

27 February 2025

Property | Real Estate

## Sunway (SWB MK)

**Buy** (Maintained)

### Growing From Strength To Strength; BUY

Target Price (Return): MYR5.77 (24.65%)  
 Price (Market Cap): MYR4.63 (USD6,459m)  
 ESG score: 3.4 (out of 4)  
 Avg Daily Turnover (MYR/USD) 40.4m/9.05m

- **Maintain BUY and MYR5.77 TP, 25% upside (c.1% FY25F yield).** Sunway's 4Q24 results exceeded estimates, being mainly driven by the property development and construction units. Full-year property sales of MYR3.01bn surpassed management's target of MYR2.6bn. For FY25, it plans to roll out MYR1.26bn in properties in Sunway City Iskandar Puteri and Johor Bahru, reaffirming its confidence in the Iskandar Malaysia property market. Meanwhile, its construction arm has an orderbook replenishment target of MYR4.5-6bn. The listing of Sunway Healthcare Group is also well on track.
- **4Q24 results review.** 4Q24 revenue for the property development segment was mainly driven by higher sales and billings, and partly lifted by a FV gain of MYR23.9m arising from Monash Residence and some properties in Velocity. Meanwhile, the stronger QoQ growth in the construction segment was due to accelerated work progress in some data centre jobs. Revenue for the property investment division, however, fell slightly on a decrease in visitor numbers to theme parks and lower occupancy rates for the hospitality segment as the school holiday period in 4Q24 was shorter. 3Q24 JV income was lifted by the completion of Parc Central Residences in Singapore. The healthcare segment saw flat QoQ growth in 4Q24 PBT, largely due to higher depreciation and finance costs arising from increased capex, as well as start-up losses from Sunway Medical Centre Damansara, which commenced operations in Dec 2024. A 4 sen second interim single-tier DPS was declared, bringing full-year DPS to 6 sen (FY23: 5.5 sen).
- **Sales spiked in 4Q24.** New property sales hit MYR1.16bn vs MYR579m in 3Q24. Full-year sales of MYR3.01bn (vs MYR2.44bn in FY23) were mainly contributed by projects in Singapore (MYR1.85bn), Iskandar Malaysia (MYR416m), Velocity 3 (MYR293m) and Flora (MYR235m). In Singapore, Novo Place in Tengah Plantation Close was successfully launched in Nov 2024, and reached a take-up rate of 88% within a month. While sales at Terra Hills remained rather slow, the take-up rate for The Continuum has picked up to 67% from 57% in 3Q24. Sales momentum for landed homes in Sunway Iskandar remained fairly strong, as Sunway Aviana Phase 3 (GDV: MYR76m) and Sunway Maple Residence (GDV: MYR193m), launched in April and September last year, are now 100%- and 70%-sold.
- **Forecast.** We lift FY25-26F earnings by 13% and 15%, as management plans to ramp up its launches in Iskandar Malaysia and construction orderbook replenishment this year. Sunway's unbilled sales and outstanding construction orderbook stood at MYR3.33bn and MYR5.83bn in 4Q24, vs MYR4.5bn and MYR7.07bn in 3Q24.
- **Maintain TP.** As Sunway has an ESG score of 3.4 out of 4, our TP includes an 8% ESG premium applied over its SOP-based intrinsic value.

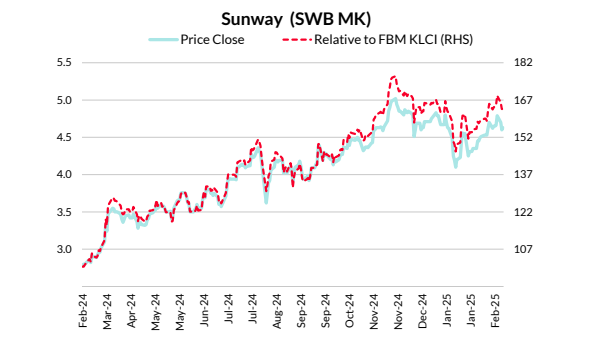
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#### Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(3.4)	1.8	(6.3)	12.4	64.8
Relative	(0.1)	0.8	(5.4)	15.5	62.1
52-wk Price low/high (MYR)				2.79	-5.02



Source: Bloomberg

Forecasts and Valuation	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total turnover (MYRm)	6,140	7,882	8,352	9,008	10,022
Recurring net profit (MYRm)	816	963	1,029	1,159	1,280
Recurring net profit growth (%)	20.6	18.0	6.8	12.7	10.4
Recurring EPS (MYR)	0.14	0.15	0.15	0.17	0.19
DPS (MYR)	0.05	0.06	0.07	0.07	0.08
Recurring P/E (x)	33.70	31.68	29.95	26.84	24.55
P/B (x)	1.99	2.03	1.98	1.91	1.84
Dividend Yield (%)	1.1	1.3	1.4	1.5	1.6
Return on average equity (%)	5.6	8.0	6.7	7.3	7.7
Net debt to equity (%)	43.4	37.7	39.5	35.8	34.1

Source: Company data, RHB

**Overall ESG Score: 3.4 (out of 4)**

**E Score: 3.3 (EXCELLENT)**

**S Score: 3.3 (EXCELLENT)**

**G Score: 3.7 (EXCELLENT)**

Please refer to the ESG analysis on the next page

## Emissions And ESG

### Trend analysis

In FY22, Scope 1 emissions: Increased to 65,329 tonnes of CO2 equivalents (FY21: 53,765 tonnes of CO2 equivalents) and Scope 2 increased to 55,813tn (FY21: 42,307 tonnes of CO2 equivalents).

Emissions (tCO2e)	Dec-22	Dec-23	Dec-24	Dec-25
Scope 1	65,329	na	na	na
Scope 2	55,813	na	na	na
Scope 3	64,603	na	na	na
Total emissions	185,745	na	na	na

Source: Company data, RHB

## Latest ESG-Related Developments

Sunway Bhd is a constituent of FTSE4Good Bursa Malaysia Index.

It aims to be carbon neutral by 2050.

## ESG Unbundled

**Overall ESG Score: 3.4 (out of 4)**

Last Updated: 26 Feb 2025

**E Score: 3.3 (EXCELLENT)**

Sunway City is a Green Building Index (GBI) certified township. The company managed to avoid 40,131 tonnes of CO2e from 2015-2019, and 1% of its electricity is from renewable sources (in 2019). Its main townships also have more than 40% open space, with greenscapes and bluescapes.

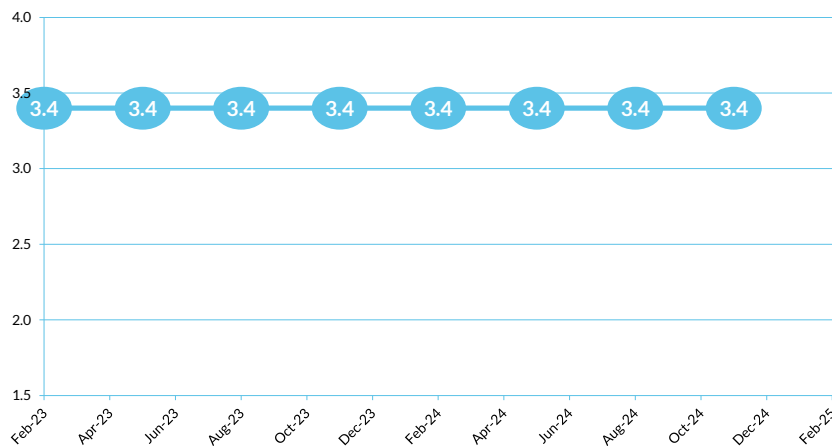
**S Score: 3.3 (EXCELLENT)**

Sunway has made donations to aid the underserved communities in the B40 group, people with disabilities, youth, women, children and senior citizens. The Good Run in Oct 2019 managed to raise MYR275k to support medical treatment costs for cancer patients of the B40 group.

**G Score: 3.7 (EXCELLENT)**

56% of board members are independent. Sunway has an in-house investor relations team that is easily accessible, and holds investor meetings, embodying good transparency and disclosure practices.

## ESG Rating History



Source: RHB

## Financial Exhibits

Asia	Financial summary (MYR)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Malaysia	Recurring EPS	0.14	0.15	0.15	0.17	0.19
Property	EPS	0.12	0.18	0.15	0.17	0.19
<b>Sunway</b>	DPS	0.05	0.06	0.07	0.07	0.08
SWB MK	BVPS	2.33	2.28	2.34	2.42	2.51
Buy	Return on average equity (%)	5.6	8.0	6.7	7.3	7.7
	Return on average assets (%)	2.7	3.8	3.2	3.5	3.6
<b>Valuation basis</b>						
i. 20% discount to property RNAV, 13x P/E for trading/building material division, 26x EV/EBITDA for healthcare division, and 0% holding co discount.	<b>Valuation metrics</b>	<b>Dec-23</b>	<b>Dec-24</b>	<b>Dec-25F</b>	<b>Dec-26F</b>	<b>Dec-27F</b>
	Recurring P/E (x)	33.70	31.68	29.95	26.84	24.55
	P/B (x)	2.0	2.0	2.0	1.9	1.8
	Dividend Yield (%)	1.1	1.3	1.4	1.5	1.6
	EV/EBITDA (x)	43.64	36.31	32.62	28.71	26.43
<b>Key drivers</b>						
i. New property sales, disposal of investment properties.	<b>Income statement (MYRm)</b>	<b>Dec-23</b>	<b>Dec-24</b>	<b>Dec-25F</b>	<b>Dec-26F</b>	<b>Dec-27F</b>
	Total turnover	6,140	7,882	8,352	9,008	10,022
	Gross profit	1,514	2,020	2,224	2,404	2,690
	EBITDA	806	1,031	1,179	1,343	1,477
	Depreciation and amortisation	(141)	(144)	(144)	(152)	(162)
	Operating profit	664	887	1,034	1,191	1,316
	Net interest	(68)	(6)	(57)	(53)	(46)
	Pre-tax profit	993	1,524	1,449	1,633	1,829
	Taxation	(138)	(242)	(304)	(343)	(402)
	Reported net profit	738	1,154	1,029	1,159	1,280
	Recurring net profit	816	963	1,029	1,159	1,280
<b>Key risks</b>						
Weaker-than-expected market conditions	<b>Cash flow (MYRm)</b>	<b>Dec-23</b>	<b>Dec-24</b>	<b>Dec-25F</b>	<b>Dec-26F</b>	<b>Dec-27F</b>
	Change in working capital	(449)	(444)	(559)	(59)	(170)
	Cash flow from operations	426	615	535	1,167	1,138
	Capex	(455)	0	(594)	(369)	(720)
	Cash flow from investing activities	(159)	209	(434)	(110)	(371)
	Dividends paid	(295)	(395)	(433)	(470)	(509)
	Cash flow from financing activities	1,087	1,114	(526)	(563)	(600)
	Cash at beginning of period	1,959	2,314	4,356	3,977	4,408
	Net change in cash	1,353	1,938	(425)	494	167
	Ending balance cash	3,312	4,253	3,931	4,471	4,575
<b>Company Profile</b>						
A well-known developer in the Klang Valley. Its flagship project - Bandar Sunway is a well-established integrated township. The company has successfully transformed a mining land to a matured residential and commercial cluster.	<b>Balance sheet (MYRm)</b>	<b>Dec-23</b>	<b>Dec-24</b>	<b>Dec-25F</b>	<b>Dec-26F</b>	<b>Dec-27F</b>
	Total cash and equivalents	3,140	4,876	4,498	4,929	4,962
	Tangible fixed assets	17,980	18,020	18,469	18,686	19,244
	Intangible assets	454	442	442	442	442
	Total other assets	99	99	372	604	813
	Total assets	28,613	31,510	32,770	34,278	36,051
	Short-term debt	6,018	5,972	5,972	5,972	5,972
	Total long-term debt	3,633	4,905	5,096	5,215	5,268
	Total liabilities	13,615	15,573	16,120	16,809	17,664
	Shareholders' equity	13,855	14,990	15,587	16,275	17,046
	Minority interests	1,143	947	1,063	1,194	1,340
	Total equity	14,998	15,938	16,650	17,469	18,386
	Total liabilities & equity	28,613	31,510	32,770	34,278	36,051
	<b>Key metrics</b>	<b>Dec-23</b>	<b>Dec-24</b>	<b>Dec-25F</b>	<b>Dec-26F</b>	<b>Dec-27F</b>
	Revenue growth (%)	18.2	28.4	6.0	7.9	11.3
	Recurring net profit growth (%)	20.6	18.0	6.8	12.7	10.4
	Recurrent EPS growth (%)	19.1	6.4	5.8	11.6	9.3
	Gross margin (%)	24.7	25.6	26.6	26.7	26.8
	Recurring net profit margin (%)	13.3	12.2	12.3	12.9	12.8
	Dividend payout ratio (%)	40.0	34.2	42.0	40.6	39.8

Source: Company data, RHB

## Results At a Glance

Figure 1: Results review

FYE Dec (MYR mil)	4Q23	3Q24	4Q24	QoQ (%)	YoY (%)	FY23	FY24	YoY (%)	Comments
<b>Turnover</b>	<b>1,868.8</b>	<b>2,029.0</b>	<b>2,854.6</b>	<b>40.7</b>	<b>52.8</b>	<b>6,139.8</b>	<b>7,882.5</b>	<b>28.4</b>	
Prop dev	499.4	495.7	809.6	63.3	62.1	1,418.8	1,964.9	38.5	Revenue was higher QoQ, driven by higher sales and progress billings from ongoing local property projects.
Prop invt	256.3	271.7	254.9	(6.2)	(0.5)	898.4	988.7	10.1	The drop in revenue QoQ was because of lower visitorship at theme parks and lower occupancy rates for the hospitality segment as a result of shorter school holidays in 4Q24.
Construction	532.8	610.7	1,099.8	80.1	106.4	1,688.9	2,464.1	45.9	Revenue improved as data centre projects saw accelerated work progress during the quarter.
Trading & Manufacturing	260.1	284.5	362.1	27.3	39.2	954.6	1,143.2	19.7	
Quarry	124.8	140.6	128.6	(8.6)	3.0	446.3	486.0	8.9	
Investment holdings	6.6	2.7	5.6	n.m.	n.m.	23.7	13.0	(44.9)	
Others	188.9	223.0	194.0	(13.0)	2.7	709.2	822.5	16.0	
<b>EBIT</b>	<b>291.9</b>	<b>222.4</b>	<b>294.9</b>	<b>32.6</b>	<b>1.0</b>	<b>664.4</b>	<b>887.3</b>	<b>33.5</b>	
<b>EBIT Margin (%)</b>	<b>15.6%</b>	<b>11.0%</b>	<b>10.3%</b>			<b>10.8%</b>	<b>11.3%</b>		
Prop dev	55.1	50.5	157.1	211.3	185.2	116.8	292.5	150.4	The higher EBIT was partly due to a FV gain of MYR23.9m arising from revaluation of Monash Residence and some assets in Velocity.
Prop invt	124.4	59.5	58.0	(2.6)	(53.4)	240.8	216.3	(10.1)	
Construction	81.9	62.9	89.8	42.7	9.7	231.8	257.2	10.9	
Trading & Manufacturing	13.9	16.2	25.2	55.6	81.6	51.6	66.1	28.1	
Quarry	8.6	12.1	12.2	1.3	41.4	28.5	45.1	58.2	
Investment holdings	(24.3)	4.1	(54.3)	n.m.	123.8	(64.7)	(40.0)	(38.2)	
Others	32.3	17.2	6.9	(59.9)	(78.7)	59.5	50.0	(16.0)	
Exceptional items	78.3	0.0	95.3	n.m.	n.m.	75.2	191.3	n.m.	
Finance cost	(21.5)	4.6	24.8	442.2	(215.4)	(68.2)	(6.3)	(90.8)	
Asso & jv	80.0	235.7	174.1	(26.1)	117.6	397.0	643.1	62.0	The higher JV income in 3Q24 was driven by the recognition of accumulated profit of about MYR124m as an executive condominium project Parc Central Residences in Singapore was completed in July 2024.
Other Income	0.0	0.0	0.0	n.m.	n.m.	0.0	0.0	0.0	
Pretax profit	350.4	462.7	493.7	6.7	40.9	993.2	1,524.1	53.4	
<b>PBT margin (%)</b>	<b>18.8%</b>	<b>22.8%</b>	<b>17.3%</b>			<b>16.2%</b>	<b>19.3%</b>		
Tax	(33.1)	(54.2)	(107.3)	98.1	224.4	(137.7)	(241.8)	75.6	
<b>Tax (%)</b>	<b>9.4%</b>	<b>11.7%</b>	<b>21.7%</b>			<b>13.9%</b>	<b>15.9%</b>		
PAT	317.3	408.5	386.4	(5.4)	21.8	855.6	1,282.3	49.9	
MI	(51.4)	(32.4)	(50.9)	-	n.m.	(117.8)	(128.0)	8.7	
<b>Net profit</b>	<b>265.9</b>	<b>376.1</b>	<b>335.5</b>	<b>(10.8)</b>	<b>26.2</b>	<b>737.8</b>	<b>1,154.2</b>	<b>56.4</b>	
<b>Core net profit</b>	<b>344.2</b>	<b>376.1</b>	<b>240.2</b>	<b>(36.1)</b>	<b>(30.2)</b>	<b>813.0</b>	<b>962.9</b>	<b>18.4</b>	Above expectations.
<b>Net margin (%)</b>	<b>18.4</b>	<b>18.5</b>	<b>8.4</b>						
EPS (sen)	4.4	5.3	5.0			11.5	11.5		
NTA (RM)	2.15	2.21	2.25			2.15	2.15		
DPS (sen)	3.5	0.0	4.0			5.5	5.5		
<b>EBIT margin:</b>									
Prop dev	11.0%	10.2%	19.4%			8.2%	8.2%		
Prop invt	48.5%	21.9%	22.8%			26.8%	26.8%		
Construction	15.4%	10.3%	8.2%			13.7%	13.7%		
Trading & Manufacturing	5.3%	5.7%	6.9%			5.4%	5.4%		
Quarry	6.9%	8.6%	9.5%			6.4%	6.4%		
Investment holdings	n.m.	n.m.	n.m.			n.m.	n.m.		
Others	17.1%	7.7%	3.6%			8.4%	8.4%		

Source: Company data, RHB

Figure 2: RNAV estimate

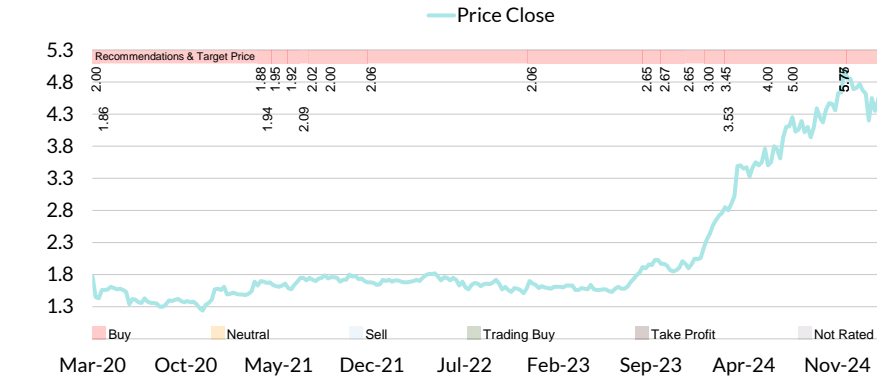
Developments	Remaining Landbank (acre)	Remaining GDV (MYR m)	Effective stake	NPV @ 9%
<b>Selangor/KL</b>				
Sunway Damansara	13.19	938.30	60%	75.5
Sunway South Quay	32.90	2,486.70	100%	320.7
Sunway Monterez	4.40	38.00	60%	2.8
Sunway Semenyih	523.11	728.59	70%	47.5
Sunway Cheras	2.92	4.50	100%	0.4
Sunway Duta	3.16	120.00	60%	6.4
Sunway Resort City	7.7	660	100%	96.0
Sunway Living Space (Sri Hartamas)	5.09	850.00	100%	85.7
Sunway Velocity 2	1.01	80.00	60%	4.3
Sunway Velocity 3	5.50	1,200.00	60%	81.2
New land in Cochrane	5.52	1,150.00	100%	134.9
Sunway Tower KL 1	0.92	240.00	100%	20.4
Sunway Termuning	31.20	13.59	80%	0.8
Mont Putra, Rawang	158.00	156.00	100%	13.2
Kelana Jaya	13.96	860.00	100%	70.0
Sunway Belfield	1.65	-	100%	-
Jernih Residence, Kajang	2.44	264.00	60%	12.4
USJ 1	14.80	1,400.00	100%	114.1
Mutiara Bukit Jalil	8.02	697.00	100%	54.6
Kuang land	245.00	2,000.00	100%	139.6
Dengkil (Emerald Tycoon)	61.23	813.90	100%	40.9
Taman Taynton (next to Sunway Alishan)	17.58	3,200.00	100%	151.7
<b>Perak</b>				
Sunway City Ipoh	324.1	3,746.38	96%	502.3
<b>Penang</b>				
Sunway Wellesley, Bukit Mertajam	50.66	710.47	100%	68.9
Paya Terubong	19.79	1,500.00	100%	133.3
Sunway Tunas, Balik Pulau	9.37	20.60	100%	1.6
Sunway Betong, Balik Pulau	19.87	16.80	100%	1.3
<b>S'pore</b>				
Terra Hills Pasir Panjang	4.79	2,873.00	30%	76.6
The Continuum Tanjong Katong	6.06	7,480.00	30%	114.3
Tengah Plantation Close 1	4.06	2,591.50	35%	69.9
Tengah Plantation Close 2	5.00	2,982.00	35%	73.7
Tampines mixed-use	5.80	4,995.00	35%	126.3
<b>Johor</b>				
Bukit Lenang	30.48	850.00	80%	87.9
Medini	530.44	10,505.00	60%	604.1
Pendas	1,071.47	18,000.00	100%	1,217.7
Bukit Chagar, RTS mixed-use development	4.23	2,600.00	100%	194.0
<b>China</b>				
Tianjin Phase 3	5.87	688.80	60%	29.4
Unbilled sales				585.0
<b>TOTAL</b>	<b>4,049.34</b>	<b>87,768.59</b>		<b>5,396.74</b>

Investment properties	Est. market value (MYR m)	Book value (MYR m)	Equity interest	Net surplus (MYR m)
Monash University Campus	375.0	375.0	100%	0
Monash U Residence	465.0	465.0	100%	0
Sunway Geo Tower	180.0	112.0	100%	68.0
Sunway Hotel Georgetown	60.0	37.6	100%	22.4
Sunway Hotel Phnom Penh	17.0	17.0	53%	0
Sunway Hotel Hanoi	1.0	1.0	100%	0
Sunway Giza	52.0	52.0	60%	0
Sunway Velocity Mall	3,040.0	908.5	59%	1,257.6
Sunway Citrine Hub	42.0	42.0	60%	0.0
Sunway Geo Avenue	100.0	47.0	100%	53.0
Sunway Big Box retail hub	220.0	220.0	100%	0.0
Sunway Visio Tower	100.0	100.0	100%	0.0
Sunway V Office	160.0	160.0	100%	0.0
Subtotal				6,744.70
Shareholders' equity (ex cons. & healthcare)				13,854.57
Total				20,599.27
Discount to Property RNAV				20%
Discounted Property RNAV				16,479.42

Other divisions	Market value (MYR m)	Book value (MYR m)	Est. FY25 earnings (MYR m)	PE target (x)	Equity value surplus (MYR m)
40.9% Sunway REIT	2,899.5	1,479.0			1,420.54
54.6% Sunway Construction	3,974.3	844.0			3,130.34
Others			148	13	1,924.00
84% Sunway Healthcare			569.6	26	11,851.44
Total					34,805.75
ESOS proceeds					151.21
Warrants conversion @ MYR1.35					227.26
Total RNAV					35,184.22
Holding company discount					0%
Discounted RNAV					35,184.22
Share base (mil)					6,588.38
Intrinsic value					5.34
ESG premium					8%
TP (MYR)					5.77

Source: RHB

## Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2025-02-27	Buy	5.77	na
2025-02-13	Buy	5.77	4.62
2024-11-26	Buy	5.75	4.94
2024-07-18	Buy	5.00	4.09
2024-05-22	Buy	4.00	3.66
2024-02-22	Buy	3.53	2.80
2024-02-16	Buy	3.45	2.76
2024-01-07	Buy	3.00	2.22
2023-11-22	Buy	2.65	1.94
2023-09-28	Buy	2.67	1.99
2023-08-17	Buy	2.65	1.92
2023-01-12	Buy	2.06	1.61
2022-11-28	Buy	2.06	1.58
2022-08-24	Buy	2.06	1.66
2022-05-26	Buy	2.06	1.74

Source: RHB, Bloomberg

## RHB Guide to Investment Ratings

<b>Buy:</b>	Share price may exceed 10% over the next 12 months
<b>Trading Buy:</b>	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
<b>Neutral:</b>	Share price may fall within the range of +/- 10% over the next 12 months
<b>Take Profit:</b>	Target price has been attained. Look to accumulate at lower levels
<b>Sell:</b>	Share price may fall by more than 10% over the next 12 months
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