

22 November 2019

Property | Real Estate

## Sunway (SWB MK)

**Buy** (Maintained)

### Strong Earnings Momentum From All Divisions

|                              |                |
|------------------------------|----------------|
| Target Price (Return)        | MYR2.00 (+13%) |
| Price:                       | MYR1.77        |
| Market Cap:                  | USD2,104m      |
| Avg Daily Turnover (MYR/USD) | 5.8m/1.4m      |

- Maintain BUY, new MYR2.00 TP** from MYR1.95, 13% upside with c.5% FY20F yield. Sunway's 3Q19 results are within our expectations, but above the Street estimate. 9M19 property sales have already hit MYR1.1bn, so it should reach its MYR1.3bn sales target by year-end comfortably, by focusing solely on local projects. We expect 4Q18 earnings to be strong, on the expected handover of Sunway Gardens by December. Sunway remains our Top Pick for the sector.
- Results review.** 3Q19 earnings growth was mainly driven by stronger numbers from almost all segments. The healthcare unit saw stronger revenue growth YoY and QoQ, but EBIT for the quarter was affected by start-up losses of MYR6.8m from newly-opened Sunway Medical Centre Velocity. Earnings from property development were underpinned by healthy billings from local projects. The smaller segments – trading & manufacturing, as well as quarrying – recorded a stronger sequential growth momentum.
- Encouraging take-up rates for local projects.** New property sales in 3Q19 reached MYR365m, vs MYR472m in 2Q19. 9M19 new sales of MYR1.1bn were mainly contributed by Velocity Two (MYR338m), Sunway Avila (MYR187m), Sunway GeoLake townhouses/South Quay (MYR120m), as well as Sunway Gardens in Tianjin in China (MYR121m). The take-up rates for Velocity Two (Tower B) and Sunway Avila (Tower A) are at 99% and 90%.
- Rescheduled Singapore's Brookvale Park launch to 1H20.** The launch of Brookvale Park in Clementi Singapore (GDV: MYR1bn by effective stake) is now deferred to 1H20, as Sunway could not obtain all necessary approvals on time. The project was originally slated to be launched in 4Q18. However, this should not be a concern, as it has already secured MYR1.1bn in new sales, vs its MYR1.3bn sales target for the year. Given the sales momentum for local projects, management plans to roll out Sunway Avila Tower B (GDV: MYR230m) in December. We believe the demand for Tower B will be equally strong, given the success of Tower A, which was officially launched last May.
- We raise FY19-21 earnings forecasts by about 2%** in view of the strong 9M19 results. With the handover of Sunway Gardens in Tianjin in 4Q19, FY19 earnings could hit the MYR700m mark. As at 3Q19, unbilled sales inched up to MYR2.8bn, from MYR2.7bn as at 2Q19, while its outstanding construction orderbook declined slightly to MYR5.6bn, from MYR5.8bn as at 2Q19.
- New TP of MYR2.00.** As we update our RNAV estimates, new TP is based on an unchanged 40% discount to RNAV for the property division, with a 10% holding company applied.

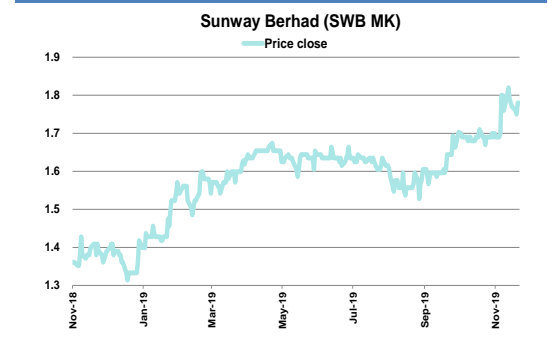
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#### Share Performance (%)

|                            | YTD          | 1m  | 3m   | 6m  | 12m  |
|----------------------------|--------------|-----|------|-----|------|
| Absolute                   | 23.5         | 5.3 | 12.4 | 6.4 | 25.2 |
| Relative                   | 28.4         | 2.0 | 11.4 | 5.9 | 29.9 |
| 52-wk Price low/high (MYR) | 1.333 – 1.84 |     |      |     |      |



Source: Bloomberg

| Forecasts and Valuation         | Dec-17 | Dec-18 | Dec-19F | Dec-20F | Dec-21F |
|---------------------------------|--------|--------|---------|---------|---------|
| Total turnover (MYRm)           | 5,375  | 5,410  | 5,543   | 5,818   | 6,193   |
| Recurring net profit (MYRm)     | 566    | 591    | 698     | 742     | 787     |
| Recurring net profit growth (%) | 3.5    | 4.4    | 18.1    | 6.3     | 6.1     |
| Recurring EPS (MYR)             | 0.12   | 0.12   | 0.14    | 0.15    | 0.16    |
| DPS (MYR)                       | 0.06   | 0.07   | 0.08    | 0.09    | 0.09    |
| Recurring P/E (x)               | 15.4   | 14.6   | 12.5    | 11.8    | 11.3    |
| P/B (x)                         | 1.11   | 1.02   | 0.99    | 0.97    | 0.94    |
| Dividend Yield (%)              | 3.4    | 4.0    | 4.5     | 4.8     | 5.1     |
| Return on average equity (%)    | 8.4    | 8.1    | 8.1     | 8.3     | 8.5     |
| Net debt to equity (%)          | 48.6   | 47.6   | 46.0    | 45.1    | 45.5    |
| Interest coverage (x)           | 3.1    | 2.6    | 2.7     | 2.8     | 3.0     |

Source: Company data, RHB

## Financial Exhibits

| Asia  | Financial summary                   | Dec-17        | Dec-18        | Dec-19        | Dec-20        | Dec-21        |
|---|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Malaysia  | Core EPS (MYR)                      | 0.12          | 0.12          | 0.14          | 0.15          | 0.16          |
| Property  | EPS (MYR)                           | 0.13          | 0.14          | 0.14          | 0.15          | 0.16          |
| Sunway  | DPS (MYR)                           | 0.06          | 0.07          | 0.08          | 0.09          | 0.09          |
| SWB MK  | BVPS (MYR)                          | 1.59          | 1.74          | 1.79          | 1.83          | 1.88          |
|   | ROE (%)                             | 8.36          | 8.07          | 8.09          | 8.29          | 8.49          |
|   | ROA (%)                             | 3.28          | 3.19          | 3.26          | 3.37          | 3.49          |
| <b>Valuation basis</b>                          |                                     |               |               |               |               |               |
| SOP   | <b>Valuation metrics</b>            | <b>Dec-17</b> | <b>Dec-18</b> | <b>Dec-19</b> | <b>Dec-20</b> | <b>Dec-21</b> |
| <b>Key drivers</b>                              | Core P/E (x)                        | 15.4          | 14.6          | 12.5          | 11.8          | 11.3          |
| Our FY19-21 forecasts are driven by:            | P/B (x)                             | 1.1           | 1.0           | 1.0           | 1.0           | 0.9           |
| i. Sales from new projects and existing stocks; | Dividend yield (%)                  | 3.4           | 4.0           | 4.5           | 4.8           | 5.1           |
| ii. Unbilled sales                              | EV/EBITDA (x)                       | 15.8          | 19.7          | 19.0          | 18.7          | 18.0          |
| <b>Key risks</b>                                |                                     |               |               |               |               |               |
| The downside risks include:                     | <b>Income statement (MYRm)</b>      | <b>Dec-17</b> | <b>Dec-18</b> | <b>Dec-19</b> | <b>Dec-20</b> | <b>Dec-21</b> |
| i. Worse-than-expected economic growth;         | Total turnover                      | 5,375         | 5,410         | 5,543         | 5,818         | 6,193         |
| ii. Delay in launches;                          | Gross profit                        | 1,532         | 1,404         | 1,441         | 1,425         | 1,505         |
| iii. Cancellation of infrastructure projects.   | EBITDA                              | 826           | 701           | 748           | 785           | 852           |
|   | Operating profit                    | 687           | 560           | 617           | 651           | 706           |
|   | Net interest                        | (23)          | 62            | 39            | 46            | 53            |
|   | Exceptional items                   | 73            | 68            | 0             | 0             | 0             |
|   | Pre-tax profit                      | 882           | 851           | 921           | 979           | 1,039         |
|   | Taxation                            | (149)         | (122)         | (140)         | (149)         | (158)         |
|   | Net profit                          | 640           | 659           | 698           | 742           | 787           |
|   | Core net profit                     | 566           | 591           | 698           | 742           | 787           |
|   | <b>Cash flow (MYRm)</b>             | <b>Dec-17</b> | <b>Dec-18</b> | <b>Dec-19</b> | <b>Dec-20</b> | <b>Dec-21</b> |
|   | Cash flow from operations           | 803           | 794           | 771           | 713           | 797           |
|   | Capex                               | (970)         | (914)         | (700)         | (700)         | (800)         |
|   | Cash flow from investing activities | (621)         | (912)         | (700)         | (700)         | (800)         |
|   | Cash flow from financing activities | 243           | 868           | 136           | 507           | 410           |
|   | Cash at beginning of period         | 1,823         | 2,237         | 2,975         | 3,182         | 3,701         |
|   | Net change in cash                  | 413           | 738           | 207           | 520           | 408           |
|   | Ending balance cash                 | 2,237         | 2,975         | 3,182         | 3,701         | 4,109         |
|   | <b>Balance sheet (MYRm)</b>         | <b>Dec-17</b> | <b>Dec-18</b> | <b>Dec-19</b> | <b>Dec-20</b> | <b>Dec-21</b> |
|   | Total cash and equivalents          | 4,446         | 5,134         | 5,355         | 5,159         | 4,960         |
|   | Tangible fixed assets               | 5,346         | 6,192         | 6,264         | 6,337         | 6,481         |
|   | Intangible assets                   | 327           | 332           | 332           | 332           | 332           |
|   | Total investments                   | 5,211         | 5,327         | 5,327         | 5,327         | 5,327         |
|   | Total other assets                  | 4,884         | 4,101         | 4,538         | 5,075         | 5,734         |
|   | Total assets                        | 20,214        | 21,086        | 21,816        | 22,230        | 22,833        |
|   | Short-term debt                     | 4,910         | 6,057         | 6,057         | 6,057         | 6,057         |
|   | Total long-term debt                | 3,349         | 3,118         | 3,337         | 3,207         | 3,196         |
|   | Total liabilities                   | 11,731        | 11,982        | 12,324        | 12,330        | 12,504        |
|   | Shareholders' equity                | 7,840         | 8,485         | 8,790         | 9,109         | 9,445         |
|   | Minority interests                  | 643           | 620           | 703           | 791           | 884           |
|   | Total equity                        | 8,483         | 9,105         | 9,492         | 9,900         | 10,330        |
|   | Total liabilities & equity          | 20,214        | 21,086        | 21,816        | 22,230        | 22,833        |
|   | <b>Key metrics</b>                  | <b>Dec-17</b> | <b>Dec-18</b> | <b>Dec-19</b> | <b>Dec-20</b> | <b>Dec-21</b> |
|   | Revenue growth (%)                  | 13.7          | 0.7           | 2.5           | 5.0           | 6.5           |
|   | Core net profit growth (%)          | 3.5           | 4.4           | 18.1          | 6.3           | 6.1           |
|   | Core EPS growth (%)                 | 3.5           | 5.4           | 17.0          | 5.2           | 5.0           |
|   | Gross margin (%)                    | 13.1          | (8.4)         | 2.7           | (1.1)         | 5.6           |
|   | Core net profit margin (%)          | 10.5          | 10.9          | 12.6          | 12.8          | 12.7          |
|   | Dividend payout ratio (%)           | 46.1          | 52.6          | 56.3          | 56.9          | 57.4          |

Source: Company data, RHB

## Results Review

Figure 1: Quarterly results

| FYE Dec (MYR mil)       | 3Q18           | 2Q19           | 3Q19           | QoQ (%)       | YoY (%)       | 9M18           | 9M19           | YoY (%)       | Comments   |
|-------------------------|----------------|----------------|----------------|---------------|---------------|----------------|----------------|---------------|--|
| <b>Turnover</b>         | <b>1,444.6</b> | <b>1,077.2</b> | <b>1,226.5</b> | <b>13.9</b>   | <b>(15.1)</b> | <b>4,040.1</b> | <b>3,427.3</b> | <b>(15.2)</b> |  |
| Prop dev                | 194.8          | 113.6          | 126.2          | 11.1          | (35.2)        | 415.8          | 327.7          | (21.2)        | Revenue was higher QoQ due to higher sales and progress billings from local projects.  |
| Prop invt               | 237.8          | 176.1          | 209.7          | 19.1          | (11.8)        | 674.5          | 582.5          | (13.6)        | The drop in 9M19 revenue was due to the loss of rental income after the disposal of Sunway University assets to Sunway RET   |
| Construction            | 465.4          | 293.5          | 315.6          | 7.5           | (32.2)        | 1,358.8        | 955.2          | (29.7)        |  |
| Trading & Manufacturing | 296.9          | 230.0          | 246.2          | 7.0           | (17.1)        | 861.6          | 727.6          | (15.5)        |  |
| Quarry                  | 56.3           | 52.6           | 114.9          | 118.2         | 104.2         | 164.2          | 211.7          | 29.0          |  |
| Healthcare              | 116.9          | 140.8          | 154.4          | 9.6           | 32.1          |                |                |               | Revenue was higher YoY due to increased number of beds and higher outpatient treatments.   |
| Investment holdings     | 1.8            | 0.9            | 0.8            | n.m.          | n.m.          | 3.4            | 2.5            | (25.7)        |  |
| Others                  | 191.7          | 69.7           | 58.7           | (15.7)        | (69.4)        | 562.0          | 198.1          | (64.8)        |  |
| <b>EBIT</b>             | <b>159.7</b>   | <b>167.3</b>   | <b>174.2</b>   | <b>4.1</b>    | <b>9.1</b>    | <b>455.8</b>   | <b>459.2</b>   | <b>0.8</b>    |  |
| <b>EBIT Margin (%)</b>  | <b>11.1%</b>   | <b>15.5%</b>   | <b>14.2%</b>   |               |               | <b>11.3%</b>   | <b>13.4%</b>   |               |  |
| Prop dev                | 33.9           | 21.6           | 45.1           | 108.3         | 33.0          | 95.5           | 85.6           | (10.4)        |  |
| Prop invt               | 60.2           | 67.1           | 52.2           | (22.1)        | (13.2)        | 173.6          | 172.1          | (0.8)         | EBIT was lower due to the disposal gain and fair value gains from revaluation of Sunway RET properties in 2Q19.  |
| Construction            | 47.6           | 41.5           | 34.9           | (15.9)        | (26.7)        | 132.7          | 116.4          | (12.3)        |  |
| Trading & Manufacturing | 17.6           | 8.5            | 16.7           | 95.6          | (5.0)         | 47.9           | 34.0           | (29.0)        |  |
| Quarry                  | 2.4            | 1.2            | 3.9            | 227.0         | 67.4          | 8.1            | 6.2            | (23.6)        |  |
| Healthcare              | 13.3           | 17.6           | 14.7           | (16.8)        | 10.3          |                |                |               | The lower EBIT margin for healthcare was due to the operating losses of MYR6.8m arising from the newly opened Sunway Medical Centre Velocity, that partially offset the strong performance at Sunway Medical Centre. |
| Investment holdings     | (23.9)         | 3.5            | 0.5            | n.m.          | (101.9)       | (60.5)         | (17.6)         | (70.9)        |  |
| Others                  | 22.0           | 6.2            | 6.2            | 0.2           | (71.6)        | 58.4           | 17.1           | (70.8)        |  |
| Exceptional items       | 0.0            | (43.6)         | 0.0            | n.m.          | n.m.          | (59.2)         | (43.6)         | (26.4)        |  |
| Finance cost            | (3.4)          | (66.8)         | (63.0)         | (5.7)         | 1731.2        | (23.9)         | (112.0)        | 369.2         |  |
| Asso & JV               | 37.7           | 82.1           | 48.1           | (41.5)        | 27.6          | 165.2          | 171.9          | 4.1           |  |
| Other income            | 0.0            | 0.0            | 0.0            | n.m.          | n.m.          | 0.0            | 0.0            | 0.0           |  |
| Pretax profit           | 194.0          | 253.2          | 223.3          | (11.8)        | 15.1          | 597.1          | 653.8          | 9.5           |  |
| <b>PBT margin (%)</b>   | <b>13.4%</b>   | <b>23.5%</b>   | <b>18.2%</b>   |               |               | <b>14.8%</b>   | <b>19.1%</b>   |               |  |
| Tax                     | (27.1)         | 9.4            | (21.1)         | (324.0)       | (22.2)        | (76.9)         | (37.0)         | (51.9)        | The lower tax in 2Q19 was due to the reversal of provision for deferred tax pertaining to balancing charge due to a disposal of property.  |
| <b>Tax (%)</b>          | <b>13.9%</b>   | <b>-3.7%</b>   | <b>9.4%</b>    |               |               | <b>12.9%</b>   | <b>5.7%</b>    |               |  |
| PAT                     | 166.9          | 262.6          | 202.3          | (23.0)        | 21.2          | 520.1          | 616.8          | 18.6          |  |
| MI                      | (21.6)         | (16.2)         | (18.8)         | 16.7          | (12.7)        | (53.5)         | (50.5)         | (5.5)         |  |
| <b>Net profit</b>       | <b>145.3</b>   | <b>246.5</b>   | <b>183.4</b>   | <b>(25.6)</b> | <b>26.2</b>   | <b>466.7</b>   | <b>566.3</b>   | <b>21.4</b>   | 2Q19 net profit included fair value gains from Sunway RET and disposal gain on Sunway University assets.   |
| <b>Core net profit</b>  | <b>145.3</b>   | <b>202.9</b>   | <b>183.4</b>   | <b>(9.6)</b>  | <b>26.2</b>   | <b>407.5</b>   | <b>522.7</b>   | <b>28.3</b>   | In line with our expectation but above consensus estimate.   |
| <b>Net margin (%)</b>   | <b>10.1</b>    | <b>18.8</b>    | <b>15.0</b>    |               |               |                |                |               |  |
| EPS (sen)               | 3.0            | 4.7            | 3.4            |               |               | 9.6            | 10.9           |               |  |
| NTA (RM)                | 1.67           | 1.68           | 1.70           |               |               | 4.97           | 5.04           |               |  |
| DPS (sen)               | 0.0            | 4.6            | 0.0            |               |               | 3.5            | 4.6            |               |  |
| <b>EBIT margin:</b>     |                |                |                |               |               |                |                |               |  |
| Prop dev                | 17.4%          | 19.1%          | 35.7%          |               |               | 23.0%          | 26.1%          |               |  |
| Prop invt               | 25.3%          | 38.1%          | 24.9%          |               |               | 25.7%          | 29.6%          |               |  |
| Construction            | 10.2%          | 14.1%          | 11.1%          |               |               | 9.8%           | 12.2%          |               |  |
| Trading & Manufacturing | 5.9%           | 3.7%           | 6.8%           |               |               | 5.6%           | 4.7%           |               |  |
| Quarry                  | 4.2%           | 2.3%           | 3.4%           |               |               | 5.0%           | 2.9%           |               |  |
| Healthcare              | 0.0%           | 12.5%          | 9.5%           |               |               |                |                |               |  |
| Investment holdings     | n.m.           | n.m.           | n.m.           |               |               | n.m.           | n.m.           |               |  |
| Others                  | 11.5%          | 8.9%           | 10.6%          |               |               | 10.4%          | 8.6%           |               |  |

Source: Company data, RHB

Figure 2: RNAV estimate

| Developments  | Remaining                |                   | Effective stake           | NPV @ 10%          |                             |
|---|--------------------------|-------------------|---------------------------|--------------------|-----------------------------|
|   | Landbank (acre)          | GDV (MYR m)       |                           |                    |                             |
| <b>Selangor/KL</b>                                      |                          |                   |                           |                    |                             |
| Sunway Damansara  | 21.70                    | 2,235.30          | 60%                       | 226.6              |                             |
| Sunway South Quay                                       | 29.90                    | 2,486.70          | 100%                      | 350.5              |                             |
| Sunway Monterez   | 4.40                     | 38.00             | 60%                       | 3.0                |                             |
| Sunway Semenyih   | 526.10                   | 728.59            | 70%                       | 58.6               |                             |
| Sunway Cheras   | 2.90                     | 16.82             | 100%                      | 1.7                |                             |
| Sunway Duta   | 3.16                     | 120.00            | 60%                       | 7.3                |                             |
| Sunway Resort City                                      | 7.7                      | 660               | 100%                      | 105.5              |                             |
| Sunway Velocity   | 2.20                     | 1,983.98          | 85%                       | 206.7              |                             |
| Sunway Velocity 2                                       | 5.50                     | 1,360.00          | 50%                       | 48.4               |                             |
| Sunway Tower KL 1                                       | 1.90                     | 240.00            | 100%                      | 21.7               |                             |
| Sunway Termuning  | 28.90                    | 277.00            | 80%                       | 16.8               |                             |
| Sg Long   | 28.90                    | 277.00            | 80%                       | 21.6               |                             |
| Mont Putra, Rawang                                      | 163.00                   | 156.00            | 100%                      | 14.1               |                             |
| Kelana Jaya   | 14.00                    | 1,450.00          | 100%                      | 115.3              |                             |
| Subang industrial                                       | 4.20                     | 52.00             | 70%                       | 3.8                |                             |
| Jalan Belfield  | 4.53                     | 1,100.00          | 100%                      | 87.4               |                             |
| Kajang TOD  | 5.28                     | 460.00            | 60%                       | 21.2               |                             |
| USJ 1   | 14.80                    | 1,400.00          | 100%                      | 111.8              |                             |
| Sunway Avila  | 2.30                     | 270.00            | 55%                       | 13.6               |                             |
| New land in Wangsa Maju                                 | 3.69                     | 300.00            | 55%                       | 12.1               |                             |
| Kota Damansara  | 9.46                     | 544.00            | 60%                       | 36.3               |                             |
| Mutiara Bukit Jalil                                     | 11.80                    | 800.00            | 100%                      | 56.3               |                             |
| Dengkil (Emerald Tycoon)                                | 74.50                    | 796.60            | 100%                      | 38.6               |                             |
| Dengkil (Sunway Mas)                                    | 64.30                    | -                 | 100%                      | -                  |                             |
| <b>Perak</b>  |                          |                   |                           |                    |                             |
| Sunway City Ipoh  | 336.4                    | 928.40            | 96%                       | 122.9              |                             |
| <b>Penang</b>   |                          |                   |                           |                    |                             |
| Sunway Hills  | 80.70                    | 849.00            | 100%                      | 74.3               |                             |
| Sunway Wellesley, Bukit Mertajam                        | 51.47                    | 710.47            | 100%                      | 73.8               |                             |
| Paya Terubong   | 24.90                    | 1,500.00          | 100%                      | 131.9              |                             |
| Sunway Tunas, Balik Pulau                               | 9.00                     | 60.00             | 100%                      | 6.3                |                             |
| Sunway Betong, Balik Pulau                              | 19.87                    | 110.00            | 100%                      | 11.5               |                             |
| <b>S'pore</b>   |                          |                   |                           |                    |                             |
| Anchorvale Lane, Sengkang (Rivercove EC)                | 5.19                     | 1,560.00          | 30%                       | 43.6               |                             |
| Brookvale Park (Clementi)                               | 8.56                     | 3,000.00          | 30%                       | 85.3               |                             |
| Canberra Link, Sembawang                                | 4.46                     | 1,500.00          | 35%                       | 45.9               |                             |
| Tampines EC   | 6.16                     | 2,400.00          | 35%                       | 63.7               |                             |
| <b>Johor</b>  |                          |                   |                           |                    |                             |
| Bukit Lenang  | 64.79                    | 698.40            | 80%                       | 53.6               |                             |
| Medini  | 632.80                   | 10,616.00         | 60%                       | 477.8              |                             |
| Pendas  | 1,079.07                 | 18,000.00         | 60%                       | 555.5              |                             |
| <b>China</b>  |                          |                   |                           |                    |                             |
| Sunway Guanghao   | 3.73                     | 66.78             | 65%                       |                    |                             |
| Tianjin Eco City  | 6.23                     | 575.02            | 60%                       | 27.7               |                             |
| Tianjin Phase 3   | 6.85                     | 780.00            | 60%                       | 35.5               |                             |
| <b>India</b>  |                          |                   |                           |                    |                             |
| Sunway OPUS Grand India                                 | 23.80                    | 702.36            | 50%                       | 21.0               |                             |
| Sunway MAK Signature Residence (JV with M.A.K Builders) | 14.00                    | 181.22            | 60%                       | 6.8                |                             |
| Unbilled sales  |                          |                   |                           | 300.0              |                             |
| <b>TOTAL</b>  | <b>3,449.52</b>          | <b>66,943.72</b>  |                           | <b>3,716.18</b>    |                             |
| <b>Investment properties</b>                            |                          |                   |                           |                    |                             |
|   | <b>Est. market value</b> | <b>Book value</b> | <b>Equity</b>             | <b>Net surplus</b> |                             |
|   | <b>(MYR m)</b>           | <b>(MYR m)</b>    | <b>interest</b>           | <b>(MYR m)</b>     |                             |
| Monash University Campus                                | 302.8                    | 302.8             | 100%                      | 0                  |                             |
| Monash U Residence                                      | 239.0                    | 239.0             | 100%                      | 0                  |                             |
| Sunway Geo Tower  | 163.2                    | 111.0             | 100%                      | 52.2               |                             |
| Sunway Hotel Georgetown                                 | 60.0                     | 37.6              | 100%                      | 22.4               |                             |
| Sunway Hotel Phnom Penh                                 | 19.0                     | 19.0              | 53%                       | 0                  |                             |
| Sunway Hotel Hanoi                                      | 5.0                      | 5.0               | 100%                      | 0                  |                             |
| Sunway Giza   | 50.0                     | 50.0              | 60%                       | 0                  |                             |
| Sunway Pinnacle   | 435.0                    | 379.0             | 100%                      | 56.0               |                             |
| Sunway Velocity Mall                                    | 1,350.0                  | 805.0             | 59%                       | 321.6              |                             |
| Sunway Citrine Hub                                      | 42.0                     | 42.0              | 60%                       | 0.0                |                             |
| Sunway Geo Avenue                                       | 94.0                     | 94.0              | 100%                      | 0.0                |                             |
| Subtotal  |                          |                   |                           | 4,168.33           |                             |
| Shareholders' equity (ex cons. & healthcare)            |                          |                   |                           | 7,374.36           |                             |
| Total   |                          |                   |                           | 11,542.70          |                             |
| Discount to Property RNAV                               |                          |                   |                           | 40%                |                             |
| Discounted Property RNAV                                |                          |                   |                           | 6,925.62           |                             |
| <b>Other divisions</b>                                  |                          |                   |                           |                    |                             |
|   | <b>Market value</b>      | <b>Book value</b> | <b>Est. FY20 earnings</b> | <b>PE target</b>   | <b>Equity value surplus</b> |
|   | <b>(MYR m)</b>           | <b>(MYR m)</b>    | <b>(MYR m)</b>            | <b>(x)</b>         | <b>(MYR m)</b>              |
| 40.9% Sunway REIT                                       | 2,409.0                  | 1,479.0           |                           |                    | 930.01                      |
| 54.4% Sunway Construction                               | 1,470.1                  | 844.1             |                           |                    | 626.02                      |
| Healthcare  |                          |                   | 65                        | 25                 | 1,625.00                    |
| Others  |                          |                   | 58                        | 15                 | 870.00                      |
| Total   |                          |                   |                           |                    | 10,976.65                   |
| ESOS proceeds   |                          |                   |                           |                    | 151.21                      |
| Warrants conversion @ MYR1.86                           |                          |                   |                           |                    | 1,171.74                    |
| Total RNAV  |                          |                   |                           |                    | 12,299.60                   |
| Holding company discount                                |                          |                   |                           |                    | 10%                         |
| Discounted RNAV   |                          |                   |                           |                    | 11,069.64                   |
| Share base (mil)  |                          |                   |                           |                    | 5,548.08                    |
| TP (MYR)  |                          |                   |                           |                    | 2.00                        |

Source: RHB

## RHB Guide to Investment Ratings

|                     |  |
|---------------------|--|
| <b>Buy:</b>         | Share price may exceed 15% over the next 12 months   |
| <b>Trading Buy:</b> | Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain |
| <b>Neutral:</b>     | Share price may fall within the range of +/- 10% over the next 12 months                         |
| <b>Take Profit:</b> | Target price has been attained. Look to accumulate at lower levels                               |
| <b>Sell:</b>        | Share price may fall by more than 10% over the next 12 months                                    |
| <b>Not Rated:</b>   | Stock is not within regular research coverage  |

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