

Malaysia Results Snapshot

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DBS Group Research . Equity

25 Aug 2021

Latest Results				
Company	Date	vs. Expect.	Results Highlights	Our Views & Catalysts
Property development				
Sunway	24-Aug-21	In line (2Q21)	<ul style="list-style-type: none"> Sunway Berhad (SWB) reported a stronger 2Q21 profit of RM70.5m which was a significant improvement compared to its 2Q20 core loss of RM3.9m. This takes 1H21 earnings to RM129m, accounting for 41% of our full-year projection. Property investment segment which includes retail, hospitality and leisure businesses incurred an RM16m pretax loss in 2Q21 due to the reimposition of lockdown measures. Collectively, construction, property development and healthcare segments accounted for 75% of 2Q21 pretax profit of RM79m. Healthcare division was the outperformer during the quarter as it emerged as the largest pretax earnings contributor of the group for the first time with a 35% share. 2Q21 property sales was slower at RM477m (-59% q-o-q, +418% y-o-y), bringing the 1H21 figure to RM1.6bn. This is on track to hit its FY21 revised sales target of RM2.2bn (RM1.6bn previously). SWB's unbilled sales reached a record high of RM3.56bn in 2Q21 which will provide strong earnings visibility over the next three years. 1sen interim DPS was proposed for 1H21. Balance sheet remained healthy with 57% net gearing as at end-2Q21. 	<ul style="list-style-type: none"> While the severe COVID-19 condition in Malaysia may further delay the long overdue recovery, we believe SWB will remain resilient in the face of adversity. We believe its retail, hospitality and leisure businesses will pick up strongly once the national immunisation programme covers a greater part of the population. Its earnings visibility remains high, anchored by its strong order book for the construction (RM4.8bn) and property development (RM3.56bn) divisions. We continue to like SWB for its underlying strength as an all-round integrated real estate player with strong brand equity which will ensure its long-term earnings sustainability. We maintain our BUY rating and sum-of-parts (SOP)-derived target price (TP) at RM2.15. <p style="text-align: right;">Analyst QUAH He Wei, CFA +603 2604 3966 hewei@alliancedbs.com</p>



ed: CK / sa: WMT, PY, CS



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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

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FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

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*Share price appreciation + dividends

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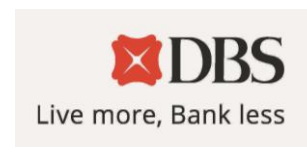
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