

Sunway Bhd

3Q13 results: Earnings beat, but we maintain forecast given caution ahead; prefer IJM Land

Sunway Bhd's (SWB's) 9M13 earnings beat expectations, but we maintain our forecast given caution ahead after Budget 2014 cooling measures. While Iskandar, Johor is seen to be hardest hit by the measures, SWB is starting from a zero base (so it has more to gain than to lose) and, we believe, has an edge over rivals given its strong product concept (landed township) and execution track record. Its property investment and construction units should also help cushion the impact of a slowdown. Shares are vulnerable short-term, but we like SWB's longer-term fundamentals. We remain OW, but prefer IJM Land.

- 9M13 results.** Core net profit rose 38% Y/Y, to M\$325.4mn, representing 85% of our full-year forecast and 82% of consensus. For 3Q13, core profit rose 32% Y/Y and 12% Q/Q. Profit growth was driven by the property development and construction units (the latter benefiting from higher order book), though property investment profits fell 7% Y/Y due to softer hotel and theme park earnings, and refurbishments. The positive surprise came mainly from associates, which made up 26% of pretax in 3Q13 (namely, the Singapore property development operations), and lower tax rates.
- Prospects.** Our forecast is unchanged. SWB achieved M\$1.1bn in new property sales for 9M13, or 80% of our full-year forecast of M\$1.38bn. Unbilled sales stood at M\$2.2bn, or 2x historical revenue, as of 9M13. In our 28-Oct-13 update on SWB, we cut earnings to incorporate areas of risk following the property measures. Better stability for the property investment division and higher construction earnings should help cushion the impact of slower property development prospects. Iskandar is estimated to account for no more than 14-19% of new property sales over FY14/15 (property development accounts for 51% of SWB's earnings).
- Our Jun-14 PT of M\$3.60** is based on a 30% discount to RNAV, in line with the sector's historical mean. In a worst-case scenario, stripping out value accretion from Iskandar projects and valuing the assets at just book cost of M\$20psf (vs. recent transactions at M\$35-147psf), our PT would fall to M\$2.50 at a 37% discount to RNAV (-1SD from historical sector mean).

Overweight

SWAY.KL, SWB MK

Price: M\$2.63

Price Target: M\$3.60

Malaysia

Property

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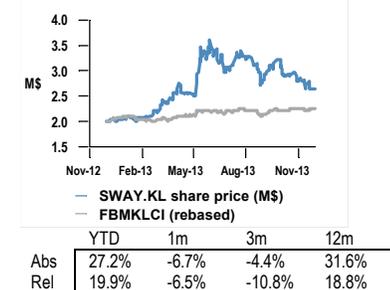
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Price Performance



Sunway Bhd (Reuters: SWAY.KL, Bloomberg: SWB MK)

M\$ in mn, year-end Dec	FY11A	FY12A	FY13E	FY14E	FY15E
Revenue (M\$ mn)	3,692	3,849	4,590	4,794	4,809
Reported Net Profit (M\$ mn)	388	531	345	401	448
Core Net Profit (M\$ mn)	327	349	386	442	476
Reported EPS (M\$)	0.30	0.41	0.20	0.23	0.26
Core FD EPS (M\$)	0.22	0.23	0.20	0.23	0.25
DPS (M\$)	0.00	0.05	0.04	0.05	0.05
Revenue growth (%)	19.0%	4.3%	19.2%	4.5%	0.3%
Core EPS growth (%)	(0.5%)	6.4%	(13.7%)	13.9%	7.4%
ROCE	17.5%	16.8%	12.2%	13.8%	14.8%
ROE	10.5%	11.0%	9.8%	9.7%	9.7%
Adjusted P/E	11.9	11.2	13.0	11.4	10.6
P/BV (x)	1.3	1.0	1.1	1.0	0.9
EV/EBITDA (x)	13.2	10.3	11.4	11.0	11.1
Dividend Yield	0.0%	1.9%	1.6%	1.9%	2.0%

Source: Company data, Bloomberg, J.P. Morgan estimates.

Company Data	
Shares O/S (mn)	1,724
Market Cap (M\$ mn)	4,533
Market Cap (\$ mn)	1,402
Price (M\$)	2.63
Date Of Price	29 Nov 13
Free Float(%)	26.3%
3M - Avg daily volume (mn)	1.05
3M - Avg daily value (M\$ mn)	3.08
3M - Avg daily value (\$ mn)	1.0
FBMKLCI	1807.60
Exchange Rate	3.23
Fiscal Year End	Dec
Price Target (M\$)	3.60
Price Target End Date	30-Jun-14

See page 11 for analyst certification and important disclosures, including non-US analyst disclosures.

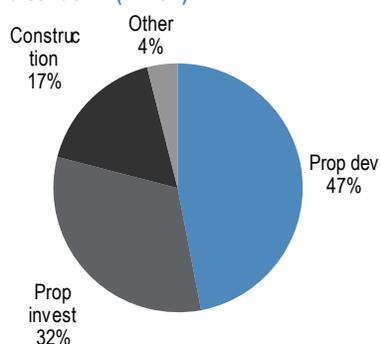
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Company Description

Sunway Bhd is a property developer and investor formed from the August 2011 merger of Sunway City and Sunway Holdings. GIC holds a 12% stake in Sunway Bhd.

SWB has a total property development land bank of 3,861 acres with a total project GDV of M\$54bn (effective GDV: M\$31bn), sufficient to sustain it for at least the next 15 years. The group also has an in-house construction arm, as well as trading, manufacturing and quarrying businesses domestically and overseas.

EBIT breakdown (FY13E)



Source: J.P. Morgan estimates

EPS: J.P. Morgan vs. consensus (M\$)

Year-end Dec	J.P. Morgan	Consensus*
FY13E	0.202	0.230
FY14E	0.230	0.253
FY15E	0.260	0.293

Source: Bloomberg, J.P. Morgan estimates. *We believe consensus has not fully adjusted for full dilution from warrants. Based on net profit numbers, which are therefore a fairer basis of comparison, our forecast is below consensus by 3% and 7% for FY14E and FY15E, respectively.

Table 1: Property sector peer comparison

As of: 29-Nov-13	FYE	Mkt cap (M\$ M)	Price (M\$)	Rating	Target (M\$)	P/E		EPS growth		Net div yield		P/B	ROE	RNAV (M\$)	Prem/disc to RNAV
						CY14E	CY15E	CY14E	CY15E	FY14E	FY15E				
Developers															
IGB Corporation	Dec	3,699	2.71	UW	2.20	17.0	16.2	3.2%	4.7%	2.1%	2.1%	0.9	5.5	4.58	-41%
IJM Land*	Mar	4,053	2.62	OW	3.70	12.6	11.4	25.6%	10.0%	2.7%	2.9%	1.2	11.6	4.50	-42%
Mah Sing Group	Dec	3,068	2.22	N	2.40	10.3	8.0	26.7%	27.4%	4.7%	6.1%	1.5	19.6	2.98	-26%
SP Setia	Oct	7,007	2.85	N	3.50	10.9	10.7	29.5%	1.8%	5.3%	6.7%	1.2	10.8	5.53	-48%
Sunway	Dec	4,567	2.63	OW	3.60	11.5	10.7	13.9%	7.4%	1.9%	2.0%	1.0	9.7	5.00	-47%
UEM Sunrise	Dec	10,004	2.31	N	2.30	19.3	17.8	-12.2%	8.0%	1.7%	2.0%	1.9	8.9	3.51	-34%
Weighted average		32,398				14.4	13.4	10.7%	8.3%	3.0%	3.5%	1.4	10.4		-40%

Source: Bloomberg, J.P. Morgan estimates.

P&L sensitivity metrics (FY13E)

	EBITDA impact (%)	EPS impact (%)
Sales value (M\$ M)	1,383	
Impact of each 5%	0.6%	0.9%
Property operating margin assumption	21.2%	
Impact of each 5ppt	15.5%	15.8%
Associate & JV contribution (M\$ M)	149.6	
Impact of each 5%	0.0%	1.4%
Debt/equity assumption	29%	
Impact of each 5ppt	0.0%	0.5%

Source: J.P. Morgan estimates

Price target and valuation analysis

Our Jun-14E PT of M\$3.60 is based on a 30% discount to our RNAV of M\$5.00. The 30% fair RNAV discount is in line with the sector's long term historical mean.

For a detailed RNAV breakdown, see Tables 7 and 8.

Key downside risks to PT include: (1) slower-than-expected property sales versus our forecast following the Budget measures; and (2) rising competition in Iskandar, which could translate into slower-than-expected sales (the accretion in value from the Iskandar projects accounts for an estimated 22% of our base-case RNAV; in terms of earnings, the Medini, Iskandar projects account for 2% and 4% of our FY14E and FY15E FD EPS, respectively).

Table 2: Sunway 9M13 results summary

M\$ in millions, Year-end Dec	3Q13	3Q12	Y/Y	2Q13	Q/Q	9M13	9M12	Y/Y
Revenue	1,066.1	867.0	23%	1,118.0	-5%	3,205.2	2,677.8	20%
Operating profit	74.9	106.1	-29%	116.6	-36%	277.5	270.7	3%
Operating margin	7.0%	12.2%		10.4%		8.7%	10.1%	
PBT	159.4	142.7	12%	152.9	4%	434.5	335.3	30%
Net income	93.1	94.3	-1%	170.3	-45%	354.0	313.1	13%
Core net income	124.4	94.6	32%	110.7	12%	325.4	236.5	38%
Core margin	11.7%	10.9%		9.9%		10.2%	8.8%	
EPS (sen)	7.80	7.30	7%	12.70	-39%	27.51	24.23	14%

Source: Company data

Table 3: Sunway 9M13 segment breakdown

M\$ in millions, Year-end Dec	3Q13	3Q12	Y/Y	2Q13	Q/Q	9M13	9M12	Y/Y
Prop development	62.0	53.0	17%	44.3	40%	131.9	98.9	33%
Prop investment	21.8	19.3	13%	28.6	-24%	72.6	78.0	-7%
Construction	15.4	18.3	-16%	15.7	-2%	58.4	43.3	35%
Other	(24.4)	15.5	-257%	27.9	-187%	14.7	50.5	-71%
Operating profit	74.9	106.1	-29%	116.6	-36%	277.5	270.7	3%

Source: Company data

Table 4: Sunway property sales by project

M\$ in millions, Year-end Dec	Project status	2010	2011	2012	2013E	2014E	2015E
Klang Valley							
Sunway South Quay	Ongoing			350	302	278	255
Sunway Damansara	Ongoing			79	75	75	75
Sunway Alam Suria	Ongoing			91	12	-	-
Melawati	Ongoing			116	44	-	-
Sunway Velocity	Ongoing			258	259	292	324
Others				261	0	0	282
				1,155	692	645	936
Ipoh/Penang							
Sunway City Ipoh	Ongoing			29	26	26	26
Penang	Ongoing			78	79	79	79
				107	105	105	105
Johor							
Bukit Lenang	New			0	206	180	206
Medini	New			0	0	221	369
Pendas	New			0	0	0	0
				-	206	401	575
Overseas							
Novena	Ongoing			571	342	365	353
Sembawang, Singapore	Ongoing			-	38	38	-
				571	380	404	353
Overall total (including Singapore)		1,771	2,100	1,833	1,383	1,555	1,969
Growth %		81%	19%	-13%	-25%	12%	27%
Domestic sales		987	1,200	1,262	1,003	1,152	1,616
Overseas (largely Singapore)		784	900	571	380	404	353
Total		1,771	2,100	1,833	1,383	1,555	1,969
Domestic sales growth			22%	5%	-21%	15%	40%
% of property sales							
Domestic - Klang Valley		0%	0%	63%	50%	41%	48%
Domestic - Johor		0%	0%	0%	15%	26%	29%
Domestic - Ipoh/Penang		0%	0%	6%	8%	7%	5%
Overseas - Singapore		0%	0%	31%	27%	26%	18%
Overseas - Others		0%	0%	0%	0%	0%	0%
		0%	0%	100%	100%	100%	100%

Source: Company data, J.P. Morgan estimates. * Others include 10 ongoing projects in the Klang Valley, i.e., Sunway Montere, Sunway Semenyih, Sunway Cheras, Sunway Duta, Sunway Montana, Sunway Resort City, Casa Kiara 111, Sunway Tower KL 1, Bangi, Sungai Long, and Mont Putra, Rawang.

Table 5: Sunway core EBIT breakdown (including associates)

M\$ in millions, Year-end Dec	2011	2012	2013E	2014E	2015E
Core EBIT (with associates)	491.5	618.0	626.8	710.1	763.6
Property development	211.9	306.4	296.7	363.1	405.5
Property investment	176.9	196.5	200.3	211.5	225.2
Construction	63.1	61.5	103.8	110.4	108.8
Trading & manufacturing	49.8	45.0	36.2	36.2	36.2
Quarry	8.4	12.2	19.1	19.5	19.9
Investment holding	(30.2)	(20.4)	(38.4)	(39.8)	(41.2)
Others	11.8	16.9	9.2	9.3	9.4
Core EBIT	491.6	618.0	626.8	710.1	763.6
Segment breakdown					
Property development	43%	50%	47%	51%	53%
Property investment	36%	32%	32%	30%	29%
Construction	13%	10%	17%	16%	14%
Trading & manufacturing	10%	7%	6%	5%	5%
Quarry	2%	2%	3%	3%	3%
Investment holding	-6%	-3%	-6%	-6%	-5%
Others	2%	3%	1%	1%	1%
Total	100%	100%	100%	100%	100%

Source: Company data, J.P. Morgan estimates

Table 6: Sunway P&L statement

M\$ in millions, Year-end Dec	2011	2012	2013E	2014E	2015E
Revenue	3,691.7	3,849.2	4,589.9	4,794.2	4,809.2
Property development	915.8	910.2	1,033.7	1,313.6	1,323.5
Property investment	517.6	585.2	594.3	616.7	640.3
Construction	1,221.0	1,274.9	1,887.4	1,781.0	1,754.2
Trading & manufacturing	553.2	558.7	518.3	523.5	528.8
Quarry	184.5	196.9	233.7	233.7	233.7
Investment holding	3.4	7.0	12.2	12.2	12.2
Others	296.3	316.4	310.3	313.4	316.6
Cost of sales	(2,630.0)	(2,581.1)	(3,011.6)	(3,106.4)	(3,088.0)
Gross profit	1,061.7	1,268.1	1,578.3	1,687.8	1,721.3
Operating profit	366.3	503.5	433.8	491.1	520.7
Property development	130.6	187.0	220.4	267.1	280.6
Property investment	108.4	120.7	125.0	129.7	134.7
Construction	58.4	36.8	103.8	110.4	108.8
Trading & manufacturing	49.8	45.0	36.2	36.2	36.2
Quarry	8.4	12.2	19.1	19.5	19.9
Investment holding	(22.7)	(37.1)	(38.4)	(39.8)	(41.2)
Others	11.8	16.9	9.2	9.3	9.4
Unusual items	21.7	121.6	(41.3)	(41.3)	(27.6)
Finance income	27.5	22.7	28.8	25.3	15.7
Finance costs	(80.9)	(99.6)	(109.8)	(109.8)	(109.8)
Associates	99.7	152.3	75.3	81.8	90.5
Core associates	68.5	75.8	75.3	81.8	90.5
Unusual items	31.2	76.5	0.0	0.0	0.0
JVs	85.9	144.0	76.3	95.9	124.9
Property development	81.3	119.3	76.3	95.9	124.9
Construction	4.7	24.6	0.0	0.0	0.0
Pretax	498.5	722.9	504.5	584.2	642.0
Taxation	(69.6)	(125.4)	(116.9)	(133.7)	(143.7)
PAT	428.9	597.6	387.6	450.5	498.2
MI	(41.4)	(66.9)	(42.7)	(49.8)	(50.1)
Reported net profit	387.5	530.6	344.9	400.7	448.1
Exceptional items	60.4	181.8	(41.3)	(41.3)	(27.6)
Core net profit	327.1	348.8	386.2	442.1	475.7
% growth		7%	11%	14%	8%
Share base	1,292.5	1,292.5	1,722.5	1,722.5	1,722.5
FD share base	1,551.0	1,551.0	1,981.0	1,981.0	1,981.0
Reported EPS (sen)	29.98	41.05	20.02	23.26	26.02
% growth		37%	-51%	16%	12%
FD Core/adjusted EPS (sen)	22.03	23.43	20.23	23.05	24.75
% growth		6%	-14%	14%	7%
Margins					
Gross margin	28.8%	32.9%	34.4%	35.2%	35.8%
Op margin	9.9%	13.1%	9.5%	10.2%	10.8%
PBT margin	13.5%	18.8%	11.0%	12.2%	13.3%
Operating margin by segment					
Property development	14.3%	20.5%	21.3%	20.3%	21.2%
Property investment	20.9%	20.6%	21.0%	21.0%	21.0%
Construction	4.8%	2.9%	5.5%	6.2%	6.2%
Trading & manufacturing	9.0%	8.1%	7.0%	6.9%	6.8%
Quarry	4.5%	6.2%	8.2%	8.3%	8.5%

Source: Company data, J.P. Morgan estimates.

Investment Thesis, Valuation and Risks

Sunway Bhd (*Overweight; Price Target: M\$3.60*)

Investment Thesis

We are cautious on the outlook for property developers in 1H14 following recent Budget cooling measures that are expected to impact Iskandar-focused stocks most. While Sunway Bhd (SWB) has some exposure to Iskandar, we believe it commands an edge in terms of location, product concept (landed township) and execution in Iskandar, and that its diversified earnings base will also provide support. The stock may still be vulnerable to selling pressure short-term until the market absorbs the new property measures, but we continue to like its long-term fundamentals in view of the following:

- 1) Strong commercial asset backing:** Via 34%-owned Sunway REIT, the group owns prime investment properties, with prospects for unlocking value and raising cash here in the next phase of asset injection into its REIT vehicle, which we believe is likely from FY15/16.
- 2) Low base of property development sales:** Unlike purer developers, property development accounts for a smaller 50% of SWB's earnings. The group also has a low base, with property development sales forecast at just M\$1.4bn for FY13 (versus over M\$2-3bn for peers), despite ample land bank. In Iskandar, SWB is starting from a zero base, with its maiden launch expected by early 2014, so we believe it has more to gain than to lose, as opposed to the existing Iskandar dominant player, UEM. We forecast that the Medini, Iskandar projects will account for no more than 10% of earnings and no more than 15-20% of new property sales over FY14/15.
- 3) Construction sector growth:** The rise in SWB's outstanding order book to M\$4bn, up 25% Y/Y, and recovery in margins for the construction division should also help drive earnings.

Valuation

Our Jun-14 PT of M\$3.60 is based on a 30% discount to RNAV, in line with the sector's historical mean. In a worst-case scenario, stripping out value accretion from Iskandar projects and valuing the assets here at just book or its land cost of M\$20psf (versus recent transactions at M\$35-147psf), our PT would fall to M\$2.50 at a 37% discount to RNAV (-1SD from the historical sector mean).

Table 7: Sunway RNAV

Projects	% stake	Description	Undeveloped land (acres)	Remaining GDV (M\$ M)	Years to develop	Revaluation surplus (M\$ M)	Comments
Selangor/KL							
Sunway Damansara	60%	Residential/commercial township	15	1,691	5	137	Discounted at WACC of 10%
Sunway South Quay	60%	Lakeside mixed development	52	3,990	7	344	Discounted at WACC of 10%
Sunway Monterez	60%	Residential	5	44	3	3	Discounted at WACC of 10%
Sunway Semenyih	70%	Residential	398	729	10	69	Discounted at WACC of 10%
Sunway Cheras	100%	Residential	6	17	3	2	Discounted at WACC of 10%
Sunway Duta	60%	Residential	3	120	3	2	Discounted at WACC of 10%
Sunway Montana	100%	Residential	2	56	3	7	Discounted at WACC of 10%
Sunway Alam Suria	100%	Residential	1	12	2	7	Discounted at WACC of 10%
Sunway Resort City	100%	Commercial	15	660	6	75	Discounted at WACC of 10%
Casa Kiara III	80%	Residential	3	210	3	28	Discounted at WACC of 10%
Sunway Velocity	85%	Mixed development	18	2,859	6	337	Discounted at WACC of 10%
Sunway Tower KL 1	100%	Office	1	240	3	23	Discounted at WACC of 10%
Bangi	100%	Residential	3	59	2	6	Discounted at WACC of 10%
Melawati	100%	Residential	2	43	2	19	Discounted at WACC of 10%
Sg Long	80%	Residential	111	277	4	27	Discounted at WACC of 10%
Mont Putra, Rawang	100%		163	156	6	16	Discounted at WACC of 10%
Perak							
Sunway City Ipoh	65%	Residential	895	1,048	10	86	Discounted at WACC of 10%
Penang							
Sunway City Penang	100%	Residential	16	172	2	18	Discounted at WACC of 10%
Sunway Grand	100%	Residential	12	186	2	20	Discounted at WACC of 10%
Sungai Ara	100%	Residential	56	849	3	91	Discounted at WACC of 10%
Bukit Mertajam	100%	Residential	42	694	2	74	Discounted at WACC of 10%
S'pore							
Novena	30%	Medical suites, retail, hotel	2	2,242	3	177	Discounted at WACC of 10%
Sembawang, Singapore	100%		1	75	2	8	Discounted at WACC of 10%
Johor							
Bukit Lenang	80%	Residential	88	932	5	99	Discounted at WACC of 10%
Medini	38%	Mixed development	691	12,000	10	789	Discounted at WACC of 10%
Pendas	60%	Mixed development	1,079	18,000	15	1,292	Discounted at WACC of 10%
China							
Sunway Guanghao	65%	Mixed development	4	67	2	6	Discounted at WACC of 10%
Tianjin Eco City	60%	Mixed development	91	5,344	6	389	Discounted at WACC of 10%
India							
Sunway OPUS Grand India	50%	Condos	24	702	5	35	Discounted at WACC of 10%
Sunway MAK Signature Residence (JV with M.A.K Builders)	60%		14	181	5	13	Discounted at WACC of 10%
Australia							
Wonderland Business Park (Sydney)	45%		48	378	6	15	Discounted at WACC of 10%
Total			3,861	54,032		4,214.1	

Source: Company data, J.P. Morgan estimates.

Table 8: Sunway RNAV

	Value (M\$ M)	Comments
Revaluation surplus	4,214.1	
Book value as at Dec-13	4,257.0	
Revaluation gain from investment properties	294.8	Valuing 34%-owned Sunway REIT at market value
Revaluation gain from construction division	993.7	Valued at 15x P/E on FY14E
Outstanding cash obligation for land	(582.5)	Discounted value for Iskandar land purchase
Total RNAV	9,177.1	
Number of shares (millions)	1,722.5	
RNAV per share	5.33	
FD RNAV		
<u>Warrants & ESOS</u>		
Add proceeds from warrants	646.3	258.5mn outstanding warrants at M\$2.50/share
Adjusted RNAV	9,823.4	
Adjusted number of shares	1,981.0	
RNAV per share	4.96	
RNAV per share (rounded off)	5.00	
Price target (30% discount to RNAV)	3.60	

Source: Company data, J.P. Morgan estimates.

Figure 1: Property sector RNAV band



Source: Bloomberg, J.P. Morgan calculations.

Risks to Rating and Price Target

Key downside risks include:

- 1) Slower-than-expected property sales versus our forecast following the Budget 2014 property cooling measures.
- 2) Rising competition in Iskandar, which could also translate into slower-than-expected property sales. Medini projects, which have yet to be launched and currently have no earnings contribution, account for an estimated 22% of our base-case RNAV.

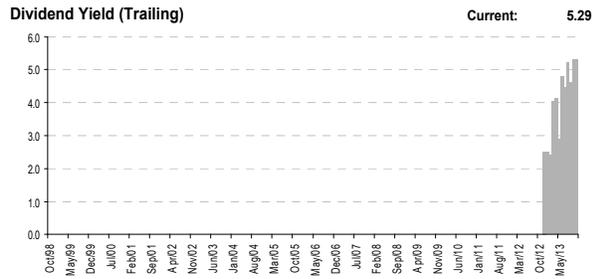
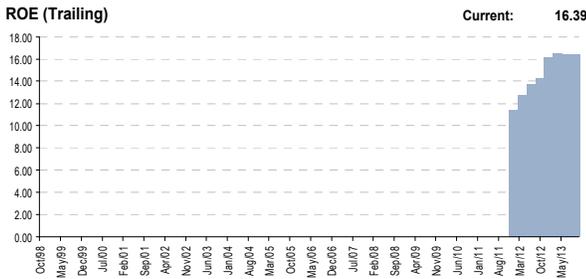
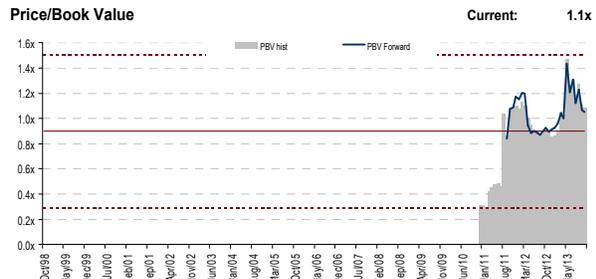
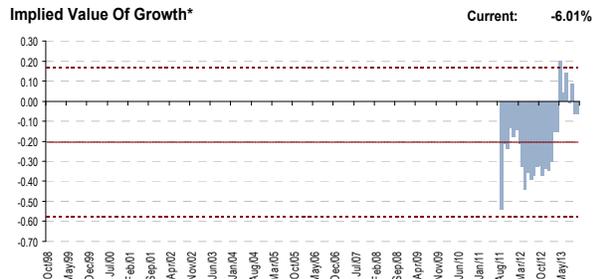
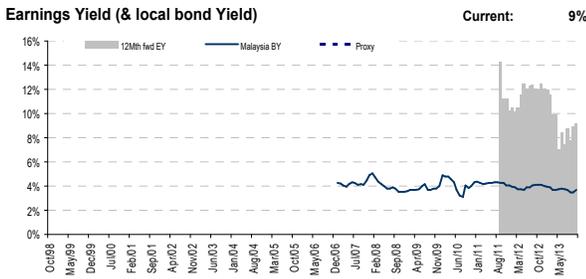
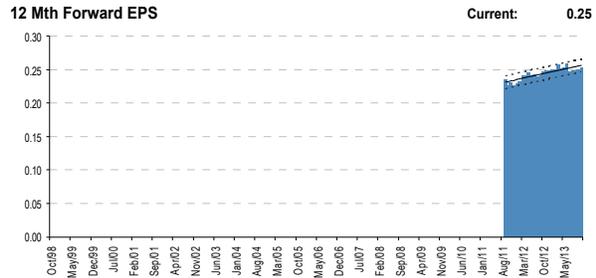
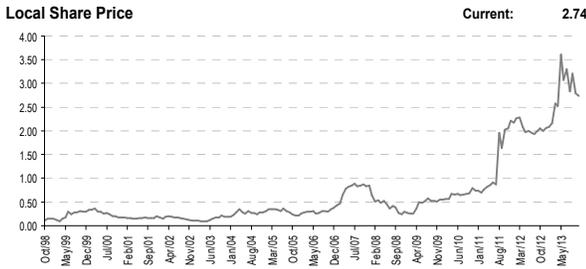
Sunway Bhd: Summary of Financials

Profit and Loss Statement						Cash flow statement					
M\$ in millions, year end Dec	FY11	FY12	FY13E	FY14E	FY15E	M\$ in millions, year end Dec	FY11	FY12	FY13E	FY14E	FY15E
Revenues	3,692	3,849	4,590	4,794	4,809	EBIT	366	503	434	491	521
% change Y/Y	19.0%	4.3%	19.2%	4.5%	0.3%	Depr. & amortization	90	95	95	96	96
EBIT	366	503	434	491	521	Change in working capital	60	(305)	(123)	(34)	(2)
% change Y/Y	(38.0%)	37.5%	(13.8%)	13.2%	6.0%	Taxes paid	(70)	(125)	(117)	(134)	(144)
EBIT margin (%)	9.9%	13.1%	9.5%	10.2%	10.8%	Others	(60)	(182)	41	41	28
Net Interest	(53)	(77)	(81)	(85)	(94)	Cash flow from operations	386	(14)	331	461	498
Earnings before tax	499	723	504	584	642	Capex	(285)	(293)	(600)	(600)	(600)
% change Y/Y	(30.4%)	45.0%	(30.2%)	15.8%	9.9%	Disposals/(Purchases)	(373)	537	(232)	(216)	(197)
Tax	(70)	(125)	(117)	(134)	(144)	Net Interest	(53)	(77)	(81)	(85)	(94)
as % of EBT	14.0%	17.3%	23.2%	22.9%	22.4%	Free cash flow	(225)	294	(439)	(290)	(226)
Net income (reported)	388	531	345	401	448	Equity raised/(repaid)	(889)	107	731	0	0
% change Y/Y	(43.4%)	36.9%	(35.0%)	16.2%	11.8%	Debt raised/(repaid)	858	511	0	0	0
Shares outstanding	1,551	1,551	1,981	1,981	1,981	Other	263	(312)	76	96	125
EPS (reported)	0.30	0.41	0.20	0.23	0.26	Dividends paid	0	(78)	(86)	(98)	(106)
% change Y/Y	(43.4%)	36.9%	(51.2%)	16.2%	11.8%	Beginning cash	869	777	1,159	1,299	856
Core FD EPS	0.22	0.23	0.20	0.23	0.25	Ending cash	777	1,159	1,299	856	483
% change Y/Y	(0.5%)	6.4%	(13.7%)	13.9%	7.4%	DPS	0.00	0.05	0.04	0.05	0.05
Balance sheet						Ratio Analysis					
M\$ in millions, year end Dec	FY11	FY12	FY13E	FY14E	FY15E	M\$ in millions, year end Dec	FY11	FY12	FY13E	FY14E	FY15E
Cash and cash equivalents	777	1,159	1,299	856	483	EBIT Margin	9.9%	13.1%	9.5%	10.2%	10.8%
Accounts receivable	782	1,136	1,355	1,415	1,419	Net margin	9.3%	9.4%	8.7%	9.5%	10.2%
Inventories	452	650	775	810	812	SG&A/Sales	15.8%	15.4%	15.4%	15.4%	15.4%
Others	1,063	1,233	1,233	1,233	1,233	Sales per share growth	19.0%	4.3%	(10.5%)	4.5%	0.3%
Current assets	3,285	4,430	4,913	4,565	4,199	Sales growth	19.0%	4.3%	19.2%	4.5%	0.3%
LT investments	1,018	600	700	775	825	Net profit growth	(43.4%)	36.9%	(35.0%)	16.2%	11.8%
Net fixed assets	961	805	809	813	817	EPS growth	(0.5%)	6.4%	(13.7%)	13.9%	7.4%
Total Assets	7,844	8,983	10,237	10,650	11,047	Interest coverage (x)	8.5	7.8	6.5	6.9	6.6
Liabilities						Net debt to total capital	30.2%	28.5%	22.4%	26.0%	28.2%
ST Loans	311	1,765	1,765	1,765	1,765	Net debt to equity	43.3%	39.9%	28.8%	35.2%	39.3%
Payables	1,054	1,148	1,369	1,430	1,435	Sales/assets	0.5	0.5	0.5	0.5	0.4
Others	646	663	663	663	663	Assets/equity	2.3	2.6	2.4	2.2	2.2
Total current liabilities	2,011	3,576	3,797	3,858	3,863	ROE	10.5%	11.0%	9.8%	9.7%	9.7%
Long-term debt	1,915	972	972	972	972	ROCE	17.5%	16.8%	12.2%	13.8%	14.8%
Other liabilities	574	478	478	478	478						
Total Liabilities	4,499	5,026	5,247	5,308	5,312						
Minorities	327	381	424	473	523						
Shareholders' equity	3,017	3,577	4,567	4,869	5,211						
BVPS	2.08	2.52	2.47	2.65	2.86						

Source: Company reports and J.P. Morgan estimates.

JPM Q-Profile
Sunway Bhd. (MALAYSIA / Financials)
 As Of: 22-Nov-2013

Global Equity Quantitative Analysis
 Quant_Strategy@jpmorgan.com



Summary

Sunway Bhd.		SEDOL		B6VGS93		As Of:		22-Nov-13			
MALAYSIA						Local Price:		2.74			
Financials						EPS:		0.25			
	Latest	Min	Max	Median	Average	2 S.D.+	2 S.D. -	% to Min	% to Max	% to Med	% to Avg
12mth Forward PE	10.87x	7.01	14.27	8.91	9.64	13.31	5.98	-36%	31%	-18%	-11%
P/BV (Trailing)	1.09x	0.30	1.48	0.94	0.90	1.50	0.30	-73%	36%	-14%	-17%
Dividend Yield (Trailing)	5.29	0.00	5.29	0.00	1.34	5.38	-2.71	-100%	0%	-100%	-75%
ROE (Trailing)	16.39	11.44	16.56	15.25	14.72	18.46	10.99	-30%	1%	-7%	-10%
Implied Value of Growth	-6.0%	-0.54	0.20	-0.21	-0.20	0.17	-0.58	-799%	431%	-254%	-241%

Source: Bloomberg, Reuters Global Fundamentals, IBES CONSENSUS, J.P. Morgan Calcs

* Implied Value Of Growth = (1 - EY/Cost of equity) where cost of equity = Bond Yield + 5.0% (ERP)

Other Companies Discussed in This Report (all prices in this report as of market close on 29 November 2013)
 IJM Land (IJML.KL/M\$2.62/Overweight)

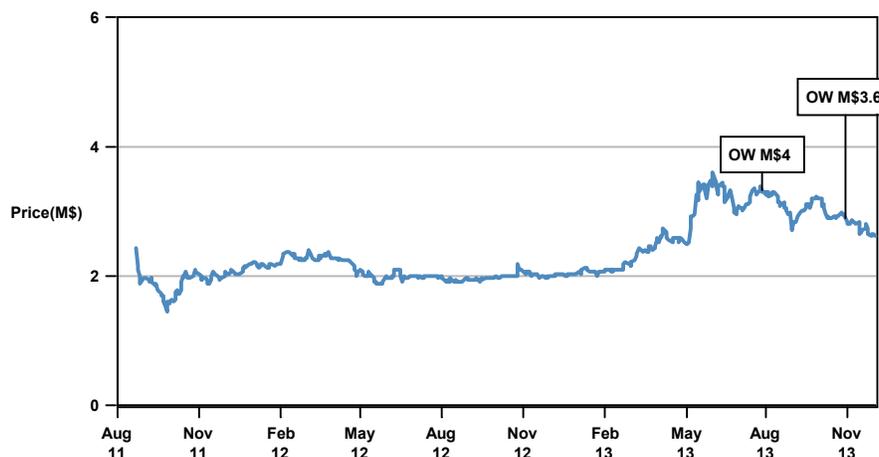
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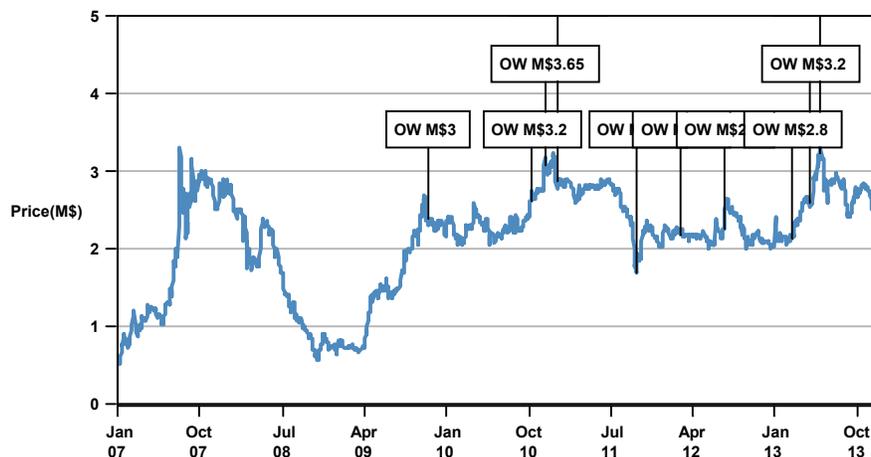
Sunway Bhd (SWAY.KL, SWB MK) Price Chart



Date	Rating	Share Price (M\$)	Price Target (M\$)
26-Jul-13	OW	3.31	4.00
28-Oct-13	OW	2.88	3.60

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends. Initiated coverage Jul 26, 2013.

IJM Land (IJML.KL, IJMLD MK) Price Chart



Date	Rating	Share Price (M\$)	Price Target (M\$)
29-Oct-09	OW	2.39	3.00
08-Oct-10	OW	2.62	3.20
24-Nov-10	OW	3.08	3.65
03-Jan-11	OW	2.86	3.40
26-Sep-11	OW	1.70	2.40
22-Feb-12	OW	2.18	2.60
12-Jul-12	OW	2.26	2.90
26-Feb-13	OW	2.13	2.80
28-Apr-13	OW	2.59	3.20
28-May-13	OW	3.23	3.70

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Oct 29, 2009.

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IB clients*	57%	49%	39%
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IB clients*	76%	65%	57%

*Percentage of investment banking clients in each rating category.

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