

## Sunway Bhd

SWB MK / SWAY.KL

### FLASH NOTE

➤ **Market Cap**  
**US\$1,147m**  
RM3,567m

➤ **Avg Daily Turnover**  
**US\$0.67m**  
RM2.05m

➤ **Free Float**  
**40.1%**  
1,289 m shares

Current **RM2.76**  
Target **RM2.73**  
Previous Target **RM2.61**  
Up/downside **-1.1%**

**SHORT TERM (3 MTH)** **LONG TERM**

TRADING BUY	OUTPERFORM
TRADING SELL	<b>NEUTRAL</b>
	UNDERPERFORM

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**Share price info**

Share price perf. (%)	1M	3M	12M
Relative	12.9	16.4	1.2
Absolute	15	17.4	6.2

Major shareholders	% held
Tan Sri Jeffrey Cheah	47.7
Government of Singapore Investment Corp	12.2

## Snaps up a BRT transport job

The award of the RM453m Bus Rapid Transit (BRT) Sunway line project to Sunway is not a surprise as it was widely reported last year that Sunway would likely undertake the construction job. Though this is modelled into our new job assumptions, it is positive for job flows.

Our EPS forecasts are unchanged as this job win is part of our RM1.5bn new-job assumptions this year. Though we continue to apply a 40% RNAV discount, our target price rises as we impute a higher construction P/E of 13.5x, in line with our revised market P/E. Despite the recent rerating of the stock, we maintain Neutral in view of the near-term pre-election risks, which could cap the upside to the share price.

### What Happened

Sunway secured a RM453m bus rapid transit (BRT) project to build a 5.4km dedicated bus lane in Sunway. The job scope includes the building of seven stations, guideways, depot and parking areas. This is a public-private partnership (PPP) project (design and build) awarded by Prasarana. The alignment will pass through Sunway Resort City with key catchment areas covering Bandar Sunway and Subang Jaya. There will be three dedicated stops to serve Sunway Resort City. Sunway will contribute RM99m as additional works relating to the BRT line surroundings, which is part of its

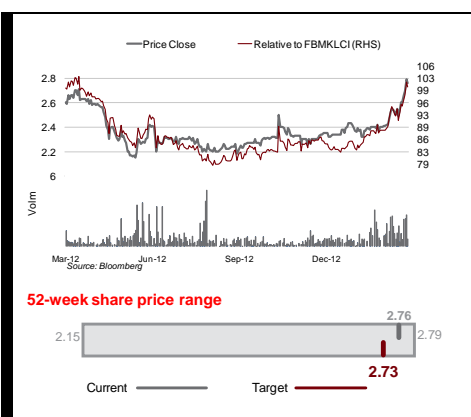
corporate social responsibility programme. The 5.4km track will be fully elevated.

### What We Think

This news is not a surprise as it was widely reported last year that Prasarana, the project owner, would rope in Sunway as the contractor. This job raises total job wins YTD to RM947m, which is within our assumption of RM1.5bn job wins this year. This award increases the outstanding order book by 13% to RM3.9bn. Based on the guided 7-8% pretax margin and two-year project, this project will chip in RM11m-12m in net profit in FY13-14.

### What You Should Do

Stay on the sidelines. This news is positive for job flows, but we think the recent rerating of the stock (+16% YTD) has largely factored in this job win, and the recent revival of a play for companies with exposures to Iskandar. In the near term, election risks may cap further share price upside.



### Financial Summary

	Dec-11A	Dec-12A	Dec-13F	Dec-14F	Dec-15F
Revenue (RMm)	3,739	3,877	4,106	4,479	4,514
Operating EBITDA (RMm)	378.9	295.6	580.7	626.0	612.3
Net Profit (RMm)	369.7	532.3	399.1	444.2	438.3
Core EPS (RM)	0.29	0.29	0.31	0.34	0.34
Core EPS Growth	(46.3%)	(0.3%)	8.2%	11.3%	(1.3%)
FD Core P/E (x)	9.94	10.29	9.51	8.47	8.32
DPS (RM)	-	0.060	0.098	0.098	0.098
Dividend Yield	0.00%	2.17%	3.53%	3.53%	3.53%
EV/EBITDA (x)	12.20	14.64	7.18	6.04	5.38
P/FCFE (x)	4.17	NA	9.95	43.25	23.90
Net Gearing	65.8%	48.1%	39.5%	28.0%	17.2%
P/BV (x)	1.27	1.04	0.90	0.79	0.70
Recurring ROE	13.7%	11.8%	10.8%	10.6%	9.2%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			1.09	1.10	0.80

SOURCE: CIMB, COMPANY REPORTS

**Figure 1: Proposed BRT route**



**Figure 2: One of the stops in Sunway Resort City**



**Figure 3: RNAV**

Type	Location	Size/units	Area (sq ft)	Price	Stake	Value
<b>Completed buildings</b>						<b>RM m</b>
Sunway Lagoon Theme Park	Petaling, Selangor	59.9 ac	728,326	200.0	100%	145.7
Sunway Hotel Georgetown	Penang	240.0 units	0	150,000.0	100%	36.0
Monash University Sunway Campus	Petaling, Selangor	12.0 ac	754,000	220.0	100%	165.9
Sunway University College	Petaling, Selangor	12.4 ac	615,983	220.0	100%	135.5
Sunway Giza	Sunway Damansara, Selangor	1.4 ac	98,000	500.0	60%	29.4
Lost World of Tambun	Tambun, Perak	39.8 ac	728,326	80.0	65%	37.9
Sunway Hotel Phnom Penh	Phnom Penh, Cambodia	138.0 units	125,313	300,000.0	53%	21.7
Sunway Hotel Hanoi	Hanoi, Vietnam	142.0 units	9,365	300,000.0	100%	42.6
<b>On going developments</b>						
Sunway City Penang	Seberang Perai, Penang	15.8 ac	210,394.8	100.0	100%	21.0
Sunway Grand	Penang	3.8 ac	768,767.9	100.0	100%	76.9
Sg. Ara - new land	Penang	68.3 ac	3,484,800.0	13.0	100%	45.3
Bukit Mertajam - new land	Penang	17.8 ac	7,729,724.0	12.0	100%	92.8
Sunway Damansara	Petaling, Selangor	18.2 ac	1,048,489.2	120.0	60%	75.5
Sunway City Ipoh	Ipoh, Perak	899.2 ac	32,666,515.2	7.0	65%	148.6
Sunway Velocity	Kuala Lumpur	19.5 ac	984,456.0	200.0	50%	98.4
Sunway Tower KL 1	Kuala Lumpur	1.0 ac	43,560.0	1,000.0	100%	43.6
Sunway Kayangan	Bukit Raja, Selangor	5.4 ac	367,646.4	40.0	100%	14.7
Sunway Integrated Resort	Petaling, Selangor	18.5 ac	845,064.0	100.0	100%	84.5
Sunway Semenyih	Ulu Langat, Selangor	398.1 ac	17,341,671.6	8.0	100%	138.7
Sunway Cheras	Selangor	6.9 ac	301,870.8	25.0	100%	7.5
Sunway South Quay	Bandar Sunway, Selangor	52.4 ac	2,517,768.0	200.0	60%	302.1
Casa Kiara III	Sri Hartamas, KL	2.8 ac	130,680.0	180.0	80%	18.8
Sunway Duta	Kuala Lumpur	3.2 ac	136,342.8	300.0	60%	24.5
Sunway Melawati	Setapak, KL	30.6 ac	1,427,896.8	35.0	100%	50.0
Sunway Alam Suria	Shah Alam, Selangor	14.1 ac	1,045,440.0	40.0	50%	20.9
Sunway OPUS Grand India	Hyderabad, India	23.8 ac	1,524,600.0	20.0	50%	15.2
Sunway MAK Signature Residence	Hyderabad, India	14.0 ac	609,840.0	20.0	60%	7.3
Sunway Guanghao	Jianyin, China	3.7 ac	740,520.0	80.0	39%	23.1
Tianjin Eco City	Tianjin, China	90.9 ac	3,789,720.0	120.0	65%	295.6
Wonderland Business Park	Sydney, Australia	65.5 ac	3,971,800.8	100.0	31%	123.1
Bukit Lenang - new land	Johor	64.0 ac	2,787,840.0	30.0	80%	66.9
Taman Equine	Selangor	33.0 ac	1,437,480.0	20.0	100%	28.7
Bangi	Selangor	3.0 ac	130,680.0	10.0	100%	1.3
Sg. Long	Balakong	111.0 ac	4,835,160.0	25.0	80%	96.7
Mont Putra	Selangor	163.0 ac	7,100,280.0	25.0	100%	177.5
Melawati 2	Selangor	2.0 ac	87,120.0	20.0	100%	1.7
Tampines	Singapore	5.0 ac	217,800.0	732.0	30%	47.8
Sembawang	Singapore	0.8 ac	34,848.0	732.0	100%	25.5
Yuan Ching Road	Singapore	5.0 ac	217,800.0	610.0	30%	39.9
Pasir Ris Rise	Singapore	4.3 ac	187,308.0	600.0	30%	33.7
Medini land	Iskandar	691.0 ac	30,099,960.0	40.0	38%	457.5
New Land Pendah North and South	Iskandar	779.2 ac	33,941,952.0	14.0	60%	285.1
New Land Novena	Singapore	1.7 ac	71,874.0	488.0	30%	10.5
<b>Total value of properties</b>						<b>3,616.0</b>
		<b>Market cap</b>	<b>Stake</b>			
		<b>Rm m</b>				
Sunway REIT		4,434.4	37%	1,627.4		
		<b>FY14 Net profit</b>	<b>Stake</b>	<b>P/E</b>		
		<b>RM m</b>				
Construction		87.6	100%	13.5	1,181.9	
Quarry & Trading		65.9	100%	10.8	711.7	
Property investments					1,150.3	
Net current asset less dev. Properties					795.3	
Total borrowings					<b>(2,746.9)</b>	
FD no. of shares (m)					1,550.51	
FD RNAV (RM)					7,058.16	
<b>RNAV/share (RM)</b>					<b>4.55</b>	
Discount to RNAV					40%	
<b>Target price (RM)</b>					<b>2.73</b>	

SOURCES: CIMB, COMPANY REPORTS

Figure 4: Sector comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		Dividend Yield (%)	
						CY2012	CY2013		CY2012	CY2013	CY2012	CY2013	CY2012	CY2013
Gamuda	GAM MK	Neutral	3.91	3.95	2,632	16.6	13.7	27.7%	4.17	3.92	25.0%	29.5%	2.8%	2.9%
IJM Corp Bhd	IJM MK	Neutral	5.16	5.27	2,297	17.8	15.0	29.4%	2.84	2.68	16.2%	18.5%	2.3%	2.5%
Malaysian Resources Corp	MRC MK	Neutral	1.41	1.33	630	24.9	32.0	8.4%	2.27	2.12	9.9%	6.8%	1.4%	3.7%
Muhibbah Engineering	MUHI MK	Neutral	0.91	0.87	118	5.9	na	34.1%	0.60	0.59	10.1%	-16.0%	5.5%	2.8%
Mudajaya Group	MDJ MK	Trading Buy	2.48	2.93	434	5.9	5.7	16.1%	1.43	1.09	28.6%	21.3%	3.2%	3.6%
Sunway Bhd	SWB MK	Neutral	2.76	2.73	1,149	9.6	9.6	-15.4%	1.27	1.04	14.1%	11.7%	0.0%	2.2%
WCT Bhd	WCT MK	Trading Buy	2.34	2.58	757	14.0	12.1	15.6%	1.65	1.50	12.7%	12.9%	4.1%	3.0%
<b>Malaysia average</b>						<b>17.0</b>	<b>17.1</b>	<b>27.0%</b>	<b>2.96</b>	<b>2.80</b>	<b>17.6%</b>	<b>16.8%</b>	<b>2.5%</b>	<b>2.8%</b>
Adhi Karya	ADHI IJ	Outperform	2,700	3,300	502	26.7	23.0	25.4%	4.94	4.14	19.6%	19.6%	1.0%	1.0%
Pembangunan Perumahan	PTPP IJ	Outperform	960.0	1,100	480	19.4	15.2	26.6%	3.26	2.80	18.4%	19.4%	1.5%	1.6%
Total Bangun Persada	TOTL IJ	Outperform	1,060	1,120	373	29.0	19.7	45.7%	5.71	5.42	20.4%	28.2%	0.0%	0.0%
Wijaya Karya	WIKA IJ	Outperform	1,790	2,050	1,129	30.4	24.5	40.2%	5.21	4.53	15.5%	16.8%	0.6%	1.2%
<b>Indonesia average</b>						<b>26.4</b>	<b>20.8</b>	<b>33.3%</b>	<b>4.71</b>	<b>4.09</b>	<b>17.6%</b>	<b>19.4%</b>	<b>0.8%</b>	<b>1.1%</b>
CH. Kanchang	CK TB	Neutral	26.50	24.00	1,474	na	77.1	na	6.86	5.12	-54.3%	7.5%	1.3%	0.9%
Italian-Thai Development	ITD TB	Underperform	7.25	4.20	1,023	na	237.9	4.8%	3.77	3.72	-15.3%	1.6%	0.0%	0.0%
Sino-Thai Eng & Construction	STEC TB	Outperform	36.75	38.50	1,467	48.3	37.4	50.7%	7.74	7.09	18.5%	19.5%	0.6%	1.5%
<b>Thailand average</b>						<b>na</b>	<b>63.3</b>	<b>79.7%</b>	<b>5.87</b>	<b>5.15</b>	<b>-18.7%</b>	<b>8.5%</b>	<b>0.7%</b>	<b>0.9%</b>
Yongnam Holdings	YNH SP	Outperform	0.26	0.36	263	5.1	7.3	10.4%	1.12	1.01	24.8%	14.2%	3.8%	3.8%
<b>Singapore average</b>						<b>5.1</b>	<b>7.3</b>	<b>10.4%</b>	<b>1.12</b>	<b>1.01</b>	<b>24.8%</b>	<b>14.2%</b>	<b>3.8%</b>	<b>3.8%</b>
<b>Average (all)</b>						<b>26.0</b>	<b>18.6</b>	<b>17.0%</b>	<b>3.03</b>	<b>2.67</b>	<b>12.0%</b>	<b>15.0%</b>	<b>1.6%</b>	<b>2.0%</b>

SOURCES: CIMB, COMPANY REPORTS



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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CIMBS does not confirm nor certify the accuracy of such survey result.

Score Range	90 – 100	80 – 89	70 – 79	Below 70 or No Survey Result
Description	Excellent	Very Good	Good	N/A

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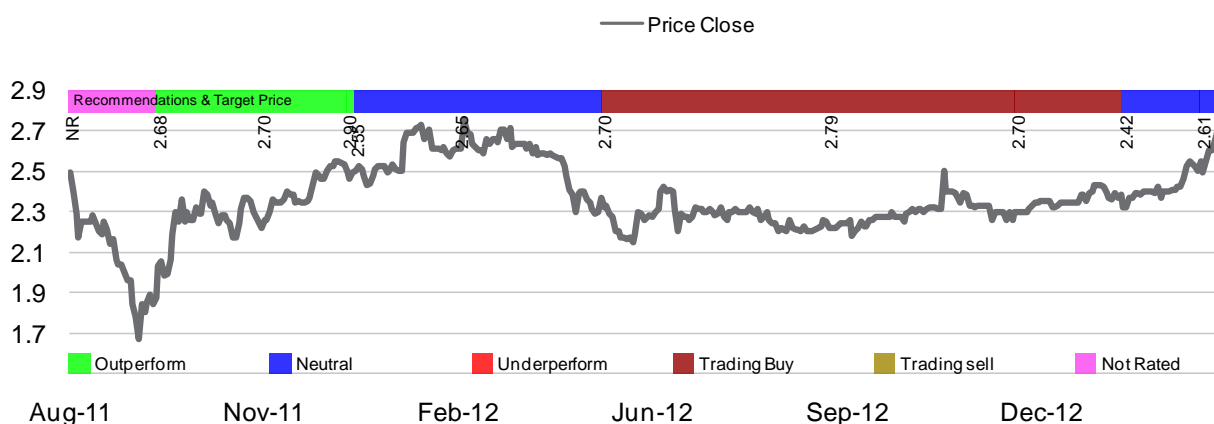
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Spitzer Chart for stock being researched ( 2 year data )



Distribution of stock ratings and investment banking clients for quarter ended on 28 February 2013		
959 companies under coverage		
	Rating Distribution (%)	Investment Banking clients (%)
Outperform/Buy/Trading Buy	51.7%	8.6%
Neutral	35.0%	4.3%
Underperform/Sell/Trading Sell	13.3%	7.1%

**Recommendation Framework #1 \***

**Stock**

- OUTPERFORM:** The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 12 months.
- NEUTRAL:** The stock's total return is expected to be within +/-5% of a relevant benchmark's total return.
- UNDERPERFORM:** The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 12 months.
- TRADING BUY:** The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 3 months.
- TRADING SELL:** The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 3 months.

**Sector**

- OVERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.
- NEUTRAL:** The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.
- UNDERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months.
- TRADING BUY:** The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 3 months.
- TRADING SELL:** The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 3 months.

\* This framework only applies to stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand, Jakarta Stock Exchange, Australian Securities Exchange, Korea Exchange, Taiwan Stock Exchange and National Stock Exchange of India/Bombay Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.

### Recommendation Framework #2 \*\*

#### Stock

**OUTPERFORM:** Expected positive total returns of 10% or more over the next 12 months.

**NEUTRAL:** Expected total returns of between -10% and +10% over the next 12 months.

**UNDERPERFORM:** Expected negative total returns of 10% or more over the next 12 months.

**TRADING BUY:** Expected positive total returns of 10% or more over the next 3 months.

**TRADING SELL:** Expected negative total returns of 10% or more over the next 3 months.

#### Sector

**OVERWEIGHT:** The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +10% or better over the next 12 months.

**NEUTRAL:** The industry, as defined by the analyst's coverage universe, has either (i) an equal number of stocks that are expected to have total returns of +10% (or better) or -10% (or worse), or (ii) stocks that are predominantly expected to have total returns that will range from +10% to -10%; both over the next 12 months.

**UNDERWEIGHT:** The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -10% or worse over the next 12 months.

**TRADING BUY:** The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +10% or better over the next 3 months.

**TRADING SELL:** The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -10% or worse over the next 3 months.

\*\* This framework only applies to stocks listed on the Hong Kong Stock Exchange and China listings on the Singapore Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.

#### Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2011.

AAV – not available, **ADVANC** - Excellent, **AMATA** - Very Good, **AOT** - Excellent, **AP** - Very Good, **BANPU** - Excellent, **BAY** - Excellent, **BBL** - Excellent, **BCH** - Good, **BEC** - Very Good, **BECL** - Very Good, **BGH** - not available, **BH** - Very Good, **BIGC** - Very Good, **BTS** - Very Good, **CCET** - Good, **CK** - Very Good, **CPALL** - Very Good, **CPF** - Very Good, **CPN** - Excellent, **DELTA** - Very Good, **DTAC** - Very Good, **GLOBAL** - not available, **GLOW** - Very Good, **GRAMMY** – Excellent, **HANA** - Very Good, **HEMRAJ** - Excellent, **HMPRO** - Very Good, **INTUCH** – Very Good, **ITD** - Good, **IVL** - Very Good, **JAS** – Very Good, **KAMART** – not available, **KBANK** - Excellent, **KK** - Excellent, **KTB** - Excellent, **LH** - Very Good, **LPN** - Excellent, **MAJOR** - Very Good, **MCOT** - Excellent, **MINT** - Very Good, **PS** - Excellent, **PSL** - Excellent, **PTT** - Excellent, **PTTGC** - not available, **PTTEP** - Excellent, **QH** - Excellent, **RATCH** - Excellent, **ROBINS** - Excellent, **RS** - Excellent, **SC** – Excellent, **SCB** - Excellent, **SCC** - Excellent, **SCCC** - Very Good, **SIRI** - Very Good, **SPALI** - Very Good, **STA** - Very Good, **STEC** - Very Good, **TCAP** - Very Good, **THAI** - Very Good, **THCOM** – Very Good, **TISCO** - Excellent, **TMB** - Excellent, **TOP** - Excellent, **TRUE** - Very Good, **TUF** - Very Good, **WORK** - Good.