Malaysia Flash Note

DBS Group Research . Equity

Refer to important disclosures at the end of this report

Sunway

Company Guide

are actively tracked

Summary of our point of view, and

highlights the relevant data points, which

14 Jul 2017

Sunway (SWB MK) : HOLD

Mkt. Cap: US\$1,870m | 3m Avg. Daily Val: US\$2.9m Last Traded Price (13 Jul 2017): RM3.93 Price Target 12-mth: RM3.80 (3% downside) (Prev RM3.80)

Analyst

QUAH He Wei, CFA +603 2604 3966; hewei@alliancedbs.com

Land acquisition in KL

- Acquires 4.53 acres of land in Jalan Belfield, KL for RM165m
- Proposed mixed development of RM1.1bn with first launch in 2H2018
- Maintain HOLD and RM3.80 TP

Forecasts and Valuation				
FY Dec (RMm)	2016A	2017F	2018F	2019F
Revenue	4,726	4,867	5,037	5,154
EBITDA	994	964	1,017	1,008
Pre-tax Profit	859	773	798	807
Net Profit	586	544	576	618
Net Pft (Pre Ex.)	547	544	576	618
Net Pft Gth (Pre-ex) (%)	(7.3)	(0.7)	5.9	7.3
EPS (sen)	32.9	30.5	32.4	34.7
EPS Pre Ex. (sen)	30.8	30.5	32.4	34.7
EPS Gth Pre Ex (%)	(7)	(1)	6	7
Diluted EPS (sen)	28.3	26.2	27.8	29.8
Net DPS (sen)	14.1	9.16	9.71	10.4
BV Per Share (sen)	419	440	463	487
PE (X)	11.9	12.9	12.1	11.3
PE Pre Ex. (X)	12.8	12.9	12.1	11.3
P/Cash Flow (X)	13.0	31.0	11.3	10.5
EV/EBITDA (X)	11.2	12.0	11.4	11.5
Net Div Yield (%)	3.6	2.3	2.5	2.7
P/Book Value (X)	0.9	0.9	0.8	0.8
Net Debt/Equity (X)	0.4	0.4	0.4	0.4
ROAE (%)	8.4	7.1	7.2	7.3

Source of all data on this page: Company, AllianceDBS, Bloomberg Finance L.P.

What's New

Sunway announced that it has acquired a 4.53-acre land at Jalan Belfield, KL for RM165m, which translates into RM836.2psf. The land will be acquired with an approved plot ratio of 8.81x for a mixed-use development worth RM1.1bn gross development value (GDV). The proposed acquisition is expected to be completed by end-2017.

The proposed development will mainly comprise serviced apartments to be launched in 2H2018. The site is also located 500m away from the Maharajalela monorail station with easy road access to and from Jalan Syed Putra and Jalan Istana that could lead to major highways.

The land acquisition price tag implies 15% of the proposed development's GDV, which is relatively attractive due to the high plot ratio obtained. We believe the proposed development will focus on smaller built-up units with less than 1k sq ft to keep the entry price affordable.

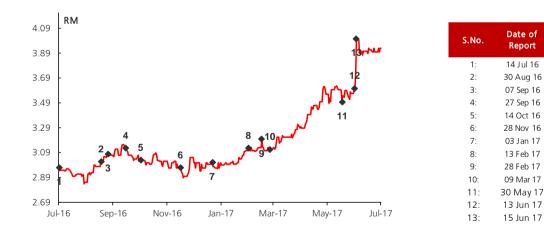
There is no change to our earnings forecast as the potential contribution is expected to be minimal in FY19. We maintain our HOLD recommendation given the limited upside potential to our SOP-derived TP of RM3.80 though we continue to like Sunway's integrated real estate business model.





Source: Company

Target Price & Ratings History



Note : Share price and Target price are adjusted for corporate actions.

Source: AllianceDBS Analyst: QUAH He Wei, CFA





12-mth

Price

2.87

2.87

2.87

2.87

2.87

2.87

2.87

2.87

2.97

2.97

3.30

3.30

3 80

Target Rating

HOLD

Closing

Price

2.97

3.02

3.08

3.13

3.03

2.97

3.01

3.13

3.20

3.12

3.50

3.61

4 0 1

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Share price appreciation + dividends

Completed Date: 14 Jul 2017 08:20:08 (MYT) Dissemination Date: 14 Jul 2017 08:34:35 (MYT)

Sources for all charts and tables are AllianceDBS unless otherwise specified.

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