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29 August 2024

Malaysia

Property

Reuters SWAY.KL
Bloomberg SWB MK

Priced on 28 August 2024
KLSE Comp @ 1,675.2

12M hi/lo RM4.36/1.83

12M price target RM4.30
±% potential +10%

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

Market cap US\$4.7bn

3M ADV US\$13.4m

Foreign s'holding 5.4%

Major shareholders

Jeffrey Cheah Fook Ling 63.0%
EPF 9.3%

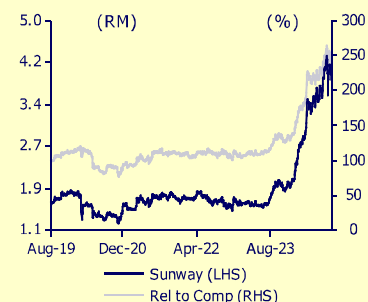
Blended ESG Score (%)*

Overall 73.8
Country average 57.1
GEM sector average 55.1

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

Stock performance (%)

	1M	3M	12M
Absolute	(8.0)	5.7	94.5
Relative	(11.4)	1.9	67.7
Abs (US\$)	(8.0)	7.5	90.6



Source: Bloomberg

On track to deliver

Firing on all cylinders; pick up in construction segment expected

Sunway Bhd delivered a solid 2Q/1H24 set of earnings (in line) with all segments showing improvements except for construction. Healthcare (associate line), at c.20% of core PBT, also showed solid growth. Property development division was the key driver with continued momentum from the southern region. 2H24 should see strong momentum with a pickup in construction and property development deliveries. Maintain O-PF and SOTP-derived target price of RM4.30.

A strong quarter

Sunway picked up strongly after a seasonally weak 1Q24. 2Q24 saw improvements in activity across all divisions, notably property development and healthcare (profit line). Construction was a little slow, but we expect a pickup in 2H24 as more jobs materialise. There was a fair value gain for a redemption of an investment and from a newly acquired asset (collectively RM91m). Net gearing eased to 0.44x though will inch up a little in 3Q24 as it issued an RM800m sukuk to lengthen its debt maturity duration at lower financing costs. A 2 sen interim dividend was declared.

Property development was the key driver

Property development was its key earnings driver with 39% of its launch targets achieved. 2H24 launches will still be focused in the central region, followed by the southern region. It also achieved 50% of its 2024 sales target of RM2.6bn, the bulk of which was in the Klang Valley. Unbilled sales were at RM4.5bn with 2.5-3 years of earnings visibility. Sunway is launching its first freehold higher-end residential property launch in Iskandar, Johor. Separately, its property investment division improved on improved footfall at its theme park and hotels.

Healthcare operations ramping up well

Meanwhile, its healthcare operations improved after a soft 1Q24 (seasonality factors), with increasing bed capacity at its three operating hospitals. Additional bed capacity in its Penang hospital is expected to deliver better operations in coming quarters. Its hospitals at Selangor and Perak are well on track to open in 4Q24 and 1Q25, respectively. Collectively, the five hospitals are expected to see bed capacity at 2,300 by 2025 with another three more to deliver 3,000-bed capacity by 2030.

Maintain O-PF and target price of RM4.30

We make no changes to our earnings forecasts. Sunway is expected to book profits from its Singapore project in 3Q24 upon completion. Prospects remain positive for the company driven by health care, traction from the southern region with opportunities in its construction operations as it sees opportunities in the advanced technology facilities (including datacentres) space and upcoming infrastructure projects. Maintain O-PF and SOTP-derived target price of RM4.30.

Financials

Year to 31 December	22A	23A	24CL	25CL	26CL
Revenue (RMm)	5,195	6,136	6,909	7,463	8,835
Net profit (RMm)	639	648	867	1,103	1,399
EPS (sen)	13.1	13.3	17.8	22.6	28.7
CL/consensus (11) (EPS%)	-	-	131	159	184
EPS growth (% YoY)	199.8	1.4	33.8	27.2	26.9
PE (x)	29.8	29.4	22.0	17.3	13.6
Dividend yield (%)	1.4	1.4	1.6	2.0	2.6
FCF yield (%)	0.9	1.8	4.1	10.0	(0.1)
PB (x)	1.9	1.7	1.5	1.4	1.3
ROE (%)	5.7	5.3	6.3	7.4	8.9
Net debt/equity (%)	52.4	49.0	46.2	36.2	38.4

Source: www.cls.com

Financials at a glance

Year to 31 December	2022A	2023A	2024CL	(% YoY)	2025CL	2026CL
Profit & Loss (RMm)						
Revenue	5,195	6,136	6,909	12.6	7,463	8,835
Cogs (ex-D&A)	(3,954)	(4,590)	(5,114)		(5,354)	(6,300)
Gross Profit (ex-D&A)	1,241	1,546	1,795	16.1	2,109	2,535
SG&A and other expenses	(451)	(661)	(846)		(911)	(1,096)
Op Ebitda	790	885	949	7.3	1,198	1,440
Depreciation/amortisation	(217)	(218)	(144)		(158)	(170)
Op Ebit	573	667	805	20.7	1,040	1,269
Net interest inc/(exp)	(14)	(71)	(240)		(139)	(119)
Other non-Op items	373	359	509	41.9	488	586
Profit before tax	931	955	1,074	12.5	1,388	1,736
Taxation	(164)	(138)	(136)		(216)	(276)
Profit after tax	766	817	938	14.9	1,172	1,460
Minority interest	(76)	(118)	(72)		(70)	(61)
Net profit	639	648	867	33.8	1,103	1,399
Adjusted profit	621	681	867	27.3	1,103	1,399
Cashflow (RMm)						
Operating profit	573	667	805	20.7	1,040	1,269
Depreciation/amortisation	217	218	144	(33.8)	158	170
Working capital changes	(1,353)	(770)	(96)		815	(1,365)
Other items	900	344	224	(34.9)	200	209
Net operating cashflow	337	459	1,078	134.9	2,213	283
Capital expenditure	(162)	(114)	(300)		(300)	(300)
Free cashflow	175	345	778	125.3	1,913	(17)
M&A/Others	(421)	(445)	0		0	0
Net investing cashflow	(583)	(558)	(300)		(300)	(300)
Increase in loans	334	1,034	500	(51.6)	300	200
Dividends	(222)	(231)	(268)		(303)	(386)
Net equity raised/other	(697)	(387)	(396)		(361)	(369)
Net financing cashflow	(586)	416	(164)		(364)	(555)
Incr/(decr) in net cash	(832)	316	614	94	1,549	(572)
Exch rate movements	(20)	23	0		0	-
Balance sheet (RMm)						
Cash & equivalents	1,958	2,297	2,911	26.7	4,460	3,888
Accounts receivable	1,754	2,428	2,469	1.7	2,682	3,208
Other current assets	4,629	5,220	7,211	38.1	6,055	7,490
Fixed assets	1,265	1,358	1,513	11.5	1,656	1,786
Investments	15,046	15,917	16,223	1.9	16,516	16,867
Intangible assets	378	388	388	0	388	388
Other non-current assets	1,032	976	975	0	975	975
Total assets	26,063	28,584	31,692	10.9	32,732	34,602
Short-term debt	5,361	6,017	5,075	(15.7)	5,225	5,325
Accounts payable	2,454	2,825	4,763	68.6	4,634	5,230
Other current liabs	218	399	399	0	399	399
Long-term debt/CBs	3,695	3,633	5,075	39.7	5,225	5,325
Provisions/other LT liabs	784	709	709	0	709	709
Shareholder funds	11,542	12,873	14,449	12.2	15,248	16,261
Minorities/other equity	2,010	2,128	1,222	(42.6)	1,291	1,353
Total liabs & equity	26,063	28,584	31,692	10.9	32,732	34,602
Ratio analysis						
Revenue growth (% YoY)	39.8	18.1	12.6		8.0	18.4
Ebitda margin (%)	15.2	14.4	13.7		16.0	16.3
Ebit margin (%)	11.0	10.9	11.6		13.9	14.4
Net profit growth (%)	199.8	1.4	33.8		27.2	26.9
Op cashflow growth (% YoY)	(65.6)	36.3	134.9		105.3	(87.2)
Capex/sales (%)	3.1	1.9	4.3		4.0	3.4
Net debt/equity (%)	52.4	49.0	46.2		36.2	38.4
Net debt/Ebitda (x)	9.0	8.3	7.6		5.0	4.7
ROE (%)	5.7	5.3	6.3		7.4	8.9
ROIC (%)	7.1	8.4	9.7		12.4	14.3

Source: www.clsa.com

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Figure 1

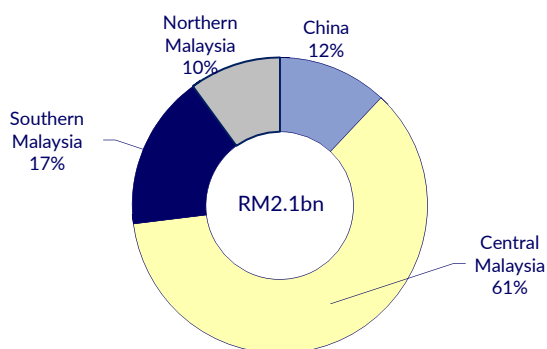
Sunway: Summary of results

Dec FYE	2Q24	2Q23	YoY	1Q24	QoQ	6M24	6M23	YoY
RMm								
Revenue	1579.9	1468.2	7.6%	1419.0	11.3%	2998.9	2731.9	9.8%
Property Development	371.9	362.1	2.7%	287.7	29.2%	659.6	609.9	8.2%
Property Investment	231.0	199.4	15.8%	231.2	(0.1%)	462.1	409.3	12.9%
Construction	381.1	404.1	(5.7%)	372.5	2.3%	753.6	732.0	2.9%
Trading/Manufacturing	255.2	227.8	12.0%	241.4	5.7%	496.6	451.9	9.9%
Quarry	111.9	94.5	18.5%	104.8	6.8%	216.8	172.7	25.5%
Healthcare	0.0	0.0	n.a.	0.0	n.a.	0.0	0.0	n.a.
Investment	2.3	1.9	17.1%	2.4	(7.9%)	4.7	4.2	12.0%
Others	226.5	178.4	27.0%	179.0	26.6%	405.5	351.9	15.2%
EBIT	211.6	140.0	51.1%	158.4	33.5%	370.0	253.4	46.0%
Net Interest	(9.6)	(14.6)	(34.2%)	(26.0)	(63.1%)	(35.6)	(18.6)	91.0%
Share of Associates/JCE	139.1	77.6	79.3%	94.3	47.5%	233.3	160.3	45.6%
PBT	341.0	203.0	68.0%	226.7	50.4%	567.7	395.0	43.7%
Property Development	70.1	49.1	42.9%	38.8	80.8%	108.9	72.1	51.0%
Property Investment	86.2	33.9	154.5%	69.4	24.1%	155.6	101.1	53.9%
Construction	52.4	44.5	17.8%	42.4	23.8%	94.8	84.0	12.8%
Trading/Manufacturing	10.5	10.1	3.4%	9.0	16.4%	19.4	19.7	(1.4%)
Quarry	11.2	4.4	154.4%	11.1	0.8%	22.3	7.9	182.6%
Healthcare	49.3	37.7	30.8%	36.8	34.0%	86.1	66.6	29.4%
Investment	39.8	8.6	360.0%	6.6	498.9%	46.4	15.3	204.0%
Others	21.6	14.7	46.7%	12.6	71.2%	34.1	28.3	20.5%
Tax	(44.6)	(30.8)	44.8%	(35.7)	24.7%	(80.3)	(64.1)	25.4%
PAT	296.5	172.2	72.1%	190.9	55.3%	487.4	331.0	47.3%
MI	(26.0)	(22.3)	16.6%	(18.7)	38.8%	(44.7)	(39.4)	13.4%
PATAMI	296.1	142.5	107.8%	146.6	102.1%	442.7	276.3	60.2%
EI	0.0	6.1	(100.0%)	0.0	n.a.	0.0	6.1	(100.0%)
Core Earnings	296.1	148.6	99.3%	146.6	102.1%	442.7	282.4	56.8%
EBIT margin	13.4%	9.5%	3.9%	11.2%	2.2%	12.3%	9.3%	3.1%
PBT margin	21.6%	13.8%	7.8%	16.0%	5.6%	18.9%	14.5%	4.5%
PAT margin	18.7%	10.1%	8.6%	10.3%	8.4%	14.8%	10.3%	4.4%

Source: CLSA, Company

Figure 2

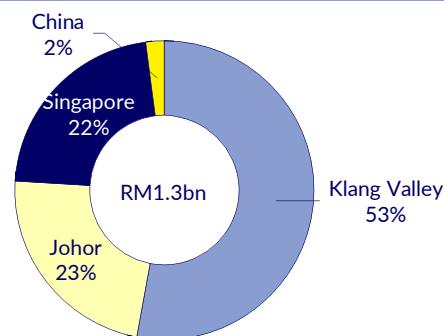
Sunway: FY2024 launch target by geography



Source: CLSA, Company

Figure 3

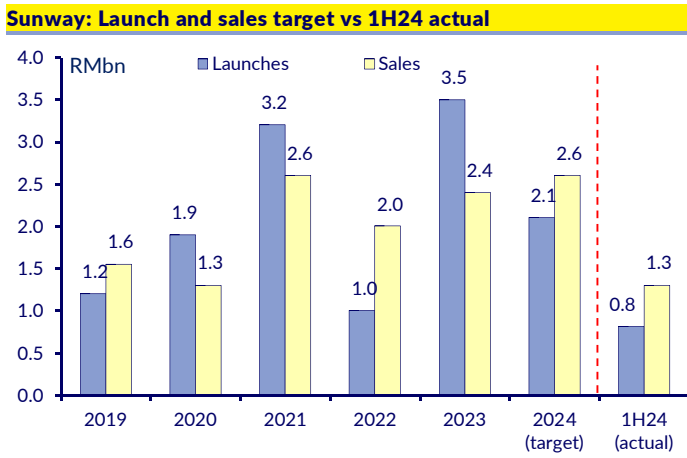
Sunway: Sales by geography



Source: CLSA, Company

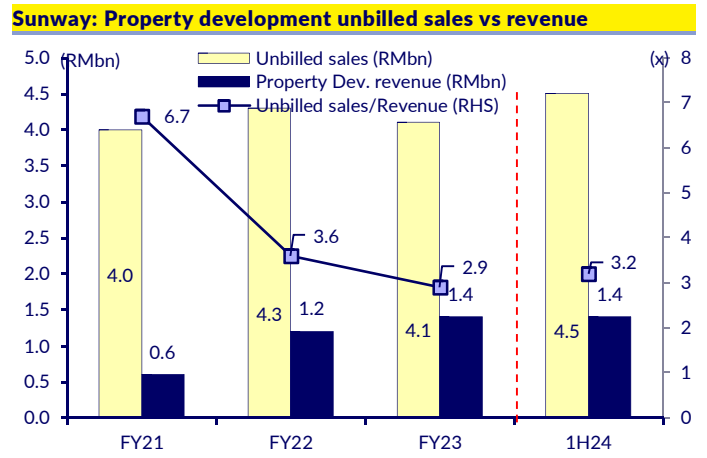


Figure 4



Source: CLSA, Company

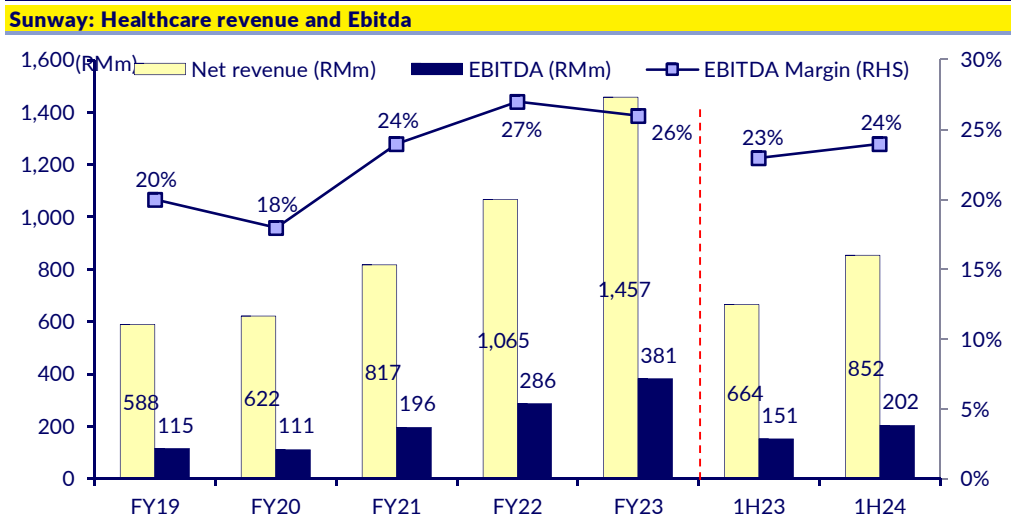
Figure 5



Source: CLSA, C

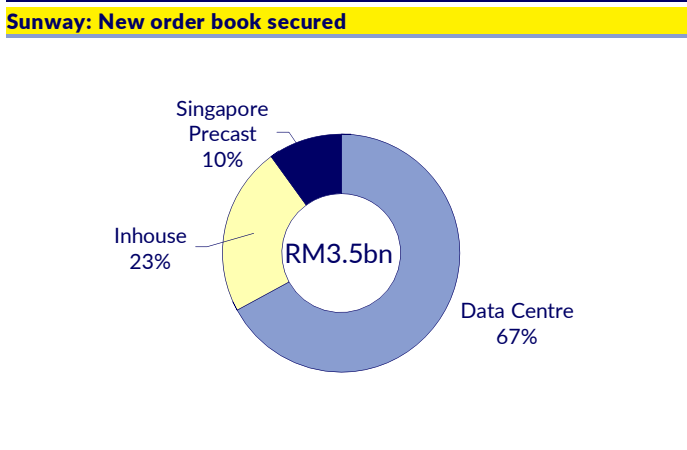
On track to deliver growth

Figure 6



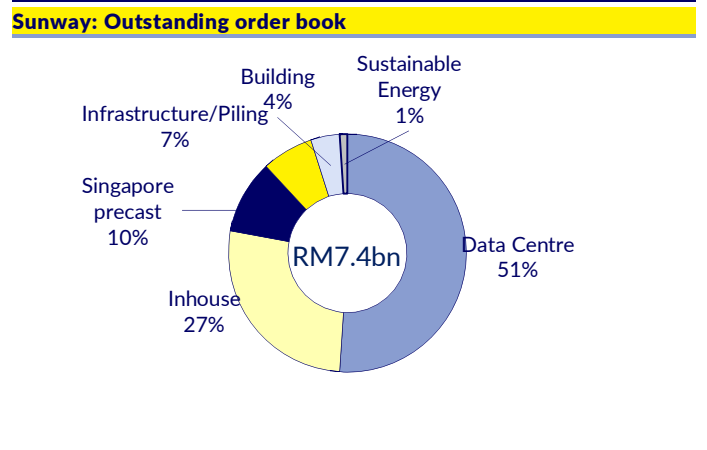
Source: CLSA, Company

Figure 7



Source: CLSA, Company

Figure 8



Source: CLSA, Company

No change to target price at
RM4.30

Figure 9

Sunway: Valuation table		
Division	Value (RM m)	RM/share
Construction (Sunway Construction)	3,280	0.51
Sunway REIT (Sunway REIT)	2,273	0.35
Property Development	13,453	2.08
Property Investment	2,796	0.43
Healthcare	10,996	1.70
Trading & Manufacturing	448	0.07
Quarry	371	0.07
	33,617	5.20
Holding Company Net Cash/(Debt)	(5,790)	(0.89)
	27,827	4.30
10% Holding Company Discount	-	-
Fair Value (RM)	27,827	4.30

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 SOTP-derived value to reflect the company's various businesses. Sunway Construction is valued based on the average consensus target price of the effective stake of the implied market cap. Sunway Real Estate Investment is valued at the effective stake of the implied market cap derived from our target price. Property development is derived from RNAV/share with no discount attributed. The property investment division is valued at book value. The healthcare segment is valued at recently transacted hospital divestment pricing of 20x EV/Ebitda, 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.

Detailed financials

Profit & Loss (RMm)

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Revenue	3,829	3,717	5,195	6,136	6,909	7,463	8,835
Cogs (ex-D&A)	(2,635)	(2,705)	(3,954)	(4,590)	(5,114)	(5,354)	(6,300)
Gross Profit (ex-D&A)	1,194	1,012	1,241	1,546	1,795	2,109	2,535
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	-	-	-	-	-	-	-
Other SG&A	(991)	(639)	(734)	(915)	(1,132)	(1,221)	(1,462)
Other Op Expenses ex-D&A	279	171	283	254	286	309	366
Op Ebitda	482	544	790	885	949	1,198	1,440
Depreciation/amortisation	(234)	(216)	(217)	(218)	(144)	(158)	(170)
Op Ebit	248	328	573	667	805	1,040	1,269
Interest income	172	157	188	257	156	221	250
Interest expense	(140)	(102)	(202)	(328)	(396)	(361)	(369)
Net interest inc/(exp)	31	55	(14)	(71)	(240)	(139)	(119)
Associates/investments	233	81	351	398	509	488	586
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	955	1,074	1,388	1,736
Taxation	(102)	(116)	(164)	(138)	(136)	(216)	(276)
Profit after tax	435	318	766	817	938	1,172	1,460
Preference dividends	0	(31)	(51)	(51)	0	0	0
Profit for period	435	288	715	766	938	1,172	1,460
Minority interest	(48)	(75)	(76)	(118)	(72)	(70)	(61)
Net profit	388	213	639	648	867	1,103	1,399
Extraordinaries/others	0	0	0	0	0	0	0
Profit available to ordinary shares	388	213	639	648	867	1,103	1,399
Dividends	(73)	(122)	(268)	(268)	(303)	(386)	(490)
Retained profit	315	91	371	380	563	717	909
Adjusted profit	368	234	621	681	867	1,103	1,399
EPS (sen)	8.0	4.4	13.1	13.3	17.8	22.6	28.7
Adj EPS [pre excep] (sen)	7.5	4.8	12.7	14.0	17.8	22.6	28.7
Core EPS (sen)	8.0	4.4	13.1	13.3	17.8	22.6	28.7
DPS (sen)	1.5	2.5	5.5	5.5	6.2	7.9	10.0

Profit & loss ratios

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Growth (%)							
Revenue growth (% YoY)	(19.9)	(2.9)	39.8	18.1	12.6	8.0	18.4
Ebitda growth (% YoY)	(39.9)	13.0	45.2	12.0	7.3	26.2	20.2
Ebit growth (% YoY)	(56.4)	32.3	74.7	16.4	20.7	29.2	22.1
Net profit growth (%)	(39.0)	(45.0)	199.8	1.4	33.8	27.2	26.9
EPS growth (% YoY)	(39.0)	(45.0)	199.8	1.4	33.8	27.2	26.9
Adj EPS growth (% YoY)	(47.6)	(36.2)	164.9	9.6	27.3	27.2	26.9
DPS growth (% YoY)	(83.5)	66.7	120.0	0.0	13.2	27.2	26.9
Core EPS growth (% YoY)	(39.0)	(45.0)	199.8	1.4	33.8	27.2	26.9
Margins (%)							
Gross margin (%)	31.2	27.2	23.9	25.2	26.0	28.3	28.7
Ebitda margin (%)	12.6	14.6	15.2	14.4	13.7	16.0	16.3
Ebit margin (%)	6.5	8.8	11.0	10.9	11.6	13.9	14.4
Net profit margin (%)	10.1	5.7	12.3	10.6	12.5	14.8	15.8
Core profit margin	10.1	5.7	12.3	10.6	12.5	14.8	15.8
Op cashflow margin	22.8	26.3	6.5	7.5	15.6	29.7	3.2
Returns (%)							
ROE (%)	4.6	2.2	5.7	5.3	6.3	7.4	8.9
ROA (%)	0.9	1.0	1.8	2.1	2.3	2.7	3.2
ROIC (%)	2.5	3.2	7.1	8.4	9.7	12.4	14.3
ROCE (%)	1.6	1.9	2.9	3.1	3.6	4.6	5.4
Other key ratios (%)							
Effective tax rate (%)	19.0	26.7	17.7	14.4	12.6	15.6	15.9
Ebitda/net int exp (x)	-	-	54.6	12.5	4.0	8.6	12.1
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



Balance sheet (RMm)

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Cash & equivalents	2,238	2,810	1,958	2,297	2,911	4,460	3,888
Accounts receivable	1,763	1,630	1,754	2,428	2,469	2,682	3,208
Inventories	606	670	1,483	1,468	1,514	1,636	1,937
Other current assets	2,430	2,888	3,147	3,752	5,697	4,419	5,553
Current assets	7,038	7,999	8,341	9,945	12,592	13,197	14,586
Fixed assets	2,621	1,262	1,265	1,358	1,513	1,656	1,786
Investments	8,179	12,759	15,046	15,917	16,223	16,516	16,867
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	1,032	976	975	975	975
Total assets	21,093	25,084	26,063	28,584	31,692	32,732	34,602
Short term loans/OD	5,261	4,093	5,361	6,017	5,075	5,225	5,325
Accounts payable	2,478	2,290	2,454	2,825	4,763	4,634	5,230
Accrued expenses	-	-	-	-	-	-	-
Taxes payable	37	56	66	74	74	74	74
Other current liabs	172	267	152	325	325	325	325
Current liabilities	7,948	6,706	8,033	9,242	10,237	10,258	10,954
Long-term debt/leases/other	2,250	4,621	3,695	3,633	5,075	5,225	5,325
Convertible bonds	-	-	-	-	-	-	-
Provisions/other LT liabs	584	634	784	709	709	709	709
Total liabilities	10,783	11,962	12,512	13,583	16,021	16,192	16,988
Share capital	5,394	5,394	5,394	6,161	7,139	7,139	7,139
Retained earnings	4,356	6,873	7,363	7,927	8,525	9,325	10,337
Reserves/others	(1,215)	(1,215)	(1,215)	(1,215)	(1,215)	(1,215)	(1,215)
Shareholder funds	8,535	11,053	11,542	12,873	14,449	15,248	16,261
Minorities/other equity	1,775	2,070	2,010	2,128	1,222	1,291	1,353
Total equity	10,311	13,122	13,551	15,000	15,671	16,540	17,614
Total liabs & equity	21,093	25,084	26,063	28,584	31,692	32,732	34,602
Total debt	7,511	8,715	9,056	9,650	10,150	10,450	10,650
Net debt	5,272	5,904	7,098	7,353	7,239	5,990	6,762
Adjusted EV	20,388	16,734	15,580	15,083	13,757	12,285	12,767
BVPS (sen)	155.1	200.8	209.7	233.9	262.5	277.1	295.5

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	1.2	1.3	1.3
Growth in total assets (% YoY)	(1.8)	18.9	3.9	9.7	10.9	3.3	5.7
Growth in capital employed (% YoY)	2.8	22.1	8.5	8.3	2.5	(1.7)	8.2
Net debt to operating cashflow (x)	6.0	6.0	21.1	16.0	6.7	2.7	23.9
Gross debt to operating cashflow (x)	8.6	8.9	26.9	21.0	9.4	4.7	37.7
Gross debt to Ebitda (x)	15.6	16.0	11.5	10.9	10.7	8.7	7.4
Net debt/Ebitda (x)	10.9	10.9	9.0	8.3	7.6	5.0	4.7
Gearing							
Net debt/equity (%)	51.1	45.0	52.4	49.0	46.2	36.2	38.4
Gross debt/equity (%)	72.8	66.4	66.8	64.3	64.8	63.2	60.5
Interest cover (x)	3.0	4.7	3.8	2.8	2.4	3.5	4.1
Debt cover (x)	0.1	0.1	0.0	0.0	0.1	0.2	0.0
Net cash per share (sen)	(108.2)	(121.1)	(145.6)	(150.9)	(148.5)	(122.9)	(138.7)
Working capital analysis							
Inventory days	92.1	86.1	99.4	117.3	106.4	107.4	103.5
Debtor days	178.8	166.6	118.9	124.4	129.4	126.0	121.7
Creditor days	353.7	321.7	219.0	209.9	270.8	320.3	285.7
Working capital/Sales (%)	55.2	69.3	71.4	72.1	65.4	49.6	57.4
Capital employed analysis							
Sales/Capital employed (%)	24.6	19.5	25.2	27.5	30.2	33.1	36.2
EV/Capital employed (%)	130.8	88.0	75.5	67.5	60.0	54.5	52.4
Working capital/Capital employed (%)	13.6	13.5	18.0	19.8	19.7	16.4	20.8
Fixed capital/Capital employed (%)	16.8	6.6	6.1	6.1	6.6	7.3	7.3
Other ratios (%)							
PB (x)	2.5	1.9	1.9	1.7	1.5	1.4	1.3
EV/Ebitda (x)	42.3	30.8	19.7	17.0	14.5	10.3	8.9
EV/OCF (x)	23.3	17.1	46.3	32.9	12.8	5.6	45.1
EV/FCF (x)	57.6	65.4	89.0	43.7	17.7	6.4	(744.6)
EV/Sales (x)	5.3	4.5	3.0	2.5	2.0	1.6	1.4
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	667	805	1,040	1,269
Operating adjustments	265	136	337	327	269	349	467
Depreciation/amortisation	234	216	217	218	144	158	170
Working capital changes	273	(110)	(1,353)	(770)	(96)	815	(1,365)
Interest paid / other financial expenses	-	-	-	-	-	-	-
Tax paid	(60)	(104)	(170)	(164)	(136)	(216)	(276)
Other non-cash operating items	(85)	513	733	182	91	68	18
Net operating cashflow	875	979	337	459	1,078	2,213	283
Capital expenditure	(521)	(723)	(162)	(114)	(300)	(300)	(300)
Free cashflow	354	256	175	345	778	1,913	(17)
Acq/inv/disposals	(278)	(557)	(421)	(445)	-	-	-
Int, invt & associate div	-	-	-	-	-	-	-
Net investing cashflow	(798)	(1,280)	(583)	(558)	(300)	(300)	(300)
Increase in loans	(940)	1,216	334	1,034	500	300	200
Dividends	(254)	(178)	(222)	(231)	(268)	(303)	(386)
Net equity raised/others	934	(193)	(697)	(387)	(396)	(361)	(369)
Net financing cashflow	(260)	845	(586)	416	(164)	(364)	(555)
Incr/(decr) in net cash	(183)	544	(832)	316	614	1,549	(572)
Exch rate movements	(133)	28	(20)	23	0	0	-
Opening cash	2,555	2,238	2,810	1,958	2,297	2,911	4,460
Closing cash	2,238	2,810	1,958	2,297	2,911	4,460	3,888
OCF PS (sen)	17.9	20.1	6.9	9.4	22.1	45.4	5.8
FCF PS (sen)	7.3	5.3	3.6	7.1	16.0	39.3	(0.4)

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)	36.3	134.9	105.3	(87.2)
FCF growth (% YoY)	(9.7)	(27.6)	(31.6)	97.3	125.3	146.0	(100.9)
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	4.3	4.0	3.4
Capex/op cashflow (%)	59.6	73.8	48.0	24.8	27.8	13.6	106.1
Operating cashflow payout ratio (%)	8.4	12.4	79.6	58.4	28.1	17.4	173.1
Cashflow payout ratio (%)	8.4	12.4	79.6	58.4	28.1	17.4	173.1
Free cashflow payout ratio (%)	20.7	47.6	153.1	77.6	39.0	20.2	-

DuPont analysis

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Ebit margin (%)	6.5	8.8	11.0	10.9	11.6	13.9	14.4
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	1.3	1.4
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	2.3	2.7	3.2
Leverage (x)	2.2	2.0	1.9	1.9	2.0	2.0	2.0
ROE (%)	4.6	2.2	5.7	5.3	6.3	7.4	8.9

EVA® analysis

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Ebit adj for tax	201	240	472	570	703	878	1,067
Average invested capital	8,005	7,445	6,644	6,766	7,271	7,060	7,471
ROIC (%)	2.5	3.2	7.1	8.4	9.7	12.4	14.3
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)	(0.2)	1.1	2.3	5.1	7.0
EVA (RMm)	(382)	(296)	(13)	75	170	362	521

Source: www.clsa.com



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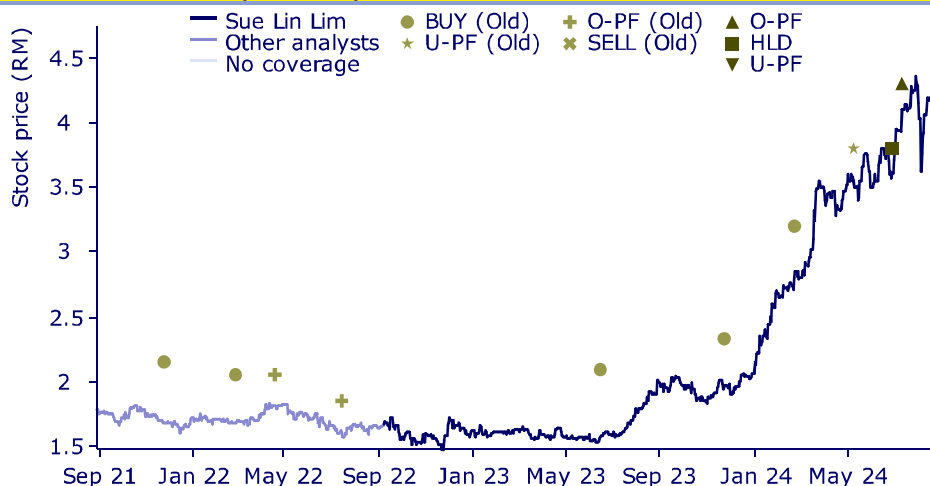
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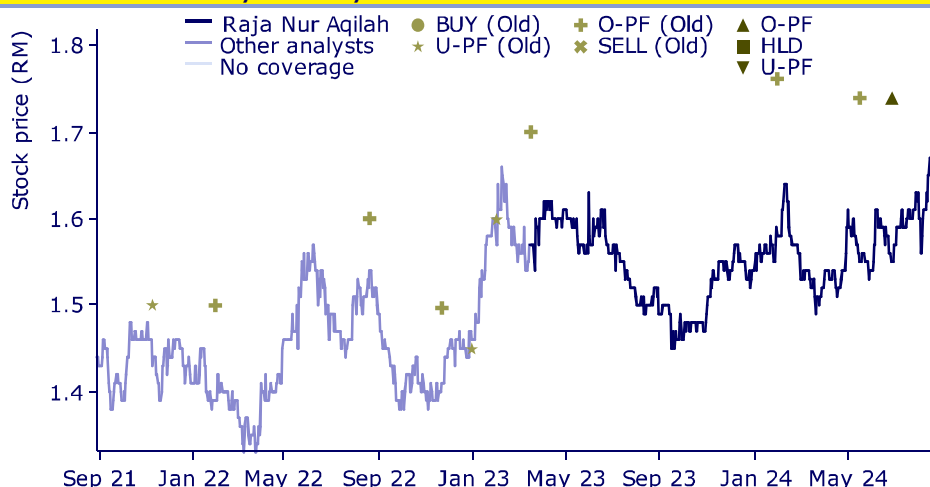
Date	Rec	Target	Date	Rec	Target
11 Jul 2024	O-PF	4.30	15 Jun 2023	BUY	2.09
28 Jun 2024	HLD	3.80	14 Jul 2022	O-PF	1.85
09 May 2024	U-PF	3.80	18 Apr 2022	O-PF	2.05
22 Feb 2024	BUY	3.20	26 Feb 2022	BUY	2.05
23 Nov 2023	BUY	2.33	25 Nov 2021	BUY	2.15

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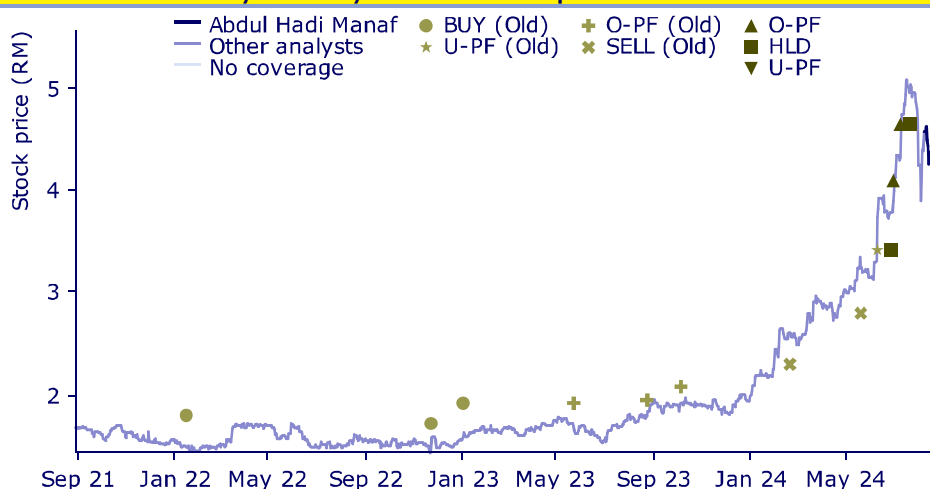
Recommendation history of Sunway Real Estate Investment SREIT MK



Date	Rec	Target	Date	Rec	Target
28 Jun 2024	O-PF	1.74	30 Dec 2022	U-PF	1.45
17 May 2024	O-PF	1.74	21 Nov 2022	O-PF	1.50
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

Note: At 6pm (HKT) on 28 June 2024, we changed our ratings to Outperform (O-PF), Hold (HLD) and Underperform (U-PF). Please see Key to CLSA/CLST investment rankings below for details. Source: CLSA

Recommendation history of Sunway Construction Group Bhd SCGB MK



Date	Rec	Target	Date	Rec	Target
22 Jul 2024	HLD	4.65	06 Oct 2023	O-PF	2.08
10 Jul 2024	O-PF	4.65	24 Aug 2023	O-PF	1.95
01 Jul 2024	O-PF	4.10	23 May 2023	O-PF	1.92
28 Jun 2024	HLD	3.42	03 Jan 2023	BUY	1.92
11 Jun 2024	U-PF	3.42	23 Nov 2022	BUY	1.72
21 May 2024	SELL	2.80	17 Jan 2022	BUY	1.80
21 Feb 2024	SELL	2.30			

Note: At 6pm (HKT) on 28 June 2024, we changed our ratings to Outperform (O-PF), Hold (HLD) and Underperform (U-PF). Please see Key to CLSA/CLST investment rankings below for details. Source: CLSA

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