

Result Snapshot Sunway

Bloomberg: SWB MK| Reuters: SWAY.KL

Refer to important disclosures at the end of this report

Malaysia Equity Research

28 Feb 2014

BUYRM2.86KLCI : 1,831.66

Price Target :12-MonthRM3.50

Analyst

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Result Summary

FY Dec (RM m)	4Q 2013	4Q 2012	3Q 2013	yoy chg	qoq chg
P&L Items					
Turnover	1,342.2	1,198.9	1,066.1	11.9	25.9
Gross Profit	143.7	89.1	64.9	61.3	121.3
Opg Profit	171.0	5.7	74.9	2,914.8	128.3
EBITDA	254.4	227.8	124.3	11.7	104.6
Net Profit	1,138.8	219.3	93.1	419.3	1,122.6
Other Data					
Gross Margin (%)	10.7	7.4	6.1		
Opg Margin (%)	12.7	0.5	7.0		
Net Margin (%)	84.8	18.3	8.7		

Financial Summary

FY Dec (RM m)	2013A	2014F	2015F	2016F
Turnover	4,734	5,230	5,972	6,077
Operating Profit	806	556	654	692
EBITDA	1,080	849	969	1,018
Net Pft (Pre Ex.)	482	462	516	548
EPS (sen)	87.1	26.8	29.9	31.8
EPS Pre Ex. (sen)	28.0	26.8	29.9	31.8
EPS Gth (%)	112	(69)	12	6
EPS Gth Pre Ex (%)	(32)	(4)	12	6
PE Pre Ex. (X)	10.2	10.7	9.6	9.0
EV/EBITDA (X)	6.1	7.6	6.4	5.9
Net Div Yield (%)	3.5	3.3	3.7	4.0
P/Book Value (X)	0.9	0.9	0.8	0.8
Net Debt/Equity (X)	0.2	0.2	0.1	0.1
ROAE (%)	33.7	8.4	8.9	8.9

At A Glance

Issued Capital (m shrs)	1,724
Mkt. Cap (RMm/US\$m)	4,929 / 1,505
Avg. Daily Vol.('000)	566

Price Relative



Source: Company, HwangDBS Vickers

Record breaking year

- **4Q13 core profit of RM157.5m surpasses expectations**
- **Strong earnings visibility supported by RM2.4bn unbilled property sales and RM3.9bn outstanding orderbook**
- **Declared interim single tier DPS of 5sen bringing FY13 DPS to 10 sen, representing 3.5% net dividend yield**
- **Maintain BUY and RM3.50 TP**

Highlights

Strong finish. Sunway recorded 4Q13 core earnings of RM157.5m (+38% y-o-y; +27% q-o-q) bringing FY13 core earnings to RM482.7m (+38% y-o-y) – beating our and consensus' expectations by 16% and 18% respectively. Core earnings growth was mainly driven by property development and construction which contributed net profit of RM245.3m (+21% y-o-y) and RM57.8m (+17% y-o-y), respectively. Property development was mainly driven by strong sales of recently launched and ongoing projects in the domestic market (ie Sunway South Quay, Sunway Velocity) and in Singapore. Construction was boosted by local infrastructure projects (MRT, LRT and BRT) and stronger precast concrete sales. The Group also recorded improved results in its other segments with a net profit of RM34.2m vs RM22.9m loss in FY12

Declared 5 sen interim DPS. The Group declared an interim single tier dividend of 5 sen/share, bringing FY13 DPS to 10 sen/share representing 36% payout ratio and 3.5 % net dividend yield based on current share price.

Our View

Strong earnings visibility. At end-FY13, Sunway had RM2.4bn in unbilled property sales and an outstanding construction orderbook of RM3.9bn, which would keep the Group busy for the next 2-3 years. With their impressive construction track record, we believe Sunway is targeting RM2.5bn in new contracts in FY14. In addition, Sunway is launching 6 property projects (total GDV RM1.9bn) in FY14 including Sunway Iskandar's maiden offering "Citrine" with a GDV of RM300m. We are reviewing our forecasts in view of the strong results.

Recommendation

Maintain BUY. We reiterate our BUY call with TP maintained at RM3.50. The stock remains attractive, down 21% from its 12-month high. Valuations are inexpensive at 11x FY14EPS and 1x NTA given good earnings growth and visibility.

Target Price & Ratings History



S.No.	Date	Closing Price	Target Price	Rating
1:	15 Mar 13	2.75	2.55	Hold
2:	31 May 13	4.16	2.55	Hold
3:	30 Aug 13	2.83	3.50	Buy
4:	02 Dec 13	2.55	3.50	Buy

Note: Share price and Target price are adjusted for corporate actions.

Source: HwangDBS Vickers

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