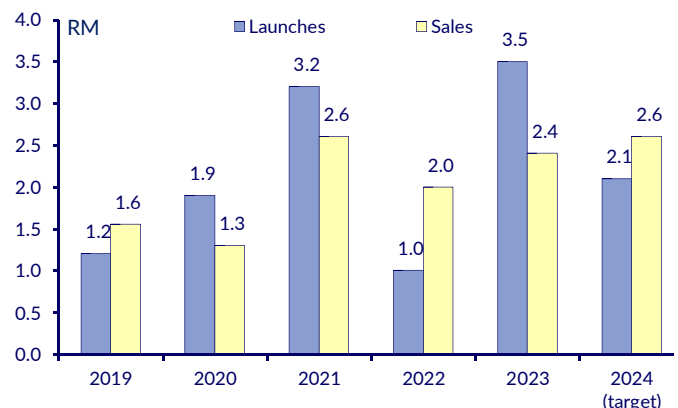
Sunway: planned property development launches for 2024



Source: CLSA, Company

Figure 3

Sunway: launches and sales trends



Source: CLSA, Company



Figure 4

Sunway: key earnings changes

Dec YE	24CL			25CL			26CL
	Previous	Revised	%chg	Previous	Revised	%chg	New
RMm							
Revenue	6,184.0	6,367.2	3.0%	6,746.5	7,411.3	9.9%	8,166.5
Ebit	760.9	801.1	5.3%	866.2	1,002.1	15.7%	1,124.6
Share of Associates	135.9	135.9	0.0%	142.7	142.7	0.0%	149.8
Share of JCE	372.2	373.2	0.3%	306.7	280.2	(8.6%)	359.0
PATAMI	897.3	809.0	(9.8%)	940.8	911.0	(3.2%)	1,084.7

Revenue by key segments

Property Development	717.0	827.0	15.3%	1,074.7	1,580.7	47.1%	2,038.8
Property Investment	724.8	724.8	0.0%	733.4	733.4	0.0%	735.4
Construction	1,229.2	1,302.4	6.0%	1,172.6	1,331.3	13.5%	1,369.2
Trading & Manufacturing	994.6	994.6	0.0%	1,044.3	1,044.3	0.0%	1,096.5
Quarry	447.8	447.8	0.0%	470.2	470.2	0.0%	493.7

Ebit by key segments

Property Development	136.2	165.4	21.4%	204.2	316.1	54.8%	407.8
Property Investment	181.2	181.2	0.0%	183.3	183.3	0.0%	183.9
Construction	243.0	254.0	4.5%	250.0	274.0	9.6%	276.0
Trading & Manufacturing	49.7	49.7	0.0%	52.2	52.2	0.0%	54.8
Quarry	17.7	17.7	0.0%	18.5	18.5	0.0%	19.5

Source: CLSA

Our new SOTP-derived target price is RM3.20 at 25CL valuation base

Figure 5

Sunway Bhd: target price derivation (NEW)

Division	Value (RMm)	RM/share	Methodology
Construction (SunCon)	1,623	0.33	54.56% stake based on SunCon TP of RM2.30
Sunway REIT (SunREIT)	2,299	0.47	40.88% stake based on SunREIT TP of RM1.76
Property development	10,200	2.09	Discounted RNAV
Property investment	4,779	0.98	Book Value
Healthcare	5,493	1.13	Divestment valuation (to GIC)
Trading & manufacturing	376	0.08	10x forward PE
Quarry	185	0.04	10x forward PE
	24,956	5.12	
Holding company net cash/(debt)	(7,867)	(1.61)	
	17,089	3.51	
10% holding company discount	(1,709)	(0.35)	
Fair value (RM)	15,380	3.20	
Total no. of shares (m)	4,874		

Source: CLSA

Our previous SOTP-derived target price was RM2.33 at 24CL valuation base

Figure 6

Sunway Bhd: target price derivation (OLD)			
Division	Value (RMm)	RM/share	Methodology
Construction (Sunway Construction)	1,467	0.30	54.56% stake based on SunCon TP of RM2.08
Sunway REIT (SunREIT)	2,221	0.46	40.88% stake based on SunREIT TP of RM1.70
Property development	7,389	1.52	Discounted RNAV
Property investment	2,119	0.43	Book Value
Healthcare	4,898	1.00	Divestment valuation (to GIC)
Trading & manufacturing	358	0.07	10x forward PE
Quarry	177	0.04	10x forward PE
	18,629	3.82	
Holding company net cash/(debt)	(6,034)	(1.24)	
	12,595	2.58	
10% holding company discount	(1,260)	(0.26)	
Fair value (RM)	11,336	2.33	
<i>Total no. of shares (m)</i>	4,874		

Source: CLSA

Investment thesis

Our positive recommendation on Sunway is driven by positive growth in all business segments except for property investment. Johor as a catalyst for property development will contribute greatly, as half of Sunway's existing landbanks are situated in the state. Moreover, the future listing of its healthcare operations, Sunway Healthcare, expected within the next three years will provide sufficient capital for expansion.

Catalysts

A key catalyst would be developments in Johor, with the revival of interest in property within the region. Johor currently makes up 50% of Sunway's remaining landbank, which would contribute positively to its future growth should projects be launched there. Its flagship township development, strategically located between Puteri Harbour and the second link to Singapore would also benefit from the enhanced movement of Singaporeans and Malaysians once the Special Economic Zone is agreed upon and launched. Its healthcare segment, Sunway Healthcare, also reported strong operational results, and its expected listing within the next three years will provide the capital for further expansion.

Valuation details

Our target price is based on a 10% discount to an SOTP-derived value to reflect the company's various businesses. Sunway Construction and Sunway Real Estate Investment are valued at the effective stake of the implied market cap derived from our target price. Property development is derived from a 10% discount to RNAV/share. The property investment division is valued at book value. The healthcare segment is valued at its post-money valuation based on its stake sale to Singapore sovereign wealth fund GIC, while the quarry, trading, and manufacturing segments are valued at 10x 25CL PE.

Investment risks

Key risks are a slower than expected pick up in the Johor property market (large exposure to the Johor landbank), slower recovery in its leisure and hospitality business and an inability to speed up traction in its healthcare operations.

Valuation details - Sunway Construction Group Bhd SCGB MK

Our target price is derived from 14.0x 24CL earnings, one standard deviation above the 10-year mean PE for the KL Construction index. We accord an above-sector average PE, given the company's flow of internal jobs and strong balance sheet. We also include solar segment valuations based on 21 year concession and a WACC of 7%.

Investment risks - Sunway Construction Group Bhd SCGB MK

The main concern is construction risk. On the precast segment, another risk is margin recovery timing, currently in the doldrums due to competition. Upside risks to our negative rating include better-than-expected results from its Vietnam power plant joe and success in MRT3 main packages better than our expectation.

Valuation details - Sunway Real Estate Investment SREIT MK

We use a DDM valuation approach to value Sunway Reit, consistent with how we value other Reits. Our cost of equity is 7.7%, using a risk-free rate of 4.2%, market risk premium of 6.7%, and beta of 0.5x. We assume terminal growth of 1.2%, which is below the 3% growth of its rental escalations to account for operations disruptions on refurbishments.

Investment risks - Sunway Real Estate Investment SREIT MK

High variable rate financing represents the biggest risk for Sunway Reit in a rising interest rate environment. Sunway Reit is spreading its wings into industrial property, which, if executed well, could pose upside risk over time. However, the profile of the Reit would eventually be overly diversified, which may pose a risk to the stock.

Detailed financials

Profit & Loss (RMm)

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Revenue	3,829	3,717	5,195	6,140	6,367	7,411	8,166
Cogs (ex-D&A)	(2,635)	(2,705)	(3,698)	(4,296)	(4,343)	(4,986)	(5,473)
Gross Profit (ex-D&A)	1,194	1,012	1,497	1,844	2,024	2,426	2,693
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	-	-	-	-	-	-	-
Other SG&A	(991)	(639)	(990)	(1,216)	(1,343)	(1,574)	(1,738)
Other Op Expenses ex-D&A	279	171	283	255	265	308	340
Op Ebitda	482	544	790	883	946	1,160	1,295
Depreciation/amortisation	(234)	(216)	(217)	(218)	(144)	(158)	(170)
Op Ebit	248	328	573	664	801	1,002	1,125
Interest income	172	157	188	257	147	152	146
Interest expense	(140)	(102)	(202)	(325)	(390)	(348)	(354)
Net interest inc/(exp)	31	55	(14)	(68)	(244)	(197)	(208)
Associates/investments	233	81	351	397	509	423	509
Forex/other income	-	-	-	-	-	-	-
Asset sales/other cash items	-	-	-	-	-	-	-
Provisions/other non-cash items	-	-	-	-	-	-	-
Asset revaluation/Exceptional items	25	(29)	22	(39)	-	-	-
Profit before tax	537	435	931	954	1,067	1,228	1,425
Taxation	(102)	(116)	(164)	(138)	(134)	(193)	(220)
Profit after tax	435	318	766	817	933	1,035	1,205
Preference dividends	0	(31)	(51)	(51)	(51)	(51)	(51)
Profit for period	435	288	715	765	881	984	1,154
Minority interest	(48)	(75)	(76)	(118)	(73)	(73)	(69)
Net profit	388	213	639	648	809	911	1,085
Extraordinaries/others	0	0	0	0	0	0	0
Profit available to ordinary shares	388	213	639	648	809	911	1,085
Dividends	(73)	(122)	(268)	(268)	(283)	(319)	(380)
Retained profit	315	91	371	380	526	592	705
Adjusted profit	368	234	621	681	809	911	1,085
EPS (sen)	8.0	4.4	13.1	13.3	16.6	18.7	22.3
Adj EPS [pre excep] (sen)	7.5	4.8	12.7	14.0	16.6	18.7	22.3
Core EPS (sen)	8.0	4.4	13.1	13.3	16.6	18.7	22.3
DPS (sen)	1.5	2.5	5.5	5.5	5.8	6.5	7.8

Profit & loss ratios

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Growth (%)							
Revenue growth (% YoY)	(19.9)	(2.9)	39.8	18.2	3.7	16.4	10.2
Ebitda growth (% YoY)	(39.9)	13.0	45.2	11.7	7.1	22.7	11.6
Ebit growth (% YoY)	(56.4)	32.3	74.7	16.0	20.6	25.1	12.2
Net profit growth (%)	(39.0)	(45.0)	199.8	1.4	24.9	12.6	19.1
EPS growth (% YoY)	(39.0)	(45.0)	199.8	1.4	24.9	12.6	19.1
Adj EPS growth (% YoY)	(47.6)	(36.2)	164.9	9.6	18.8	12.6	19.1
DPS growth (% YoY)	(83.5)	66.7	120.0	0.0	5.6	12.6	19.1
Core EPS growth (% YoY)	(39.0)	(45.0)	199.8	1.4	24.9	12.6	19.1
Margins (%)							
Gross margin (%)	31.2	27.2	28.8	30.0	31.8	32.7	33.0
Ebitda margin (%)	12.6	14.6	15.2	14.4	14.9	15.7	15.9
Ebit margin (%)	6.5	8.8	11.0	10.8	12.6	13.5	13.8
Net profit margin (%)	10.1	5.7	12.3	10.5	12.7	12.3	13.3
Core profit margin	10.1	5.7	12.3	10.5	12.7	12.3	13.3
Op cashflow margin	22.8	26.3	6.5	6.4	17.2	9.0	10.2
Returns (%)							
ROE (%)	4.6	2.2	5.7	5.3	6.2	6.6	7.5
ROA (%)	0.9	1.0	1.8	2.1	2.4	2.8	3.1
ROIC (%)	2.5	3.2	6.4	7.1	8.4	9.6	9.9
ROCE (%)	1.6	1.9	2.9	3.1	3.5	4.3	4.6
Other key ratios (%)							
Effective tax rate (%)	19.0	26.7	17.7	14.4	12.5	15.7	15.4
Ebitda/net int exp (x)	-	-	54.6	13.0	3.9	5.9	6.2
Exceptional or extraord. inc/PBT (%)	-	-	-	-	-	-	-
Dividend payout (%)	18.9	57.2	42.0	41.4	35.0	35.0	35.0

Source: www.clsa.com

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Balance sheet (RMm)

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Cash & equivalents	2,238	2,810	1,958	2,300	2,583	2,470	2,383
Accounts receivable	1,763	1,630	1,969	2,790	3,538	3,938	4,228
Inventories	606	670	3,280	3,561	1,396	1,624	1,790
Other current assets	2,430	2,888	1,135	1,429	2,788	2,944	3,384
Current assets	7,038	7,999	8,341	10,080	10,305	10,977	11,784
Fixed assets	2,621	1,262	1,265	1,358	1,513	1,656	1,786
Investments	8,179	12,759	13,625	14,824	15,130	15,383	15,689
Goodwill	351	433	378	388	388	388	388
Other intangible assets	0	0	0	0	0	0	0
Other non-current assets	2,905	2,631	2,454	1,962	1,962	1,962	1,962
Total assets	21,093	25,084	26,063	28,613	29,298	30,366	31,608
Short term loans/OD	5,261	4,093	5,361	6,018	4,925	5,025	5,075
Accounts payable	2,478	2,290	2,571	3,173	3,045	3,212	3,519
Accrued expenses	-	-	-	-	-	-	-
Taxes payable	37	56	66	74	74	74	74
Other current liabs	172	267	35	9	9	9	9
Current liabilities	7,948	6,706	8,033	9,274	8,053	8,320	8,677
Long-term debt/leases/other	2,250	4,621	3,695	3,633	4,925	5,025	5,075
Convertible bonds	-	-	-	-	-	-	-
Provisions/other LT liabs	584	634	784	708	708	708	708
Total liabilities	10,783	11,962	12,512	13,615	13,687	14,054	14,461
Share capital	5,394	5,394	5,394	6,161	6,161	6,161	6,161
Retained earnings	4,356	6,873	6,148	6,716	7,257	7,885	8,651
Reserves/others	(1,215)	(1,215)	-	0	-	-	-
Shareholder funds	8,535	11,053	11,542	12,877	13,418	14,046	14,811
Minorities/other equity	1,775	2,070	2,010	2,121	2,194	2,266	2,336
Total equity	10,311	13,122	13,551	14,998	15,611	16,312	17,147
Total liabs & equity	21,093	25,084	26,063	28,613	29,298	30,366	31,608
Total debt	7,511	8,715	9,056	9,650	9,850	10,050	10,150
Net debt	5,272	5,904	7,098	7,350	7,267	7,581	7,768
Adjusted EV	13,784	10,130	10,398	9,562	9,246	9,379	9,330
BVPS (sen)	155.1	200.8	209.7	234.0	243.8	255.2	269.1

Balance sheet ratios

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Key ratios							
Current ratio (x)	0.9	1.2	1.0	1.1	1.3	1.3	1.4
Growth in total assets (% YoY)	(1.8)	18.9	3.9	9.8	2.4	3.6	4.1
Growth in capital employed (% YoY)	2.8	22.1	8.5	8.2	2.4	4.4	4.3
Net debt to operating cashflow (x)	6.0	6.0	21.1	18.8	6.7	11.3	9.3
Gross debt to operating cashflow (x)	8.6	8.9	26.9	24.7	9.0	15.0	12.1
Gross debt to Ebitda (x)	15.6	16.0	11.5	10.9	10.4	8.7	7.8
Net debt/Ebitda (x)	10.9	10.9	9.0	8.3	7.7	6.5	6.0
Gearing							
Net debt/equity (%)	51.1	45.0	52.4	49.0	46.5	46.5	45.3
Gross debt/equity (%)	72.8	66.4	66.8	64.3	63.1	61.6	59.2
Interest cover (x)	3.0	4.7	3.8	2.8	2.4	3.3	3.6
Debt cover (x)	0.1	0.1	0.0	0.0	0.1	0.1	0.1
Net cash per share (sen)	(108.2)	(121.1)	(145.6)	(150.8)	(149.1)	(155.5)	(159.4)
Working capital analysis							
Inventory days	92.1	86.1	194.9	290.6	208.3	110.5	113.8
Debtor days	178.8	166.6	126.5	141.5	181.4	184.1	182.5
Creditor days	353.7	321.7	239.9	244.0	261.3	229.1	224.5
Working capital/Sales (%)	55.2	69.3	71.4	73.7	72.1	70.3	71.0
Capital employed analysis							
Sales/Capital employed (%)	24.6	19.5	25.2	27.5	27.8	31.0	32.8
EV/Capital employed (%)	88.5	53.2	50.4	42.8	40.4	39.3	37.4
Working capital/Capital employed (%)	13.6	13.5	18.0	20.2	20.1	21.8	23.3
Fixed capital/Capital employed (%)	16.8	6.6	6.1	6.1	6.6	6.9	7.2
Other ratios (%)							
PB (x)	1.7	1.3	1.3	1.2	1.1	1.1	1.0
EV/Ebitda (x)	28.6	18.6	13.2	10.8	9.8	8.1	7.2
EV/OCF (x)	15.8	10.4	30.9	24.5	8.5	14.0	11.1
EV/FCF (x)	39.0	39.6	59.4	34.6	11.7	25.4	17.4
EV/Sales (x)	3.6	2.7	2.0	1.6	1.5	1.3	1.1
Capex/depreciation (%)	222.8	334.1	74.4	52.1	207.6	189.8	176.0

Source: www.clsa.com

Cashflow (RMm)

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Operating profit	248	328	573	664	801	1,002	1,125
Operating adjustments	265	136	337	329	266	226	301
Depreciation/amortisation	234	216	217	218	144	158	170
Working capital changes	273	(110)	(327)	529	(70)	(619)	(587)
Interest paid / other financial expenses	-	-	-	-	-	-	-
Tax paid	(60)	(104)	(170)	(164)	(134)	(193)	(220)
Other non-cash operating items	(85)	513	(293)	(1,186)	85	95	48
Net operating cashflow	875	979	337	390	1,092	669	837
Capital expenditure	(521)	(723)	(162)	(114)	(300)	(300)	(300)
Free cashflow	354	256	175	277	792	369	537
Acq/inv/disposals	(278)	(557)	(683)	(359)	-	-	-
Int, invt & associate div	-	-	-	-	-	-	-
Net investing cashflow	(798)	(1,280)	(845)	(472)	(300)	(300)	(300)
Increase in loans	(940)	1,216	334	1,034	200	200	100
Dividends	(254)	(178)	(222)	(231)	(319)	(334)	(370)
Net equity raised/others	934	(193)	(436)	(401)	(390)	(348)	(354)
Net financing cashflow	(260)	845	(325)	402	(509)	(483)	(624)
Incr/(decr) in net cash	(183)	544	(832)	320	283	(114)	(87)
Exch rate movements	(133)	28	(20)	23	-	-	0
Opening cash	2,555	2,238	2,810	1,958	2,300	2,583	2,470
Closing cash	2,238	2,810	1,958	2,300	2,583	2,470	2,383
OCF PS (sen)	17.9	20.1	6.9	8.0	22.4	13.7	17.2
FCF PS (sen)	7.3	5.3	3.6	5.7	16.3	7.6	11.0

Cashflow ratio analysis

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Growth (%)							
Op cashflow growth (% YoY)	27.0	11.9	(65.6)	15.9	179.9	(38.8)	25.1
FCF growth (% YoY)	(9.7)	(27.6)	(31.6)	58.0	186.4	(53.4)	45.6
Capex growth (%)	75.3	38.7	(77.6)	(29.7)	164.0	0.0	0.0
Other key ratios (%)							
Capex/sales (%)	13.6	19.4	3.1	1.9	4.7	4.0	3.7
Capex/op cashflow (%)	59.6	73.8	48.0	29.1	27.5	44.9	35.8
Operating cashflow payout ratio (%)	8.4	12.4	79.6	68.7	25.9	47.7	45.4
Cashflow payout ratio (%)	8.4	12.4	79.6	68.7	25.9	47.7	45.4
Free cashflow payout ratio (%)	20.7	47.6	153.1	96.9	35.7	86.4	70.7

DuPont analysis

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Ebit margin (%)	6.5	8.8	11.0	10.8	12.6	13.5	13.8
Asset turnover (x)	0.2	0.2	0.2	0.2	0.2	0.2	0.3
Interest burden (x)	2.2	1.3	1.6	1.4	1.3	1.2	1.3
Tax burden (x)	0.8	0.7	0.8	0.9	0.9	0.8	0.8
Return on assets (%)	0.9	1.0	1.8	2.1	2.4	2.8	3.1
Leverage (x)	2.2	2.0	1.9	1.9	1.9	1.9	1.9
ROE (%)	4.6	2.2	5.7	5.3	6.2	6.6	7.5

EVA® analysis

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Ebit adj for tax	201	240	472	569	701	844	951
Average invested capital	8,005	7,445	7,355	8,020	8,345	8,837	9,576
ROIC (%)	2.5	3.2	6.4	7.1	8.4	9.6	9.9
Cost of equity (%)	9.7	9.7	9.7	9.7	9.7	9.7	9.7
Cost of debt (adj for tax)	2.4	2.2	2.5	2.6	2.6	2.5	2.5
Weighted average cost of capital (%)	7.3	7.2	7.3	7.3	7.3	7.3	7.3
EVA/IC (%)	(4.8)	(4.0)	(0.9)	(0.2)	1.1	2.2	2.6
EVA (RMm)	(382)	(296)	(65)	(19)	88	198	251

Source: www.clsa.com



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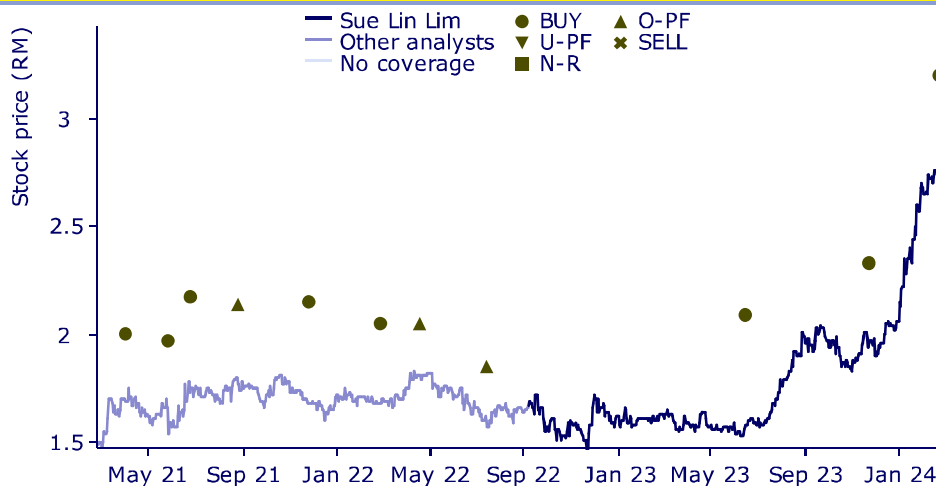
- Sunway (SWB MK - RM2.71 - BUY)
- Equalbase (N-R)
- GIC Pte. Ltd (N-R)
- SunCon (SCGB MK - RM2.61 - SELL)
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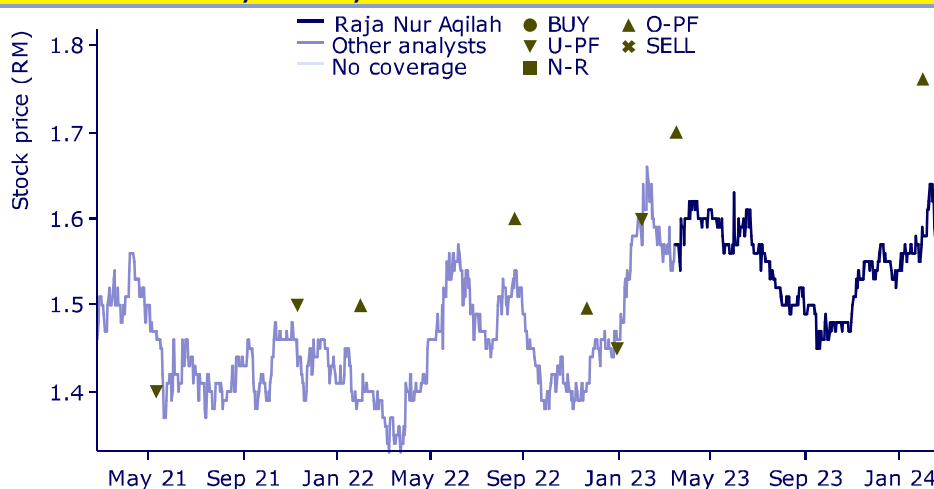
Date	Rec	Target	Date	Rec	Target
LATEST	BUY	3.20	25 Nov 2021	BUY	2.15
23 Nov 2023	BUY	2.33	25 Aug 2021	O-PF	2.14
15 Jun 2023	BUY	2.09	24 Jun 2021	BUY	2.17
14 Jul 2022	O-PF	1.85	26 May 2021	BUY	1.97
18 Apr 2022	O-PF	2.05	01 Apr 2021	BUY	2.00
26 Feb 2022	BUY	2.05			

Source: CLSA

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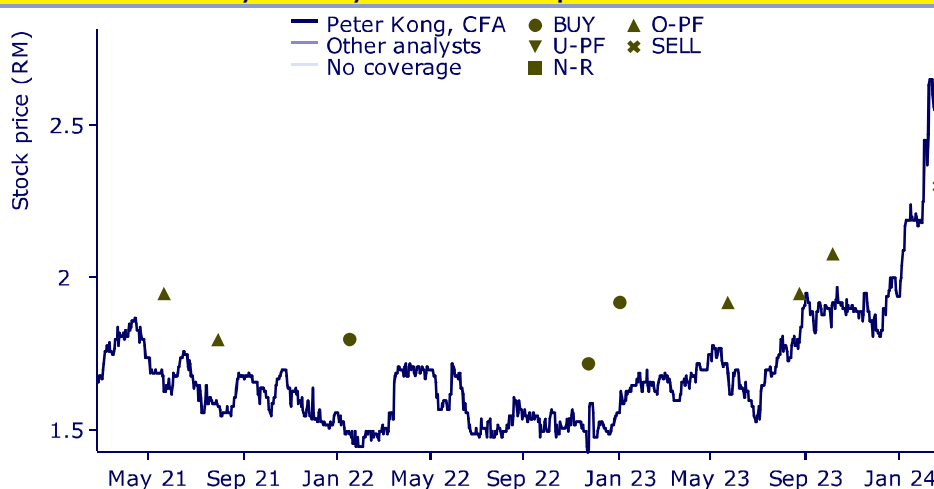
Recommendation history of Sunway Real Estate Investment SREIT MK



Date	Rec	Target	Date	Rec	Target
31 Jan 2024	O-PF	1.76	19 Aug 2022	O-PF	1.60
17 Mar 2023	O-PF	1.70	31 Jan 2022	O-PF	1.50
31 Jan 2023	U-PF	1.60	10 Nov 2021	U-PF	1.50
30 Dec 2022	U-PF	1.45	11 May 2021	U-PF	1.40
21 Nov 2022	O-PF	1.50			

Source: CLSA

Recommendation history of Sunway Construction Group Bhd SCGB MK



Date	Rec	Target	Date	Rec	Target
21 Feb 2024	SELL	2.30	23 Nov 2022	BUY	1.72
06 Oct 2023	O-PF	2.08	17 Jan 2022	BUY	1.80
24 Aug 2023	O-PF	1.95	30 Jul 2021	O-PF	1.80
23 May 2023	O-PF	1.92	21 May 2021	O-PF	1.95
03 Jan 2023	BUY	1.92			

Source: CLSA

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