

# Results Snapshot



Refer to important disclosures at the end of this report

AllianceDBS Research, Malaysia Equity

28 February 2022

Latest Results				
Company	Date	vs. Expect.	Results Highlights	Our Views & Catalysts
<b>Property development</b>				
Sunway	25-Feb-22	Above (4Q21)	<ul style="list-style-type: none"> <li>Stripping out one-off gains of RM29.2m, Sunway Berhad (SWB) reported a strong 4Q21 profit of RM126m. Taking into account 4Q21 healthcare earnings of RM33.7m (to be classified under JV contribution in FY22 following its partial divestment), SWB's 4Q21 core profit was RM159m</li> <li>Therefore, FY21 core earnings came in at RM369m which accounted for 117% of our full-year forecast.</li> <li>The stronger-than-expected 4Q21 performance was attributed to higher contributions across its business divisions, particularly the construction pretax profit which surged 327% q-o-q and 134% y-o-y to a quarterly record of RM91m due to stronger margins.</li> <li>Collectively, the property development, healthcare and construction segments accounted for 69% of the RM270m 4Q21 pretax profit.</li> <li>4Q21 property sales came in at RM440m (-18% q-o-q, +14% y-o-y), bringing the FY21 figure to RM2.61bn which is an all-time high for SWB.</li> <li>Correspondingly, SWB's unbilled sales reached a record high of RM3.96bn in 4Q21 which will provide strong earnings visibility over the next three years.</li> <li>Balance sheet remained healthy with 45% net gearing as at end-4Q21.</li> </ul>	<ul style="list-style-type: none"> <li>As economic activities have return to normalcy despite the resurgence of COVID-19 cases recently, SWB should benefit from a steady economic recovery. Therefore, we believe its retail, hospitality and leisure businesses will benefit significantly over the next few quarters.</li> <li>SWB's earnings visibility remains high, anchored by its strong order book for the construction (RM4.75bn) and property development (RM3.96bn) divisions.</li> <li>Its diversified business portfolio with a proven track record will continue to underpin its long-term earnings visibility, leveraging on its superior integrated 'build-own-operate' model.</li> <li>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.</li> <li>We maintain our BUY rating and sum-of-parts (SOP)-derived target price (TP) at RM2.15.</li> </ul> <p style="text-align: right;"><b>Analyst</b> QUAH He Wei, CFA +603 2604 3966 hewei@alliancedbs.com</p>

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### DISCLOSURE

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#### Stock rating definitions

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 > -10% over the next 12 months
SELL	-	negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame

#### Commonly used abbreviations

Adex = advertising expenditure  
bn = billion  
BV = book value  
CF = cash flow  
CAGR = compounded annual growth rate  
Capex = capital expenditure  
CY = calendar year  
Div yld = dividend yield  
DCF = discounted cash flow  
DDM = dividend discount model  
DPS = dividend per share  
EBIT = earnings before interest & tax  
EBITDA = EBIT before depreciation and amortisation

EPS = earnings per share  
EV = enterprise value  
FCF = free cash flow  
FV = fair value  
FY = financial year  
m = million  
M-o-m = month-on-month  
NAV = net assets value  
NM = not meaningful  
NTA = net tangible assets  
NR = not rated  
p.a. = per annum  
PAT = profit after tax

PBT = profit before tax  
P/B = price / book ratio  
P/E = price / earnings ratio  
PEG = P/E ratio to growth ratio  
q-o-q = quarter-on-quarter  
RM = Ringgit  
ROA = return on assets  
ROE = return on equity  
TP = target price  
trn = trillion  
WACC = weighted average cost of capital  
y-o-y = year-on-year  
  
YTD = year-to-date

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