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**MARKET DATELINE**  
**MALAYSIA EQUITY**  
Investment Research

## News Update

# Sunway Berhad

## Getting Closer To Orderbook Target

Sunway has accepted the letter of award for the KLCC North East Car Park worth RM304m. With this contract, Sunway has successfully replenished its construction orderbook to RM1.25bn YTD. We believe Sunway can easily meet our orderbook assumption of RM1.5bn for the year. Current outstanding orderbook amounted to RM4.2bn. Coupled with RM2.78bn unbilled sales, earnings visibility will be strong.

**KLCC underground carpark construction contract.** The contract covers the construction and completion of 6 levels basement North East Car Park (NEC) underneath KLCC Park and the associated works. The job is expected to kick start from the date of site possession (to be determined) for 178 weeks (or 3.5 years). The contract is expected to contribute to the company's earnings from FY13 onwards.

**Orderbook raised to RM1.25bn.** In less than three months, Sunway has successfully replenished its construction orderbook by RM1.25bn. Current outstanding orderbook is boosted to RM4.2bn. In addition to the RM2.78bn worth of unbilled property sales, earnings visibility for the company is strong.

**Forecasts.** Unchanged, as the contract secured YTD is within our orderbook assumption of RM1.5bn for FY13.

**Investment case.** We keep our Buy rating unchanged, and likewise our fair value of RM3.25, based on 30% discount to RNAV. The continued delivery of construction jobs, prudent landbanking efforts, responsive product launches as well as the strategic landbank exposure in Iskandar reaffirm our confidence in the stock

### BUY ⇄

Target	RM3.25
Previous	RM3.25
Price	RM2.74

### Property

### Stock Statistics

Bloomberg Ticker	SWB MK
Market Cap	RM3,541.5m
	USD1,142.4m
52 wk H/L price	2.82   2.12
3m ADT	RM1.4m
YTD Returns	15.1%
Beta (x)	N.A.

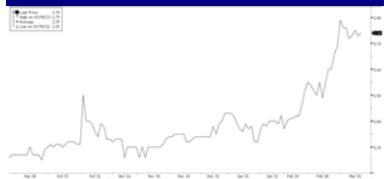
### Major Shareholders (%)

Tan Sri Dato' Seri Dr Jeffrey Cheah	48.0
GIC	12.0

### Share Price Performance (%)

Month	Absolute	Relative
1m	11.4	7.9
3m	17.1	20.4
6m	20.7	22.0
12m	3.8	2.3

### 6-month Share Price Performance



Source: Bloomberg

Forecasts and Valuations	Dec-10	Dec-11	Dec-12	Dec-13F	Dec-14F
Total turnover (RMm)	3,134.5	3,738.9	3,876.8	4,446.4	5,292.4
Recurring net profit (RMm)	325.0	325.6	350.6	382.8	453.8
Recurring net profit growth (%)	-	0.2	7.7	9.2	18.5
Core EPS (sen)	25.2	25.2	27.1	29.6	35.1
Core EPS growth (%)	-	(0.1)	7.7	9.2	18.5
DPS (sen)	0.0	0.0	6.0	6.5	7.0
Dividend Yield (%)	0.0	0.0	2.2	2.4	2.6
Core P/E (x)	10.9	10.9	10.1	9.3	7.8
Return on average equity (%)	12.5	13.2	16.3	10.3	11.2
P/B (x)	1.4	1.2	1.0	0.9	0.8
EV/EBITDA (x)	5.9	13.7	10.6	15.4	16.2
Net debt to equity (x)	0.6	0.5	0.5	0.6	0.6
RHB vs consensus EPS (%)				6.5	11.5

Source: Company data, RHBRI estimates

**FINANCIAL**

<b>Profit &amp; Loss (RMm)</b>	<b>Dec-10</b>	<b>Dec-11</b>	<b>Dec-12</b>	<b>Dec-13F</b>	<b>Dec-14F</b>
<b>Turnover</b>	<b>3,134.5</b>	<b>3,738.9</b>	<b>3,876.8</b>	<b>4,446.4</b>	<b>5,292.4</b>
<b>EBITDA</b>	<b>697.6</b>	<b>438.4</b>	<b>574.7</b>	<b>476.4</b>	<b>510.8</b>
<i>EBITDA margin (%)</i>	<i>22.3</i>	<i>11.7</i>	<i>14.8</i>	<i>10.7</i>	<i>9.7</i>
Depreciation & amortisation	(105.5)	(67.3)	(70.6)	(74.4)	(80.9)
<b>EBIT</b>	<b>592.1</b>	<b>371.1</b>	<b>504.2</b>	<b>402.0</b>	<b>429.9</b>
<i>EBIT margin (%)</i>	<i>18.9</i>	<i>9.9</i>	<i>13.0</i>	<i>9.0</i>	<i>8.1</i>
Net Interest	(74.2)	(55.5)	(77.5)	(98.9)	(106.7)
Associates	218.1	199.2	301.2	312.6	406.4
Exceptional items	363.2	44.1	181.7	0.0	0.0
<b>Pretax Profit</b>	<b>717.3</b>	<b>507.0</b>	<b>728.2</b>	<b>722.3</b>	<b>856.3</b>
<i>Pretax margin (%)</i>	<i>22.9</i>	<i>13.6</i>	<i>18.8</i>	<i>16.2</i>	<i>16.2</i>
Tax	280.2	(98.8)	(128.5)	(180.6)	(214.1)
<b>PAT</b>	<b>997.5</b>	<b>408.2</b>	<b>599.7</b>	<b>541.7</b>	<b>642.2</b>
Minorities	(309.2)	(38.5)	(67.4)	(158.9)	(188.4)
<b>Net Profit</b>	<b>325.0</b>	<b>325.6</b>	<b>350.6</b>	<b>382.8</b>	<b>453.8</b>
<i>Net Profit margin (%)</i>	<i>10.4</i>	<i>8.7</i>	<i>9.0</i>	<i>8.6</i>	<i>8.6</i>

*Source: Company data, RHBRI estimates*

Table 1: SOP valuations

Landbank	Size (acres)	GDV (RM mil)	Equity interest	NPV @ 12% (RM mil)	
<b>Malaysia</b>					
Sunway South Quay	52	3,893	60%	96.16	
Sunway Velocity	22	2,000	50%	49.20	
Sunway Damansara	18	826	60%	32.39	
Sunway Semenyih	398	729	70%	25.81	
Integrated Resorts	18	660	100%	40.09	
Melawati	31	555	100%	31.81	
Sunway Tower 1	1	240	100%	15.44	
Casa Kiara 3	3	230	80%	11.83	
Suria	14	60	100%	4.11	
Taman Duta	3	120	60%	4.64	
Penang	108	1,202	100%	72.95	
Bukit Lenang JB	64	932	80%	32.87	
Iskandar Pendas I	779.07	10,000	60%	176.00	
Iskandar Pendas II	300	5,000	60%	147.61	
Sunway Iskandar	691	10,000	60%	193.25	
Ipoh	899	286	65%	7.65	
Others	12	38	77%	1.35	
Taman Equine	33	250	100%	12.71	
Bangi	3	59	100%	2.65	
Melawati 2	2	43	100%	1.93	
Sg Long Balakong	111	277	80%	9.38	
Mont Putra	163	156	100%	6.60	
<b>Overseas</b>					
Opus, India	35	750	50%	3.29	
MAK, India	14	134	60%	0.83	
Guanghao, China	17	450	65%	3.03	
Tianjin, China	102	5,000	60%	26.36	
Australia	91	612	31%	6.93	
Yishun, Singapore	7	851	30%	18.59	
Tampines, Singapore	5	1,070	30%	23.37	
Yuan Ching Rd, Singapore	5	828	30%	18.08	
Sembawang, Singapore	0.77	75	100%	7.28	
Thomson/Irrawaddy	1.65	2,288	30%	58.71	
Sri Lanka	1	250	65%	1.52	
Pasir Ris, Singapore	4.3	893	30%	24.63	
Unbilled sales				180.00	
Subtotal				1,349.07	
<b>Investment properties</b>	<b>EBITDA</b>	<b>MV</b>	<b>Book value</b>	<b>Equity</b>	<b>Net surplus</b>
	<b>(RM mil)</b>	<b>(RM mil)</b>	<b>(RM mil)</b>	<b>interest</b>	<b>(RM mil)</b>
Monash University Campus	13.4	200.0	200.0	100%	0.0
Sunway University College	9.5	153.0	153.0	100%	0.0
Sunway Hotel Georgetown	2.3	60.0	60.0	100%	0.0
Sunway Medical Centre	17.0	310.0	160.2	78%	0.0
Sunway Hotel Phnom Penh	3.0	17	17.0	53%	0.0
Sunway Hotel Hanoi	0.1	12.0	12.0	100%	0.0
Sunway Giza	1.1	42.7	42.7	60%	0.0
Subtotal					0.0
<b>Other divisions</b>	<b>MV</b>	<b>Book value</b>	<b>FY13 EPS</b>	<b>PE target</b>	<b>Equity value surplus</b>
	<b>(RM mil)</b>	<b>(RM mil)</b>	<b>(sen)</b>	<b>(x)</b>	<b>(RM mil)</b>
Construction			0.14	10	944.41
34% Sunway REIT	1,510.5	82.0			628.54
Subtotal					1,572.95
Total					2,922.02
Shareholders' equity					3,558.40
Total RNAV					6,480.42
Share base (mil)					1,292.51
No. of warrants					258.50
Warrants conversion @ RM2.80					723.80
Total SOP value					7,204.22
Enlarged share base (mil)					1,551.01
Fully diluted RNAV per share					4.64
Discount					30%
Fair value (RM)					3.25

**RECOMMENDATION HISTORY**

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Date	Recommendation	Target Price	Price
2013-3-7	Buy	3.25	2.66
2013-1-3	Buy	3.25	2.49
2013-1-25	Buy	3.18	2.37
2012-12-5	Buy	3.08	2.30
2012-11-29	Buy	2.98	2.30
2012-10-9	Buy	2.98	2.30
2012-8-29	Buy	2.94	2.35
2012-8-8	Buy	2.94	2.21
2012-5-30	Buy	2.94	2.29

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**Buy:** Share price may exceed 10% over the next 12 months

**Trading Buy:** Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

**Neutral:** Share price may fall within the range of +/- 10% over the next 12 months

**Take Profit:** Target price has been attained. Look to accumulate at lower levels

**Sell:** Share price may fall by more than 10% over the next 12 months

**Not Rated:** Stock is not within regular research coverage

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