

SUNWAY®



SUNWAY BERHAD

Q2 2018 RESULTS BRIEFING PACK

21 AUGUST 2018

1) Year on Year

- Revenue up 3.8%.
- PATMI up 1.7%.
- PATMI would have been up by 16.2% if not for the adoption of MFRS 15*.
- Higher first interim dividend of 3.5 sen per share.

2) Quarter on Quarter

- PBT up 50.6% and PATMI up 63.6% due to share of fair value gains from Sunway REIT and better overall operational performance across most business segments.

3) Key Indicators

- Property Sales (as at 30 June 2018): **RM 840 million** (Effective: RM 800 million)
- Property Sales YTD (as at August 2018): **RM 1.3 billion**
- Property Unbilled Sales (as at 30 June 2018) : **RM 1.5 billion** (Effective: RM 1.4 billion)
- Construction Outstanding Order Book : **RM 5.8 billion**
- YTD 2018 Order Book Replenishment : **RM 854 million**

* With the adoption of MFRS 15, progressive development profits of RM28.3 million which could have been recognised in the current quarter from the Group's Rivercove Residences project in Singapore has to be deferred until its completion.

Overview of Key Performance Highlights

RM'mil	Q2 FY 2018 (Unaudited) Apr - Jun 2018	Q2 FY 2017 (Restated) Apr - Jun 2017	Q1 FY 2018 (Unaudited) Jan - Mar 2018	YTD 2018 (Unaudited) Jan - Jun 2018	YTD 2017 (Restated) Jan - Jun 2017
Revenue	1,287.1	1,240.5	1,308.4	2,595.5	2,329.3
EBIT	255.0	288.9	168.5	423.5	447.2
EBIT Margin	19.8%	23.3%	12.9%	16.3%	19.2%
PBT	242.2	270.2	160.9	403.1	421.8
PBT Margin	18.8%	21.8%	12.3%	15.5%	18.1%
PATMI	199.4	196.1	121.9	321.4	302.9
PATMI Margin	15.5%	15.8%	9.3%	12.4%	13.0%
EPS (sen) *	4.09	4.11 [#]	2.49	6.58	6.39 [#]

The following items were included in the calculation of the profit of the Group:

(RM'mil)	Q2 2018		Q2 2017		Q1 2018		YTD 2018		YTD 2017	
	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI
Fair value gain (associate)	(59.2)	(59.2)	(56.8)	(56.8)	-	-	(59.2)	(59.2)	(56.8)	(56.8)

* Based on weighted average number of shares on respective dates.

[#] The earnings per share has been adjusted to reflect the bonus issue of four (4) bonus shares for every three (3) existing Sunway shares held by the entitled shareholders, which was completed on 6 October 2017.

Balance Sheet and Gearing

	30/6/2018 (Unaudited)	31/3/2018 (Unaudited)
Non-current Assets	11,162.0	10,995.3
Current Assets	9,976.6	9,112.7
Total Assets	21,138.6	20,108.0
Current Liabilities	8,452.1	7,608.5
Non-current Liabilities	3,947.6	3,744.3
Total Liabilities	12,399.7	11,352.8
Shareholders' Funds	8,101.5	8,104.0
Non-Controlling Interests	637.4	651.2
Total Equity	8,738.9	8,755.2
Total Equity & Liabilities	21,138.6	20,108.0
Total Borrowings	9,056.1	7,882.4
Cash and bank balances and placement in funds	5,174.8	4,514.2
Net Gearing Ratio [^]	0.44	0.38
Share Capital	5,372.6	5,371.5
Number of Ordinary Shares	4,919.8	4,919.1
Net Assets Per Share	1.65	1.65

[^] Net Gearing = (Total Borrowings – Cash and bank balances and placement in funds) / Total Equity

Property Development Segmental Review

	<u>Q2 2018</u>	<u>Q2 2017[^]</u>	<u>Q1 2018</u>	<u>YTD 2018</u>	<u>YTD 2017[^]</u>
Revenue (RM'mil)	88.7	270.7	132.3	221.0	411.4
Operating Profit (RM'mil)	44.0	64.8	17.6	61.6	75.3
OP Margin	49.6%	23.9%	13.3%	27.9%	18.3%
EBIT (RM'mil) (incl. share of associates & JCE)	44.3	74.0	22.8	67.1	97.0
EBIT Margin (incl. share of associates & JCE)	49.9%	27.3%	17.3%	30.4%	23.6%

[^]Based on restated figures

Review of Performance

- Yoy, performance is lower due to lower progress billings from local development projects. Performance in Q2 2017 was also boosted by the completion and handover of Sunway Geo Residences in Sunway South Quay during the quarter.
- Qoq, revenue is lower due to lower progress billings from local development projects, following the handover of Sunway V-Residence Suites in the preceding quarter.
- Qoq, operating profit and EBIT are higher primarily due to realisation of the foreign exchange gains from the Group's accumulated profits arising from its Singapore property development projects.
- EBIT in the current quarter would have been even higher if not for the adoption of MFRS 15 on the Group's Rivercove Residences project in Singapore, for which the Group can only recognise the development profits upon its completion.

Property Investment Segmental Review

	<u>Q2 2018</u>	<u>Q2 2017[^]</u>	<u>Q1 2018</u>	<u>YTD 2018</u>	<u>YTD 2017[^]</u>
Revenue (RM'mil)	216.7	207.4	220.0	436.7	394.3
Operating Profit (RM'mil)	54.1	45.4	59.3	113.4	91.5
OP Margin	25.0%	21.9%	26.9%	26.0%	23.2%
EBIT (RM'mil) (incl. share of associates & JCE)	142.6*	130.4*	92.2	234.8*	206.6*
EBIT Margin (incl. share of associates & JCE)	65.8%	62.9%	41.9%	53.8%	52.4%

* Includes fair value gain of investment properties of Sunway REIT

[^] Based on restated figures

Review of Performance

- Yoy, revenue is higher due to higher occupancy at the Group's portfolio of investment properties, and additional contribution from new properties such as Sunway Velocity Hotel and Sunway Geo in Sunway South Quay.
- Yoy, operating profit and EBIT are higher due to better performance registered by Sunway Velocity Mall as compared to the initial period. EBIT is also higher due to share of higher fair value gains from revaluation of Sunway REIT properties.
- Qoq, revenue and operating profit are largely in line with the preceding quarter.
- Qoq, EBIT is higher due to share of fair value gains from revaluation of Sunway REIT properties of RM59.2 million in the current quarter. However, this was partly offset by lower contributions from the other operations in the current quarter.

Construction Segmental Review

	<u>Q2 2018</u>	<u>Q2 2017[^]</u>	<u>Q1 2018</u>	<u>YTD 2018</u>	<u>YTD 2017[^]</u>
Revenue (RM'mil)	449.7	310.9	443.7	893.4	627.7
Operating Profit (RM'mil)	46.2	44.7	38.8	85.0	82.9
OP Margin	10.3%	14.4%	8.8%	9.5%	13.2%
EBIT (RM'mil) (incl. share of associates & JCE)	46.2	45.1	38.9	85.1	83.4
EBIT Margin (incl. share of associates & JCE)	10.3%	14.5%	8.8%	9.5%	13.3%

[^] Based on restated figures

Review of Performance

- Yoy, revenue is higher due to higher progress billings from local construction projects and lower intra-group eliminations.
- Yoy, operating profit and EBIT, however, are only marginally higher due to lower profit contribution from the precast division.
- Qoq, revenue is higher due to higher progress billings from local construction projects.
- Qoq, operating profit and EBIT are higher in line with the higher revenue and due to lower intra-group eliminations.

Construction Order Book – RM5.8 billion

Infrastructure/Piling

LRT 3: Package GS07-08
MRT Package V201 & S201 (Sungai Buloh - Persiaran Dagang)
BBCC - Bore Piling
MRT Package V201 - Advance Works
SUKÉ & DASH - Bore Piling
Others

Building

Putrajaya Parcel F
KLCC (NEC, Package 2 and Package 2A)
Hospital Universiti Kebangsaan Malaysia (MEP Works)
International School of Kuala Lumpur
Gas District Cooling Plant 1 Putrajaya
PPA1M Project Kota Bharu
Shah Alam Warehouse

Internal

Sunway Velocity Medical Centre
Sunway Medical Centre 4
Sunway Iskandar - Emerald Residences
Sunway Iskandar - Retail Complex
Sunway Serene - Serviced Residences
Sunway Geo Lake
Sunway Carnival Extension
Sunway Medical Centre Seberang Jaya
Others

Singapore

Precast



Putrajaya Parcel F



ISKL



S201 MRT Station

Thank You

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Next quarter announcement on 21 November 2018

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