


AmInvestment Bank
Company report

SUNWAY

(SWB MK EQUITY, SWAY.KL)

29 Mar 2016

Sunway scoops RM1.2bil MRT viaduct works package
BUY

 Price: RM3.14
 Fair Value: RM3.54

Thomas Soon

soon-guan-chuan@ambankgroup.com

03-2036 2300

Rationale for report: Company update

YE to Dec	FY15	FY16F	FY17F	FY18F
FD Core EPS (sen)	33.6	30.8	31.9	33.6
PE (x)	9.4	10.2	9.8	9.3

Source: AmInvestment Bank Bhd

- Sunway Bhd's sub-subsidiary Sunway Construction Sdn Bhd has secured a RM1.21bil viaduct works guideway package V201 for a 4.9km-elevated stretch from Sungai Buloh to Persiaran Dagang in Sri Damansara under the MRT Sungai Buloh-Serdang-Putrajaya (SSP) line, according to media reports citing Mass Rapid Transit Corporation.**
- This is the second viaduct works package to be awarded for the SSP Line after the award for Work Package V202 last week to Ahmad Zaki Sdn Bhd for a RM1.44bil 4.5km-stretch from Persiaran Dagang to Jinjang. MRT Corp said both contractors will very soon be clearing their sites and mobilising machinery to begin construction work.**
- MRT Corp said in the latest award, Sunway's was the best evaluated tender for the works package and was also the one with the lowest price among the four tenders submitted. Sunway Construction is currently constructing the MRT Sungai Buloh-Kajang Line Package V4 (RM1.17bil) that is expected to be completed soon.**
- The SSP Line is 52.2km in length, of which 13.5km will run underground. It will have 37 stations, 11 of them underground stations. There are a total of 66 work packages being tendered for the construction of the SSP Line including 10 viaduct guideway packages, one underground works package, two depot works packages, 10 station works packages and 15 multi-storey park-and-ride packages.**
- This brings Sunway Construction's YTD new order replenishment to an estimated RM1.38bil, while current outstanding jobs stand at an estimated RM4.5bil-RM4.9bil. It secured RM2.6bil worth of jobs in FY15 (see Exhibit 1 for outstanding jobs). Our new job assumption for FY16F is at RM1.8bil.**
- Apart from the MRT jobs, Sunway is still in the running for BRT and LRT packages, as well as a package under the Pan Borneo Highway in Sarawak.**
- For the property segment, unbilled sales stood at RM2.1bil (effective: RM1.5bil) as at end-Dec 2015, and it is targeting to launch RM1.6bil (effective: RM1.2bil) worth of projects this year. Property sales could rise to RM1.4bil (effective: RM1.1bil) from FY15's RM1.2bil (effective: RM912mil).**
- We maintain our forecast for now and BUY call, with an unchanged fair value of RM3.54/share, based on a 15% discount to our SOP value of RM4.18/share.**

Published by

AmInvestment Bank Bhd (23742-V)
 (A member of the AmBank Group)
 15th Floor Bangunan AmBank Group
 55 Jalan Raja Chulan
 50200 Kuala Lumpur
 Tel: (03)2070-2444 (research)
 Fax: (03)2078-3162

Printed by

AmInvestment Bank Bhd (23742-V)
 (A member of the AmBank Group)
 15th Floor Bangunan AmBank Group
 55 Jalan Raja Chulan
 50200 Kuala Lumpur
 Tel: (03)2070-2444 (research)
 Fax: (03)2078-3162

The information and opinions in this report were prepared by AmInvestment Bank Bhd. The investments discussed or recommended in this report may not be suitable for all investors. This report has been prepared for information purposes only and is not an offer to sell or a solicitation to buy any securities. The directors and employees of AmInvestment Bank Bhd may from time to time have a position in or with the securities mentioned herein. Members of the AmBank Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein. The information herein was obtained or derived from sources that we believe are reliable, but while all reasonable care has been taken to ensure that stated facts are accurate and opinions fair and reasonable, we do not represent that it is accurate or complete and it should not be relied upon as such. No liability can be accepted for any loss that may arise from the use of this report. All opinions and estimates included in this report constitute our judgement as of this date and are subject to change without notice.

For AmInvestment Bank Bhd

Benny Chew
 SR VP Equity Research

Quick Take

TABLE 1 : VALUATION MATRIX

YE 31 Dec	FY14	FY15	FY16F	FY17F	FY18F
Revenue (RM mil)	4,558.1	4,451.3	5,338.0	5,154.3	5,146.8
Core net profit (RM mil)	523.9	585.0	534.3	554.4	585.5
FD Core EPS (sen)	31.5	33.6	30.8	31.9	33.6
FD Core EPS growth (%)	3.2	6.7	(8.1)	3.5	5.2
Consensus Net Profit (RM mil)	-	-	548.9	569.6	609.7
DPS (sen)	11.0	37.0	10.0	10.0	10.0
PE (x)	10.0	9.4	10.2	9.8	9.3
EV/EBITDA (x)	10.3	11.4	10.9	11.1	10.7
Div yield (%)	3.7	12.3	3.3	3.3	3.3
ROE (%)	13.0	11.7	8.2	8.4	8.4
Net Gearing (%)	30.4	49.8	48.1	49.3	43.5

Source: Company, AmlInvestment Bank Bhd estimates

EXHIBIT 1: ORDER BOOK AS AT 31 DEC 2015

Projects	Value (RM mil)	O/S value (RM mil)
Civil & infrastructure		
MRT Package V4 (Sec 17 to Semantan)	1,173.0	320.0
Kelana Jaya LRT Line extn (Package B)	569.0	41.0
Affinity Medini Mixed Development	283.0	15.0
Coastal Highway Southern Link	170.0	99.0
KLCC car park (package 1)	304.0	199.0
KLCC piling & substructure (package 2)	222.0	129.0
KLCC Package 2A (Substructure)	120.0	111.0
Putrajaya Parcel F	1,610.0	1,382.0
Others	84.0	31.0
Subtotal	4,535.0	2,327.0
Internal		
Sunway Velocity 2 Mall (substructure)	350.0	102.0
Sunway Geo Retail Shops & Flexi Suites	153.0	93.0
Sunway Medical Centre Phase 3 (Sub & Superstructure)	167.0	118.0
Sunway Iskandar - Citrine Svc Apt (Superstructure)	213.0	128.0
Sunway Geo Retail Shops & Flexi Suites Phase 2	244.0	222.0
Sunway Lenang Phase 1A	96.0	53.0
Sunway Iskandar - Emerald Residences	175.0	137.0
Others	615.0	69.0
Subtotal	2,013.0	922.0
Precast	848.0	416.0
Total	7,610.0	3,665.0

Source: Company