

Sunway Berhad

(5211 | SWB MK) Main | Industrial Products & Services



NEUTRAL

Revised Target Price **RM4.73** (from RM4.97)

Corporate Update

4QFY24 Results Review Decent Earnings Growth

Maintain NEUTRAL on Sunway Berhad with a revised target price of RM4.73. Sunway Berhad FY24 core net earnings came in above expectations. Earnings were more than doubled in FY24 as earnings were boosted by lumpy earnings recognition from Singapore projects. We revise our sum-of-parts derived TP from RM4.97 to RM4.73 due to higher share base post conversion of ICPS. We see listing of healthcare division and better outlook for its Iskandar Malaysia project remain the key catalysts. Nevertheless, we maintain our NEUTRAL call as we think positives are largely priced in.

FY24 core earnings above expectations. Sunway Berhad FY24 core net income of RM1.06b came in above expectations, making up 114% and 113% of our and consensus estimates respectively. The positive deviation was mainly due to the stronger-than-expected earnings from construction division. Sunway Berhad announced dividend of 4sen per share, bringing totally dividend to 6sen per share (dividend yield: 1.6%).

Commendable earnings growth driven by project in Singapore. Sequentially, 4QFY24 core net income was higher at RM321.5m (+47.3%qoq) driven mainly by higher contribution from construction division which saw profit before tax (PBT) of the division higher by +67.3%qoq. On yearly basis, 4QFY24 core net income was higher (+67.6%yoy), bringing FY24 core net income higher at RM1.06b (+108%yoy). Earnings doubled in FY24 as all the business divisions recorded improved earnings contribution. Notably, PBT of property development division more than doubled due to higher earnings recognition from local projects and by lumpy earnings recognition from Parc Central Residences in Singapore. Meanwhile, healthcare division recorded higher earnings, underpinned by better performance of its hospitals which offset the start-up operational losses of Sunway Medical Centre Damansara.

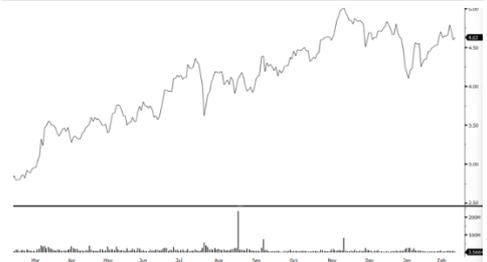
Strong property sales of RM3b in FY24. Sunway Berhad recorded strong sales of RM1.16b in 4QFY24, bringing total new property sales to RM3b which is ahead of its sales target of RM2.6b and higher than new sales of RM2.44b in FY23. Projects in Klang Valley contributed to 41% to total new sales followed by Singapore projects which contributed 38%. Meanwhile, property unbilled sales declined from RM4.5b in 3QFY24 to RM3.33b in 4QFY24.

Target price revised to RM4.73. We revise FY25/26F earnings forecast by +7.4%/+8.7% to factor in higher contribution from construction division. We also introduce our earnings forecast for FY27F. We revise our TP for Sunway Berhad from RM4.97 to RM4.73 as we update our RNAV valuation and input higher share base post conversion of ICPS.

RETURN STATISTICS

Price @ 26 th Feb 2025 (RM)	4.63
Expected share price return (%)	+2.2
Expected dividend yield (%)	+1.5
Expected total return (%)	+3.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.8	0.8
3months	-3.3	-5.4
12 months	64.8	60.5

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	6,877	6,921	7,934
Operating Profit	844	878	1,005
Profit Before Tax	995	1,027	1,083
Core PATAMI	904	959	947
Core EPS	13.56	14.39	14.20
DPS	7.00	7.00	7.00
Dividend Yield	1.51%	1.51%	1.51%

KEY STATISTICS

FBM KLCI	1,588.71
Issue shares (m)	6666.85
Estimated free float (%)	44.29
Market Capitalisation (RM'm)	28,603
52-wk price range	RM2.72 – RM5.1
3-mth average daily volume (m)	10.84
3-mth average daily value (RM'm)	50.02
Top Shareholders (%)	
Sungei Way Corp Sdn Bhd	45.52
JEF-SAN Enterprise Sdn Bhd	10.15
EPF	8.11

Analyst

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Sunway Berhad: 4QFY24 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY24	%YoY	%QoQ	FY24	%YoY
Revenue	2854.6	85.5%	80.7%	7,882.5	84.6%
EBIT	294.9	147.5%	39.4%	887.3	138.2%
Core PBT	479.7	85.0%	66.1%	1,425.8	110.2%
Net Income	335.5	86.1%	24.0%	1,154.2	144.6%
Core Net Income	321.5	67.6%	47.3%	1,055.9	108.1%
EPS (sen)	5.03	65.6%	22.6%	17.5	118.6%
Core EPS (sen)	4.82	49.2%	45.5%	16.0	86.1%
Net DPS (sen)	4.00	14.3%	100.0%	6.0	9.1%
NTA/share (RM)	2.19	3%	2%	2.2	3.0%
Net Gearing (x)	0.44	NA	NA	0.44	NA
EBIT Margin	10.3%	NA	NA	11.3%	NA
Core PBT Margin	16.8%	NA	NA	18.1%	NA

Source: Company, MIDF Research

Sum-of-Parts

Division	Methodology	Multiple	Stake	Discount	Value (RM m)
Property Development	NPV of profits	n/a	100%	10%	8690.5
Property Investment	Net Book Value	n/a	100%	n/a	2973.0
Construction	Target Price of RM4.46	n/a	54%	n/a	3128.3
Sunway REIT	Target Price of RM1.98	n/a	35%	n/a	2338.9
Healthcare	23x EV EBITDA	23	84%	n/a	13620.6
Trading and manufacturing	13x FY25E PER	13	100%	n/a	285.3
Quarry & Others	13x FY25E PER	13	100%	n/a	460.3
Total SOP					31496.9
Number of shares					6666.0
Target Price (RM)					4.73

FINANCIAL SUMMARY

Profit or Loss (RM'm)						Cash Flow (RM'm)					
	2023A	2024A	2025E	2026F	2027F		2023A	2024A	2025E	2026F	2027F
Revenue	6,140	7,882	6,877	6,921	7,934	Cash flows from operating activities					
EBIT	664	887	844	878	1,005	Net income before taxation	993	1524	995	1027	1083
PBT	953	1,426	995	1,027	1,083	Net cash from operating activities	390	1574	1543	1512	1482
Net Income	738	1,154	904	959	947	Cash flows from investing activities					
Core Net Income	698	1,056	904	959	947	Acquisition of property, plant and equipment	-96	-102	-88	-76	-65
Core EPS (sen)	10.8	15.8	13.6	14.4	14.2	Net cash used in investing activities	-472	-26	-20	-15	-12
Core PER (x)	42.7	29.2	34.1	32.2	32.6	Cash flows from financing activities					
NTA/share	2.15	2.39	2.43	2.48	2.52	Net cash from/(used in) financing activities	402	573	487	530	508
P/NTA	2.15	1.94	1.90	1.87	1.84						
Balance Sheet (RM'm)						Profitability Ratios (%)					
	2023A	2024A	2025E	2026F	2027F		2023A	2024A	2025E	2026F	2027F
Property, plant and equipment	1,358	1,252	1,264	1,277	1,290	EBIT margin	10.8%	11.3%	12.3%	12.7%	12.7%
Investment properties	2,664	2,973	2,914	2,855	2,798	PBT margin	15.5%	18.1%	14.5%	14.8%	13.6%
Investment in JV	7,105	7,410	7,573	7,740	7,910	PAT margin	12.0%	14.6%	13.1%	13.9%	11.9%
Total non-current assets	18,533	18,561	18,969	19,387	19,813	Core PATAMI margin	11.4%	13.4%	13.1%	13.9%	11.9%
Inventories	3,561	4,122	4,213	4,305	4,400	ROE	5.0%	6.6%	5.6%	5.8%	5.6%
Cash and bank balances	2,300	4,356	4,452	4,549	4,650	ROA	2.4%	3.4%	2.8%	2.9%	2.8%
Other assets	4,219	4,472	4,473	4,433	4,395						
Total Assets	28,613	31,510	32,106	32,674	33,257						
LT Term Loans	3,633	4,905	5,249	5,616	6,009						
ST Borrowings	6,018	5,972	6,091	6,213	6,337						
Other Liabilities	3,965	4,696	4,544	4,329	4,092						
Total Liability	13,615	15,573	15,884	16,158	16,439						
Share capital	6,161	7,049	7,049	7,049	7,049						
Other Equity	8,837	8,889	9,173	9,467	9,770						
Total Equity	14,998	15,938	16,222	16,516	16,819						
Equity + Liability	28,613	31,510	32,106	32,674	33,257						

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS**STOCK RECOMMENDATIONS**

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology