

Malaysia Results Snapshot

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DBS Group Research . Equity

26 Nov 2021

Latest Results				
Company	Date	vs. Expect.	Results Highlight	Our View & Catalysts
Property Development				
Sunway	25-Nov-21	Within (3Q21)	<ul style="list-style-type: none"> Sunway Berhad (SWB) reported a stronger 3Q21 profit of RM81.1m, taking 9M21 earnings to RM210m which accounts for 66% of our full-year forecast. SWB has been showing sequential profit improvement over the past three quarters and the trend is expected to continue in 4Q21 as most economic activities have resumed, especially the leisure and hospitality operations. Property development was the largest pretax contributor at RM45m (+95% q-o-q) in 3Q21 due to the completion of a local development project. Meanwhile, its healthcare division posted RM30m pretax profit (+7% q-o-q) due to lower operating loss at Sunway Medical Centre Velocity. Collectively, the property development, healthcare and construction segments accounted for 84% of the RM114m 3Q21 pretax profit. 3Q21 property sales came in at RM535m (+12% q-o-q, +98% y-o-y), bringing the 9M21 figure to RM2.17bn. Therefore, SWB is on track to exceed its FY21 sales target of RM2.2bn. SWB's unbilled sales reached a record high of RM3.83bn in 3Q21 which will provide strong earnings visibility over the next three years. Balance sheet remained healthy with 56% net gearing as at end-3Q21. 	<ul style="list-style-type: none"> As the COVID-19 outbreak has been largely contained in Malaysia, SWB should benefit from a steady economic recovery as lockdown measures have been eased. We believe its retail, hospitality and leisure businesses will benefit significantly over the next few quarters as economic activities return to normalcy. SWB's earnings visibility remains high, anchored by its strong order book for the construction (RM4.7bn) and property development (RM3.83bn) divisions. Its diversified business portfolio with a proven track record will continue to underpin its long-term earnings visibility, leveraging on its superior integrated 'build-own-operate' model. We continue to like SWB for its underlying strength as an all-round integrated real estate player with strong brand equity which will ensure its long-term earnings sustainability. We maintain our BUY rating and sum-of-parts (SOP)-derived target price (TP) at RM2.15. <p style="text-align: right;">Analyst QUAH He Wei, CFA +603 2604 3966 hewei@alliancedbs.com</p>



ed: TH / sa: WMT, PY, CS



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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

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*Share price appreciation + dividends

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Results Snapshot



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