

"2024 results were above expectations due to lumpy property earnings in Singapore"

### Share price performance



	1M	3M	12M
Absolute (%)	1.8	-6.3	64.8
Rel KLCI (%)	1.0	-5.3	60.8

	BUY	HOLD	SELL
Consensus	5	6	1

### Stock Data

Sector	Property
Issued shares (m)	6,178.0
Mkt cap (RMm)/(US\$m)	28604/6460.8
Avg daily vol - 6mth (m)	13.1
52-wk range (RM)	2.72-5.1
Est free float	44.3%
Stock Beta	1.20
Net cash/(debt) (RMm)	(6,522)
ROE (2024E)	5.3%
Derivatives	No
Shariah Compliant	Yes
FTSE4Good Constituent	No
FBM EMAS (Top 200)	Top 25%
ESG Rank	
ESG Risk Rating	16.1 (+7.6 yoy)

### Key Shareholders

Sungei Way Corp Sdn	45.5%
Cheah Fook Ling	10.2%
Employees Provident	8.1%
Active Equity Snd Bhd	3.6%

Source: Bloomberg, Affin Hwang, Bursa Malaysia, ESG Risk Rating Powered by Sustainabilityics

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## Sunway Berhad (SWB MK)

**HOLD (maintain)**

Up/Downside: 3.7%

**Price Target: RM4.80**

Previous Target (Rating): RM4.80 (HOLD)

### Ending the year on a high note; above expectations

- Core net profit grew 32% yoy to RM1.1bn in 2024, mainly driven by higher property development earnings and the lumpy contribution from the completion of an executive condo (EC) project in Singapore (RM124m)
- The group saw higher property pre-sales of RM3bn (+23% yoy), mainly from improving Johor property sales
- We maintain our target price (TP) of RM4.80. We believe most of the positive developments are baked in and maintain our HOLD call on fair valuations

### Results were above consensus and our expectations

Core net profit of RM1.1b (+32% yoy) in 2024 was equivalent to 108-110% of consensus and our previous forecasts of RM953-974m. Revenue (excluding healthcare division) grew 28% yoy to RM7.9bn in 2024, driven by higher yoy revenue across all divisions. PBT jumped 53% yoy to RM1.5bn in 2024, primarily driven by a surge in property development earnings (+115% yoy). This was attributable to lumpy earnings from the completion of Parc Central Residences in Singapore (RM124m). Meanwhile, its healthcare division reported PAT of RM216m (+41.6% yoy), supported by higher in-patient volume (+14% yoy to 1.5m in 2024) and improved operating performance. Revenue rose 41% qoq to RM2.9bn in 4Q24. Core net profit fell 9% qoq to RM324m on higher tax expense in 4Q24 (+98% yoy).

### Higher property pre-sales and higher new construction contract wins

Sunway's property pre-sales rose 23% yoy to RM3bn in 2024, compared to RM2.4bn in 2023, mainly on higher sales from the southern region. Sunway plans to launch RM1.1bn worth of properties in Sunway City Iskandar Puteri (SCIP) and Johor Bahru in 2025. Unbilled sales of RM3.3bn should support revenue growth over the next 2-3 years. Meanwhile, Sunway Construction (SCGB MK, RM4.34, BUY) secured RM4.2bn of new contracts in 2024, with data centres continuing to dominate its portfolio (55% of outstanding order book of RM5.8bn). For 2025, the group has set a launch pipeline of RM4.1bn and sales target of RM3.6bn (+38% to previous target)

### Maintain HOLD; most of the positives have been baked in

We maintain our HOLD call on the stock on fair valuations. However, there are potential upside risks: (1) prospect of an earlier-than-expected listing and higher-than-expected valuation for Sunway Healthcare Group; (2) higher-than-expected property demand in Sunway City Iskandar Puteri; and (3) Iskandar Investment Berhad's (IIB) initiative to offer property buyers in Medini the option to convert their properties from Private Lease Scheme (PLS) to freehold status for a premium, which would significantly impact property values for SCIP. We raise core EPS by 4.5-6.7% in FY25-26E to reflect its land sale recognition and construction earnings. We maintain our 12-month TP of RM4.80, based on a 10% discount to RNAV. Downside risks: lower-than-expected property sales and healthcare unit valuation.

### Earnings & Valuation Summary

FYE 31 Dec	2023	2024	2025E	2026E	2027E
Revenue (RMm)	6,139.8	7,882.5	9,591.2	10,059.0	10,277.1
EBITDA (RMm)	865.7	928.9	1,252.7	1,315.7	1,446.1
Pretax profit (RMm)	993.2	1,524.1	1,494.0	1,572.7	1,758.8
Net profit (RMm)	737.8	1,154.2	1,177.3	1,251.1	1,399.2
EPS (sen)	14.9	17.3	17.7	18.8	21.0
PER (x)	31.1	26.7	26.2	24.7	22.1
Core net profit (RMm)	797.6	1,051.7	1,177.3	1,251.1	1,397.2
Core EPS (sen)	16.1	15.8	17.7	18.8	21.0
Core EPS growth (%)	9.9	(2.0)	11.9	6.3	11.7
Core PER (x)	28.8	29.3	26.2	24.7	22.1
Net DPS (sen)	5.5	5.5	6.5	7.0	8.0
Dividend Yield (%)	1.2	1.2	1.4	1.5	1.7
EV/EBITDA	35.0	40.3	30.3	28.6	25.6

Chg in EPS (%)

+6.7

+4.5

New

Affin/Consensus (x)

1.1

1.1

NA

Source: Company, Bloomberg, Affin Hwang forecasts

**Fig 1: Results comparison**

FYE 31 Dec (RMm)	4Q23	3Q24	4Q24	QoQ % chg	YoY % chg	2023	2024	YoY % chg	Comment
<b>Revenue</b>	<b>1,869</b>	<b>2,029</b>	<b>2,855</b>	<b>40.7</b>	<b>52.8</b>	<b>6,140</b>	<b>7,882</b>	<b>28.4</b>	2024: Higher revenue yoy across all divisions
Op costs	(1,521)	(1,790)	(2,533)	41.5	66.5	(5,274)	(6,954)	31.8	
<b>EBITDA</b>	<b>348</b>	<b>239</b>	<b>322</b>	<b>34.5</b>	<b>(7.5)</b>	<b>866</b>	<b>929</b>	<b>7.3</b>	
<i>EBITDA margin (%)</i>	<i>18.6</i>	<i>11.8</i>	<i>11.3</i>	<i>-0.5</i>	<i>-7.3</i>	<i>14.1</i>	<i>11.8</i>	<i>-2.3</i>	
Depn and amort	(37.51)	(37.19)	(38.32)	3.0	2.2	(141)	(144)	1.9	
<b>EBIT</b>	<b>310</b>	<b>202</b>	<b>283</b>	<b>40.3</b>	<b>(8.6)</b>	<b>724</b>	<b>785</b>	<b>8.4</b>	
<i>EBIT margin (%)</i>	<i>16.6</i>	<i>10.0</i>	<i>9.9</i>	<i>0.0</i>	<i>-6.7</i>	<i>11.8</i>	<i>10.0</i>	<i>-1.8</i>	
Interest income	73	100	117	16.1	59.4	257	363	41.1	
Interest expense	(95)	(96)	(92)	(4.2)	(2.9)	(325)	(369)	13.5	
Associates	80	236	174	(26.1)	117.6	397	643	62.0	
Forex gain (losses)	35	(4)	(5)	3.1	NA	(35)	20	NA	Unrealised forex loss on US\$ debt in 4Q24. But partly hedged by derivatives.
Exceptional items	(53)	25	16	(35.1)	NA	(25)	82	NA	
<b>Pretax profit</b>	<b>350</b>	<b>463</b>	<b>494</b>	<b>6.7</b>	<b>40.9</b>	<b>993</b>	<b>1,524</b>	<b>53.4</b>	Higher earnings for property development, construction, trading and quarry operations. Boosted by earnings recognition upon completion of an EC project in Singapore
Tax	(33)	(54)	(107)	98.1	224.4	(138)	(242)	75.6	
<i>Tax rate (%)</i>	<i>9.4</i>	<i>11.7</i>	<i>21.7</i>	<i>10.0</i>	<i>12.3</i>	<i>13.9</i>	<i>15.9</i>	<i>2.0</i>	
Minority interests	(51)	(32)	(51)	57.2	(1.0)	(118)	(128)	8.7	
<b>Net profit</b>	<b>266</b>	<b>376</b>	<b>335</b>	<b>(10.8)</b>	<b>26.2</b>	<b>738</b>	<b>1,154</b>	<b>56.4</b>	Above expectation
EPS (sen)	4	5	5	(4.7)	14.6	12	17	44.9	
<b>Core net profit</b>	<b>284</b>	<b>356</b>	<b>324</b>	<b>(8.9)</b>	<b>14.0</b>	<b>798</b>	<b>1,052</b>	<b>31.9</b>	Above expectation, excluding exceptional items.

Source: Affin Hwang, Company

**Fig 2: Segmental revenue breakdown**

FYE 31 Dec (RMm)	4Q23	3Q24	4Q24	QoQ % chg	YoY % chg	2023	2024	YoY % chg
Ppty dev	499	496	810	63.3	62.1	1,419	1,965	38.5
Ppty inv	256	272	255	(6.2)	(0.5)	898	989	10.1
Construction	533	611	1,100	80.1	106.4	1,689	2,464	45.9
Trading	260	284	362	27.3	39.2	955	1,143	19.7
Quarry	125	141	129	(8.6)	3.0	446	486	8.9
Other	195	226	200	(11.6)	2.1	733	836	14.0
<b>Total</b>	<b>1,869</b>	<b>2,029</b>	<b>2,855</b>	<b>40.7</b>	<b>52.8</b>	<b>6,140</b>	<b>7,882</b>	<b>28.4</b>

Source: Affin Hwang, Company

**Fig 3: Segmental PBT breakdown**

FYE 31 Dec (RMm)	4Q23	3Q24	4Q24	QoQ % chg	YoY % chg	2023	2024	YoY % chg
Ppty dev	69	185	163	(12.2)	135.5	212	457	115.8
Ppty inv	137	76	132	73.6	(3.2)	293	364	24.3
Construction	63	70	117	67.3	85.9	198	281	42.1
Trading	12	13	20	54.7	68.6	45	53	16.9
Quarry	9	13	18	45.0	93.0	27	53	92.6
Other	60	106	44	(58.7)	(27.7)	218	316	45.1
<b>Total</b>	<b>350</b>	<b>463</b>	<b>494</b>	<b>6.7</b>	<b>40.9</b>	<b>993</b>	<b>1,524</b>	<b>53.4</b>

Source: Affin Hwang, Company



**Fig 4: Segmental PBT margin**

FYE 31 Dec (%)	4Q23	3Q24	4Q24	QoQ ppt	YoY ppt	2023	2024	QoQ ppt
Ppty dev	13.8	37.3	20.1	(17.3)	6.3	14.9	23.2	8.3
Ppty inv	53.4	28.0	51.9	23.9	(1.4)	32.6	36.8	4.2
Construction	11.8	11.4	10.6	(0.8)	(1.2)	11.7	11.4	(0.3)
Trading	4.6	4.6	5.6	1.0	1.0	4.7	4.6	(0.1)
Quarry	7.5	8.9	14.1	5.2	6.6	6.2	10.9	4.7
Others	30.9	46.9	21.9	(25.0)	(9.0)	29.8	37.9	8.1
<b>Total</b>	<b>18.8</b>	<b>22.8</b>	<b>17.3</b>	<b>(5.5)</b>	<b>(1.5)</b>	<b>16.2</b>	<b>19.3</b>	<b>3.2</b>

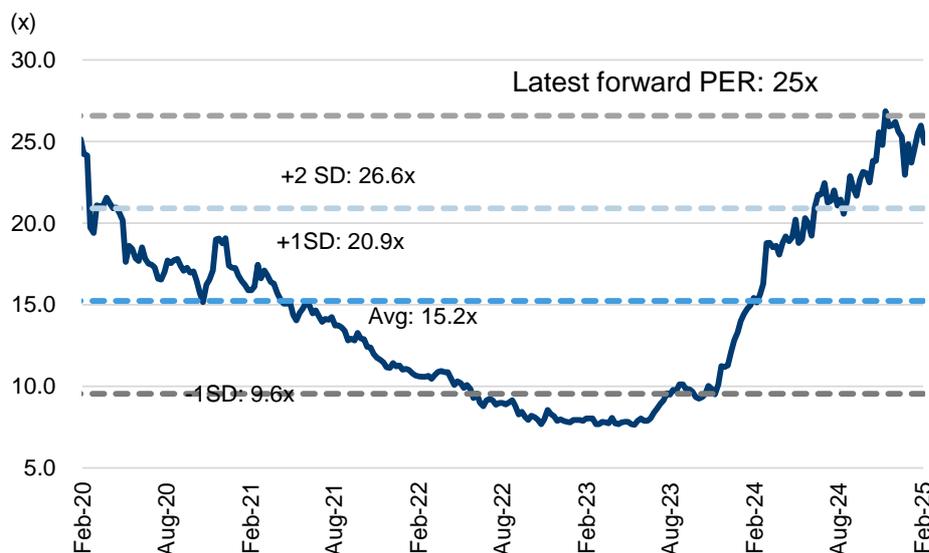
Source: Affin Hwang, Company

**Fig 5: RNAV and target price**

RNAV by business segments	PER (X)	EV/EBITDA (X)	RNAV (RMm)
Property development			8,978
Property development JV			3,504
Property investment			6,304
Construction	18		4,250
Building materials	14		700
Quarry	14		420
Healthcare		20	10,431
<b>Total</b>			<b>34,587</b>
Co. net cash/(debt)			(589.3)
<b>RNAV</b>			<b>33,998</b>
Number of shares			4,955
<b>RNAV/share (RM)</b>			<b>6.86</b>
Fully-diluted no. of shares			6,602
<b>Fully-diluted RNAV/share (RM)</b>			<b>5.30</b>
<b>Target price @ 10% discount to RNAV (RM)</b>			<b>4.80</b>

Source: Affin Hwang forecasts

**Fig 6: 12-month forward PER**



Source: Bloomberg, Affin Hwang forecasts

## Important Disclosures and Disclaimer

### Equity Rating Structure and Definitions

<b>BUY</b>	Total return is expected to exceed +10% over a 12-month period
<b>HOLD</b>	Total return is expected to be between -5% and +10% over a 12-month period
<b>SELL</b>	Total return is expected to be below -5% over a 12-month period
<b>NOT RATED</b>	Affin Hwang Investment Bank Berhad does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation

*The total expected return is defined as the percentage upside/downside to our target price plus the net dividend yield over the next 12 months.*

<b>OVERWEIGHT</b>	Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months
<b>NEUTRAL</b>	Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months
<b>UNDERWEIGHT</b>	Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months

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