

Sunway Bhd

Singapore Project Drives Sales Outperformance

TP: RM5.61 (+21.2%)

Last Traded: RM4.63

BUY (ESG: ★★★★★)

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Review

- Stripping off the exceptional items amounting to RM187.8mn, Sunway's FY24 core net profit of RM966.4mn (+48% YoY) came in line with expectations, accounting for 105% and 104% of ours and consensus' full-year forecasts, respectively.
- A second interim dividend of 4.0sen/share was declared in 4Q24, bringing the full-year dividend declared to 6.0sen/share (+20% YoY).
- YoY:** In FY24, revenue rose 28% YoY to RM7.9bn, while core PBT jumped 49% YoY to RM1.4bn, driven by strong performance across key segments. Property development core PBT more than doubled, supported by higher sales and progress billings from local projects, along with RM124.0mn in deferred profits from Parc Central Residences, a Singapore project completed in July 2024 under a 35:65 JV with Hoi Hup Realty, in line with MFRS 15. Property investment core PBT increased 26%, benefiting from increased visitorship to its theme parks, higher occupancy rates, and improved average daily room rates in the hospitality segment. Healthcare PBT climbed 42%, reflecting improved hospital operations, increased licensed beds, and higher patient census.
- QoQ:** Core net profit fell 35% QoQ to RM243.7mn in 4Q24, primarily due to the absence of a lumpy RM124mn profit recognition from the completion of Parc Central Residences in Singapore, which had boosted the previous quarter's results.
- Sunway's property sales surged in 4Q24 to RM1.2bn, significantly outpacing RM353mn in 4Q23 and RM580mn in 3Q24. This brought FY24 total property sales to RM3.01bn, marking a 23% YoY increase and exceeding both management's sales target and our sales assumption of RM2.6bn. The strong 4Q24 performance was primarily driven by Novo Place, an executive condominium project in Singapore, which achieved an impressive 88% take-up rate within a month of its official launch in Nov-24.

Impact

- Maintain earnings forecasts pending an analyst briefing later today.

Outlook

- With unbilled sales of RM3.33bn and an outstanding construction order book of RM4.4bn (external jobs only), Sunway has earnings visibility for the next 3-4 years.
- In our view, Sunway is well-positioned to benefit from a strengthening domestic economy, with its retail, leisure, hotel, and healthcare segments poised for growth. The openings of Sunway Medical Centre Damansara in December 2024 and Sunway Medical Centre Ipoh in 1Q25 will grow Sunway Healthcare Group's portfolio to five hospitals with around 2,500 beds. Supported by rising demand from an ageing population, non-

Share Information

Bloomberg Code	SWB MK
Stock Code	5211
Listing	Main Market
Share Cap (mn)	6,178.0
Market Cap (RMmn)	28,604.1
52-wk Hi/Lo (RM)	5.10/2.72
12-mth Avg Daily Vol ('000 shrs)	14,633.3
Estimated Free Float (%)	44.3
Beta	1.3

Major Shareholders (%)

Tan Sri Dato' Seri Dr. Jeffery Cheah (63.6)
EPF (8.1)

Forecast Revision

	FY25	FY26
Forecast Revision (%)	0.0	0.0
Net profit (RMmn)	1028.2	1108.0
Consensus	993.6	1094.7
TA's / Consensus (%)	103.5	101.2
Previous Rating	Buy (Maintained)	
Consensus Target Price (RM)	5.01	

Financial Indicators

	FY25	FY26
Net gearing (%)	50.9	0.0
CFPS (sen)	6.4	4.3
P/CFPS (x)	71.9	108.2
ROE (%)	7.0	7.3
ROA (%)	3.4	3.5
NTA/Share (RM)	2.2	2.3
Price/NTA (x)	2.1	2.0

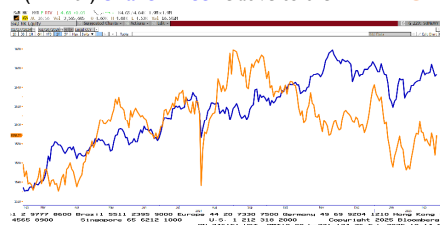
Scorecard

	% of FY	
vs TA	92.0	Above
vs Consensus	89.0	Above

Share Performance (%)

Price Change	SWB	FBM KLCI
1 mth	1.8	1.0
3 mth	(6.3)	(0.9)
6 mth	12.4	(3.1)
12 mth	64.8	2.7

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

communicable diseases, and medical tourism, the healthcare segment is set to sustain strong performance.

- The completion of the Rapid Transit System (RTS) rail link and the Johor-Singapore Special Economic Zone is expected to boost Sunway City Iskandar Puteri. Sunway's recent acquisition of a 4.23-acre land next to Bukit Chagar RTS Station further strengthens its Johor presence, enhancing its transit-oriented development portfolio and positioning it to capitalise on rising demand for integrated developments.

Valuation

- Our TP is adjusted to RM5.61/share, from RM5.60/share previously after factoring in the revised TP for SunCon from RM5.57/share to RM5.64/share. Maintain Buy.

SOP Valuation Table

	Stake	Value (RM mn)	RM/share*	Valuation Methodology
Property Dev & Inv	100.0%	11,246.2	1.70	22x CY26 Earnings
SunCon	54.6%	3,981.4	0.60	TP of RM5.64
Sunway REIT	40.9%	2,969.6	0.45	TP of RM2.12
Healthcare	84.0%	16,285.5	2.46	25x CY26 EV/EBITDA
Trading & Manufacturing	100.0%	500.8	0.08	12x CY26 Earnings
Quarry & Others	100.0%	356.3	0.05	12x CY26 Earnings
Total		35,339.7	5.35	
ESG		★★★★★	5.0%	
Fair Value			5.61	

Note *: Fully diluted. The calculation of value/share includes the ordinary shares that will be issued upon the mandatory conversion of ICPS.

Source: TA Securities

Earnings Summary (RM mn)

YE Dec 31 (RM'mn)	2022	2023	2024	2025F	2026F
Revenue	5,195.0	6,139.8	7,882.5	7,631.1	8,154.5
EBITDA	713.6	785.6	1,031.4	977.6	1,047.6
EBITDA margin (%)	13.7	12.8	13.1	12.8	12.8
Pretax profit	855.3	908.6	1,336.3	1,342.6	1,452.3
Reported Net profit	676.7	737.8	1,154.2	1,028.2	1,108.0
Net profit -a dj	612.2	653.2	966.4	1,028.2	1,108.0
Net profit a djusted for preferential dividend	558.9	601.8	915.1	1,002.5	1,108.0
EPS (sen) #	10.6	11.6	16.7	15.2	16.8
EPS - a dj (sen) #	9.5	10.1	13.9	15.2	16.8
EPS Growth (Core) (%)	59.6	6.3	37.1	13.2	10.5
PER (x)	48.6	45.7	33.3	30.5	27.6
GDPS (sen)	5.5	5.5	6.0	7.5	8.5
Div Yield (%)	1.2	1.2	1.3	1.6	1.8
ROE (%)	5.0	5.0	6.7	7.0	7.3

^ Restated

EPS after preference dividend payment

Note: Following the partial divestment, Sunway Healthcare is presented as discontinued operations in FY20 & FY21. For FY22 onwards, Sunway will recognise its share of the profit or loss in Sunway Healthcare (84% stake on a fully converted basis) under the equity method of accounting.

4Q24 Results Analysis (RM mn)

YE 31 Dec (RM' mn)	4Q23	3Q24	4Q24	QoQ (%)	YoY (%)	FY23	FY24	YoY(%)	
Revenue	1,868.8	2,029.0	2,854.6	40.7	52.8	6,139.8	7,882.5	28.4	
Property Development	499.4	495.7	809.6	63.3	62.1	1,418.8	1,964.9	38.5	
Property Investment	256.3	271.7	254.9	(6.2)	(0.5)	898.4	988.7	10.1	
Construction	532.8	610.7	1,099.8	80.1	106.4	1,688.9	2,464.1	45.9	
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	
Others	195.4	225.7	199.6	(11.6)	2.1	732.9	835.5	14.0	
Operating profits	291.9	222.4	294.9	32.6	1.0	664.4	887.3	33.5	
Finance income	73.2	100.5	116.7	16.1	59.4	257.1	362.8	41.1	
Finance costs	(94.7)	(95.9)	(91.9)	(4.2)	(2.9)	(325.2)	(369.1)	13.5	
Associates	19.9	40.9	96.3	135.3	384.4	130.1	240.4	84.7	
JV	60.1	194.8	77.8	(60.0)	29.5	266.9	402.7	50.9	
EI	87.7	0.0	91.8	nm	4.7	84.6	187.8	122.0	
PBT	350.4	462.7	493.7	6.7	40.9	993.2	1,524.1	53.4	
Core PBT	262.7	462.7	420.8	(9.0)	60.2	908.6	1,355.2	49.1	
Property Development	69.0	185.1	138.6	(25.1)	100.9	211.6	432.7	104.5	
Property Investment	68.9	76.2	83.3	9.3	21.0	228.2	288.1	26.2	
Construction	62.8	69.8	116.7	67.3	85.9	197.9	281.3	42.1	
Trading & Manufacturing	12.0	13.1	20.2	54.7	68.6	45.1	52.8	16.9	
Quarry	9.4	12.5	18.1	45.0	93.0	27.5	53.0	92.6	
Healthcare*	41.7	63.0	67.0	6.3	60.7	152.7	216.2	41.6	
Others	(1.1)	42.9	(23.3)	(154.3)	2,093.7	45.6	31.2	(31.6)	
Tax	(33.1)	(54.2)	(107.3)	98.1	224.4	(137.7)	(241.8)	75.6	
MI	(51.4)	(32.4)	(50.9)	57.2	(1.0)	(120.8)	(128.0)	6.0	
Net profit	265.9	376.1	335.5	(10.8)	26.2	737.8	1,154.2	56.4	
Core net profit	178.2	376.1	243.7	(35.2)	36.7	653.2	966.4	48.0	
Prefential dividends on ICPS	0.0	(25.7)	0.0	nm	nm	(51.3)	(51.3)	0.0	
Net profit less preferential dividend	265.9	350.4	335.5	(4.3)	26.2	686.4	1,102.9	60.7	
Core net profit less preferential dividend	178.2	350.4	243.7	(30.5)	36.7	601.8	915.1	52.1	
Reported EPS	(sen)	4.4	5.3	5.0	(4.7)	14.6	11.5	16.7	44.9
Adj EPS	(sen)	2.9	5.3	3.7	(30.8)	24.3	10.1	13.9	36.9
DPS	(sen)	3.5	0.0	4.0	nm	14.3	5.5	6.0	9.1
				ppt	ppt			ppt	
Core PBT margin	(%)	14.1	22.8	14.7	(8.1)	(0.7)	14.8	17.2	2.4
Property Development	(%)	13.8	37.3	17.1	(20.2)	(3.3)	14.9	22.0	7.1
Property Investment	(%)	26.9	28.0	32.7	4.6	(5.8)	25.4	29.1	3.7
Construction	(%)	11.8	11.4	10.6	(0.8)	1.2	11.7	11.4	(0.3)
Trading & Manufacturing	(%)	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	(%)	(0.5)	19.0	(11.7)	(30.7)	11.1	20.8	25.9	5.0
Core net margin	(%)	9.5	18.5	8.5	(10.0)	1.0	10.6	12.3	1.6
Effective tax rate	(%)	(9.4)	(11.7)	(21.7)	(10.0)	12.3	(13.9)	(15.9)	(2.0)

^Restated

* healthcare's contribution from Continuing Operations is based on the Group's share of its net profit.

EPS after preference dividend payment

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Sector Recommendation Guideline

OVERWEIGHT: The total return of the sector, as per our coverage universe, exceeds 12%.

NEUTRAL: The total return of the sector, as per our coverage universe, is within the range of 7% to 12%.

UNDERWEIGHT: The total return of the sector, as per our coverage universe, is lower than 7%.

Stock Recommendation Guideline

BUY : Total return of the stock exceeds 12%.

HOLD : Total return of the stock is within the range of 7% to 12%.

SELL : Total return of the stock is lower than 7%.

Not Rated: The company is not under coverage. The report is for information only.

Total Return of the stock includes expected share price appreciation, adjustment for ESG rating and gross dividend. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Total Return of the sector is market capitalisation weighted average of total return of the stocks in the sector.

ESG Scoring & Guideline

	Environmental	Social	Governance	Average
Scoring	★★★★★	★★★★★	★★★★★	★★★★★
Remark	The group implements a comprehensive programme aiming to reduce to GHG emission, water & waste with relevant targets and deadlines. It implemented a Zero Single Plastic Use Policy in its property division's assets, venues, and events	The group provides a conducive work environment. Promoting diversity and equal opportunity. The company has strict regulations concerning health and safety, collaborating with suppliers and subcontractors to enforce them.	Sunway upholds high standards of corporate governance and transparency to safeguard shareholders' interests. It has an in-house investor relations team that is easily contactable.	

★★★★★ (≥80%) : Displayed market leading capabilities in integrating ESG factors in all aspects of operations, management and future directions. +5% premium to target price

★★★★ (60-79%) : Above adequate integration of ESG factors into most aspects of operations, management and future directions. +3% premium to target price

★★★ (40-59%) : Adequate integration of ESG factors into operations, management and future directions. No changes to target price

★★ (20-39%) : Have some integration of ESG factors in operations and management but are insufficient. -3% discount to target price

★ (<20%) : Minimal or no integration of ESG factors in operations and management. -5% discount to target price

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As of Thursday, February 27, 2025, the analyst, Thiam Chiann Wen, who prepared this report, has interest in the following securities covered in this report:
(a) nil

Kaladher Govindan – Head of Research

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