

### Andrew Lim

andrew.lim@cls.com  
+60 3 2056 7871

25 August 2021

## Malaysia Property

Reuters SWAY.KL  
Bloomberg SWB MK

Priced on 24 August 2021  
KLSE Comp @ 1,553.4

12M hi/lo RM1.80/1.23

12M price target RM2.14  
±% potential +19%

Shares in issue 4,873.7m  
Free float (est.) 31.0%

Market cap US\$2.1bn

3M ADV US\$1.5m

Foreign s'holding 10.0%

#### Major shareholders

Jeffrey Cheah Fook Ling 63.0%  
EPF 9.3%

#### Blended ESG Score (%)\*

Overall 82.7

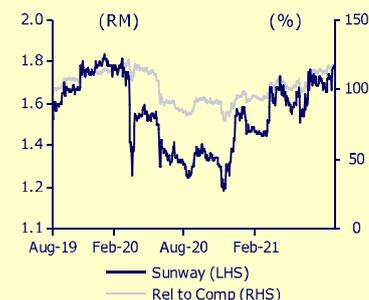
Country average 70.8

GEM sector average 67.5

\*Click to visit company page on cls.com for details

#### Stock performance (%)

	1M	3M	12M
Absolute	4.7	5.9	33.3
Relative	2.6	7.1	34.6
Abs (US\$)	4.7	3.8	31.9



Source: Bloomberg

## Hiding behind the clouds

### Bright future intact despite near-term hiccups

Sunway Group 1H21 earnings missed expectations, largely due to a construction progress slowdown and ongoing drag from the property investment (PI) segment; we cut earnings forecasts accordingly. We expect FY21 to be a bottom year with a strong rebound in the coming years. The share price reflects near-term challenges after rising 22% since a March YTD low, in our view. We downgrade from BUY to Outperform and trim our target price from RM2.17 to RM2.14.

### Below-expectations 2Q21; FY21 expected to be a bottom year

Core earnings of RM49.1m (down 17% QoQ and up 106% YoY) brought 1H21 core earnings to RM108.2m (up 16.5% YoY), 44/31% of our and consensus estimates. We cut earnings forecasts for the construction, PI and property development (PD) segments following slower-than-expected resumption of normalised operations. We expect FY21 to be a bottom year with a rebound in the coming years.

### PD segment taking a breather due to lockdown effects

Sales were RM0.5bn in 2Q21, bringing 1H21 sales to RM1.64bn, 75% of Sunway's raised full-year target. Unbilled sales stayed strong at RM3.6bn (more than 6x cover ratio); RM1.6bn were from Singapore projects. Muted June-August sales and progressive billings are expected. However, most of Sunway's local development sites have received approvals to resume work, depending on vaccination progress (more than 90% of construction workers have received a first dose).

### Healthcare operations remain resilient

Healthcare-segment earnings were strong in 1H21, at RM41.5m, even higher than 1H19 levels (pre-Covid) of RM34.7m. Occupancies remain close to pre-Covid levels, hovering around 60% as non-Covid patients (from public hospitals) have been redirected towards the company's hospitals. Expansion plans for 2022 openings (in Sunway City and Seberang Jaya) remain on track for completion.

### Downgrade to Outperform, target price lowered to RM2.14

Following earnings estimate changes, our target price is cut to RM2.14. With the share price up 22% since a March YTD low, we downgrade to Outperform as we believe the share price now reflects ongoing near-term challenges, particularly in PI. We remain positive on long-term prospects, especially from the 2028-targeted IPO for the healthcare segment, which is undergoing an expansion plan to triple bed capacity by 2025. Our target price is based on a 10% SOTP discount towards a SOTP-derived value to reflect the various company's businesses.

### Financials

Year to 31 December	19A	20A	21CL	22CL	23CL
Revenue (RMm)	4,780	3,829	4,176	5,671	6,131
Rev forecast change (%)	-	-	(9.7)	(0.9)	0.3
Net profit (RMm)	636	388	173	478	747
NP forecast change (%)	-	-	(29.6)	(9.6)	(2.7)
EPS (sen)	13.0	8.0	3.5	9.8	15.3
CL/consensus (12) (EPS%)	-	-	50	99	133
EPS growth (% YoY)	14.2	(39.0)	(55.5)	176.5	56.4
PE (x)	13.8	22.6	50.8	18.4	11.7
Dividend yield (%)	5.0	0.8	0.6	1.4	2.1
ROE (%)	7.8	4.6	2.0	5.4	7.9
Net debt/equity (%)	60.9	51.0	44.4	47.4	40.1

Source: www.cls.com

## Financials at a glance

Year to 31 December	2019A	2020A	2021CL	(% YoY)	2022CL	2023CL
<b>Profit &amp; Loss (RMm)</b>						
Revenue	4,780	3,829	4,176	9.1	5,671	6,131
Cogs (ex-D&A)	(3,095)	(2,635)	(3,108)		(4,217)	(4,538)
<b>Gross Profit (ex-D&amp;A)</b>	<b>1,686</b>	<b>1,194</b>	<b>1,069</b>	<b>(10.5)</b>	<b>1,455</b>	<b>1,594</b>
SG&A and other expenses	(884)	(712)	(666)		(638)	(613)
<b>Op Ebitda</b>	<b>801</b>	<b>482</b>	<b>403</b>	<b>(16.4)</b>	<b>816</b>	<b>981</b>
Depreciation/amortisation	(234)	(234)	(280)		(308)	(333)
<b>Op Ebit</b>	<b>568</b>	<b>248</b>	<b>123</b>	<b>(50.4)</b>	<b>509</b>	<b>648</b>
Net interest inc/(exp)	36	31	28	(10.4)	31	29
Other non-Op items	188	258	134	(48.3)	197	363
<b>Profit before tax</b>	<b>792</b>	<b>537</b>	<b>285</b>	<b>(47)</b>	<b>736</b>	<b>1,040</b>
Taxation	(78)	(102)	(32)		(113)	(142)
<b>Profit after tax</b>	<b>713</b>	<b>435</b>	<b>253</b>	<b>(41.9)</b>	<b>623</b>	<b>898</b>
Minority interest	(78)	(48)	(29)		(94)	(99)
<b>Net profit</b>	<b>636</b>	<b>388</b>	<b>173</b>	<b>(55.5)</b>	<b>478</b>	<b>747</b>
<b>Adjusted profit</b>	<b>702</b>	<b>368</b>	<b>173</b>	<b>(53)</b>	<b>478</b>	<b>747</b>
<b>Cashflow (RMm)</b>						
<b>Operating profit</b>	<b>568</b>	<b>248</b>	<b>123</b>	<b>(50.4)</b>	<b>509</b>	<b>648</b>
Depreciation/amortisation	234	234	280	19.6	308	333
Working capital changes	(354)	(137)	883		(683)	285
Other items	237	483	58	(87.9)	16	5
<b>Net operating cashflow</b>	<b>685</b>	<b>828</b>	<b>1,344</b>	<b>62.4</b>	<b>150</b>	<b>1,271</b>
Capital expenditure	(297)	(521)	(600)		(600)	(600)
<b>Free cashflow</b>	<b>387</b>	<b>307</b>	<b>744</b>	<b>142.5</b>	<b>(450)</b>	<b>671</b>
M&A/Others	(1,095)	(364)	0		0	0
<b>Net investing cashflow</b>	<b>(1,392)</b>	<b>(885)</b>	<b>(600)</b>		<b>(600)</b>	<b>(600)</b>
Increase in loans	1,060	(940)	-		-	-
Dividends	(306)	(254)	(124)		(101)	(171)
Net equity raised/other	(255)	1,016	0		0	0
<b>Net financing cashflow</b>	<b>499</b>	<b>(178)</b>	<b>(124)</b>		<b>(101)</b>	<b>(171)</b>
Incr/(decr) in net cash	(209)	(235)	620		(552)	500
Exch rate movements	(2,373)	(82)	0		0	0
<b>Balance sheet (RMm)</b>						
Cash & equivalents	2,555	2,237	2,857	27.7	2,305	2,806
Accounts receivable	3,015	2,441	1,144	(53.1)	1,554	1,680
Other current assets	2,636	2,393	1,951	(18.5)	2,798	3,235
Fixed assets	2,749	2,611	2,932	12.3	3,225	3,492
Investments	8,087	8,181	8,252	0.9	8,350	8,595
Intangible assets	332	351	351	0	351	351
Other non-current assets	2,121	2,905	2,905	0	2,905	2,905
<b>Total assets</b>	<b>21,495</b>	<b>21,119</b>	<b>20,393</b>	<b>(3.4)</b>	<b>21,487</b>	<b>23,063</b>
Short-term debt	7,025	5,132	6,005	17	6,005	6,005
Accounts payable	2,714	2,532	1,677	(33.8)	2,250	3,098
Other current liabs	91	165	165	0	165	165
Long-term debt/CBs	1,274	2,374	1,501	(36.8)	1,501	1,501
Provisions/other LT liabs	957	585	585	0	585	585
Shareholder funds	8,389	8,557	8,656	1.2	9,084	9,711
Minorities/other equity	1,044	1,775	1,804	1.6	1,898	1,997
<b>Total liabs &amp; equity</b>	<b>21,495</b>	<b>21,119</b>	<b>20,393</b>	<b>(3.4)</b>	<b>21,487</b>	<b>23,063</b>
<b>Ratio analysis</b>						
Revenue growth (% YoY)	(11.6)	(19.9)	9.1		35.8	8.1
Ebitda margin (%)	16.8	12.6	9.6		14.4	16.0
Ebit margin (%)	11.9	6.5	2.9		9.0	10.6
Net profit growth (%)	14.2	(39.0)	(55.5)		176.5	56.4
Op cashflow growth (% YoY)	(28.4)	20.9	62.4		(88.9)	749.9
Capex/sales (%)	6.2	13.6	14.4		10.6	9.8
Net debt/equity (%)	60.9	51.0	44.4		47.4	40.1
Net debt/Ebitda (x)	7.2	10.9	11.5		6.4	4.8
ROE (%)	7.8	4.6	2.0		5.4	7.9
ROIC (%)	6.9	2.5	1.4		5.4	6.7

Source: www.clsa.com

Find CLSA research on Bloomberg, Thomson Reuters, FactSet and CapitalIQ - and profit from our evalu@tor proprietary database at clsa.com

Figure 1

Financial results summary								
	2Q21	2Q20	YoY	1Q21	QoQ	6M21	6M20	YoY
<b>Revenue</b>	<b>967.9</b>	<b>556.6</b>	<b>73.9%</b>	<b>1016.7</b>	<b>(4.8%)</b>	<b>1984.7</b>	<b>1528.1</b>	<b>29.9%</b>
PD	147.4	68.1	116.3%	97.2	51.7%	244.5	207.3	17.9%
PI	62.3	55.5	12.3%	58.7	6.2%	121.0	189.8	(36.3%)
Construction	218.1	92.6	135.6%	321.4	(32.2%)	539.4	310.6	73.7%
Trading/manufacturing	198.9	141.1	40.9%	224.5	(11.4%)	423.4	335.3	26.3%
Quarry	70.5	31.9	121.0%	77.2	(8.8%)	147.7	106.0	39.3%
Healthcare	200.6	125.1	60.3%	170.6	17.6%	371.2	274.3	35.3%
Investment	1.2	0.7	63.0%	1.1	11.6%	2.3	2.5	(6.8%)
Others	69.0	41.5	66.0%	66.0	4.4%	135.0	102.2	32.1%
<b>Ebit</b>	<b>36.5</b>	<b>6.0</b>	<b>509.1%</b>	<b>49.1</b>	<b>(25.6%)</b>	<b>85.5</b>	<b>50.7</b>	<b>68.7%</b>
<b>Net interest</b>	<b>19.9</b>	<b>4.8</b>	<b>318.6%</b>	<b>14.5</b>	<b>37.4%</b>	<b>34.4</b>	<b>29.2</b>	<b>17.6%</b>
<b>Share of associates/JCE</b>	<b>22.6</b>	<b>(0.6)</b>	<b>n.m.</b>	<b>23.6</b>	<b>(4.4%)</b>	<b>46.2</b>	<b>38.0</b>	<b>21.7%</b>
<b>PBT</b>	<b>79.0</b>	<b>10.1</b>	<b>n.m.</b>	<b>87.2</b>	<b>(9.4%)</b>	<b>166.2</b>	<b>117.9</b>	<b>40.9%</b>
PD	22.9	25.9	(11.7%)	20.7	10.6%	43.6	65.0	(33.0%)
PI	(16.0)	(35.8)	(55.2%)	(16.9)	(5.0%)	(32.9)	(3.8)	771.6%
Construction	8.6	6.6	31.5%	27.7	(68.8%)	36.3	29.1	24.6%
Trading/manufacturing	10.0	6.2	61.6%	12.2	(18.6%)	22.2	6.7	233.2%
Quarry	(0.5)	(1.4)	(61.7%)	3.1	(117.9%)	2.5	1.6	52.4%
Healthcare	27.5	(16.0)	n.m.	14.0	96.5%	41.5	(20.4)	n.m.
Investment	23.1	21.1	9.7%	21.8	6.1%	44.9	35.1	28.0%
Others	3.5	3.6	(2.4%)	4.6	(24.2%)	8.1	4.6	75.9%
<b>Tax</b>	<b>(7.9)</b>	<b>(14.7)</b>	<b>(46.4%)</b>	<b>(16.8)</b>	<b>(53.2%)</b>	<b>(24.7)</b>	<b>(32.2)</b>	<b>(23.4%)</b>
<b>PAT</b>	<b>71.1</b>	<b>(4.6)</b>	<b>n.m.</b>	<b>70.4</b>	<b>1.0%</b>	<b>141.5</b>	<b>85.7</b>	<b>65.1%</b>
<b>MI</b>	<b>(0.6)</b>	<b>(2.1)</b>	<b>(72.0%)</b>	<b>(11.9)</b>	<b>(95.0%)</b>	<b>(12.5)</b>	<b>(14.1)</b>	<b>(11.4%)</b>
<b>Patami</b>	<b>44.9</b>	<b>(16.6)</b>	<b>n.m.</b>	<b>58.5</b>	<b>(23.3%)</b>	<b>103.3</b>	<b>49.8</b>	<b>107.3%</b>
<b>EI</b>	<b>4.2</b>	<b>40.4</b>	<b>(89.6%)</b>	<b>0.7</b>	<b>549.4%</b>	<b>4.9</b>	<b>43.0</b>	<b>(88.7%)</b>
<b>Core warnings</b>	<b>49.1</b>	<b>23.9</b>	<b>105.7%</b>	<b>59.1</b>	<b>(17.0%)</b>	<b>108.2</b>	<b>92.9</b>	<b>16.5%</b>
Ebit margin	3.8%	1.1%	2.7%	4.8%	(1.1%)	4.3%	3.3%	1.0%
PBT margin	8.2%	1.8%	6.3%	8.6%	(0.4%)	8.4%	7.7%	0.7%
PAT margin	5.1%	4.3%	0.8%	5.8%	(0.7%)	5.5%	6.1%	(0.6%)

Source: Sunway

Figure 2

Sunway's SOTP-derived target price			
Division	Value (RMm)	RM/share	Methodology
Construction (SunCon)	1,269	0.26	54.56% stake based on SunCon target price of RM1.80
Sunway REIT (SunReit)	1,829	0.38	40.88% stake based on SunReit target price of RM1.40
PD	2,830	0.58	Discounted RNAV
PI	2,228	0.46	Book value
Healthcare	3,938	0.81	30x forward PE
Trading & manufacturing	261	0.05	10x forward PE
Quarry	105	0.02	10x forward PE
	12,460	2.56	
Holding company net cash/(debt)	(871)	(0.18)	
	11,589	2.38	
10% holding company discount	(1,159)	(0.24)	
<b>Fair value (RM)</b>	<b>10,430</b>	<b>2.14</b>	

Source: Sunway, CLSA

### Valuation details

Our target price is based on a 10% SOTP discount towards a SOTP-derived value to reflect the various company's businesses. SunCon and SunReit are valued at the effective stake of the implied market cap derived from our target price. Property development is derived from a 60% discount to RNAV/share. The property investment division is valued at book value. The healthcare segment is valued at its post-money valuation based on its stake sale to GIC, while the quarry, trading, and manufacturing segments are valued at 10x 22CL PE.

### Investment risks

Key risks are a longer-than-expected recovery in the Johor property market (large exposure to the Johor landbank) and prolonged movement control order implementations with the ongoing pandemic (impacting leisure and hospitality assets).

Figure 3

#### Peer/customer matrix

	Code	Result (FY0)	Country	Mkt cap (US\$bn)	3M ADT (US\$m)	PE (x)	PB (x)	Div yld (%)	ROE (%)	Net debt/equity (%)	EPS growth (% YoY)
						FY1	FY1	FY1	FY1	FY1	FY1
<b>Peers</b>											
AME Elite	AME MK	Mar-21	Malaysia	0.3	0.6	30.6	1.7	1.1	5.6	(5.0)	(16.8)
Eco World	ECW MK	Oct-20	Malaysia	0.5	0.5	10.2	0.6	4.4	4.2	59.7	46.7
IOI Properties	IOIPG MK	Jun-20	Malaysia	1.7	0.2	10.7	0.4	1.6	3.4	50.9	44.6
Mah Sing	MSGB MK	Dec-20	Malaysia	0.5	1.0	13.4	0.5	4.3	6.1	(12.9)	-
Sime Darby Property	SDPR MK	Dec-20	Malaysia	1.0	0.2	21.3	0.5	2.5	2.2	26.2	55.4
SP Setia	SPSB MK	Dec-20	Malaysia	1.1	0.7	40.7	0.3	0.0	0.9	69.6	776.5
Sunway	SWB MK	Dec-20	Malaysia	2.1	1.5	50.8	1.1	0.6	2.0	44.4	(55.5)
UEM Sunrise	UEMS MK	Dec-20	Malaysia	0.4	0.3	34.1	0.3	0.5	0.8	28.2	-
<b>Average</b>						<b>26.5</b>	<b>0.7</b>	<b>1.9</b>	<b>3.1</b>	<b>32.6</b>	<b>141.8</b>
<b>Median</b>						<b>25.9</b>	<b>0.5</b>	<b>1.3</b>	<b>2.8</b>	<b>36.3</b>	<b>45.7</b>

Source: latest reported numbers from IBES for non-covered stocks and from CLSA analyst models for covered stocks

## Detailed financials

### Profit & Loss (RMm)

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Revenue	5,239	5,410	4,780	3,829	4,176	5,671	6,131
Cogs (ex-D&A)	(3,509)	(3,732)	(3,095)	(2,635)	(3,108)	(4,217)	(4,538)
<b>Gross Profit (ex-D&amp;A)</b>	<b>1,731</b>	<b>1,678</b>	<b>1,686</b>	<b>1,194</b>	<b>1,069</b>	<b>1,455</b>	<b>1,594</b>
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	-	-	-	-	-	-	-
Other SG&A	(1,110)	(1,077)	(1,088)	(991)	(946)	(918)	(892)
Other Op Expenses ex-D&A	162	216	204	279	279	279	279
<b>Op Ebitda</b>	<b>783</b>	<b>818</b>	<b>801</b>	<b>482</b>	<b>403</b>	<b>816</b>	<b>981</b>
Depreciation/amortisation	(130)	(223)	(234)	(234)	(280)	(308)	(333)
<b>Op Ebit</b>	<b>653</b>	<b>595</b>	<b>568</b>	<b>248</b>	<b>123</b>	<b>509</b>	<b>648</b>
Interest income	224	276	205	172	178	181	179
Interest expense	(205)	(263)	(168)	(140)	(150)	(150)	(150)
<b>Net interest inc/(exp)</b>	<b>20</b>	<b>13</b>	<b>36</b>	<b>31</b>	<b>28</b>	<b>31</b>	<b>29</b>
Associates/investments	206	229	261	233	134	197	363
Forex/other income	-	-	-	-	-	-	-
Asset sales/other cash items	-	-	-	-	-	-	-
Provisions/other non-cash items	-	-	-	-	-	-	-
Asset revaluation/Exceptional items	(73)	(89)	(73)	25	-	-	-
<b>Profit before tax</b>	<b>806</b>	<b>748</b>	<b>792</b>	<b>537</b>	<b>285</b>	<b>736</b>	<b>1,040</b>
Taxation	(149)	(121)	(78)	(102)	(32)	(113)	(142)
<b>Profit after tax</b>	<b>657</b>	<b>626</b>	<b>713</b>	<b>435</b>	<b>253</b>	<b>623</b>	<b>898</b>
Preference dividends	0	0	0	0	(51)	(51)	(51)
<b>Profit for period</b>	<b>657</b>	<b>626</b>	<b>713</b>	<b>435</b>	<b>202</b>	<b>571</b>	<b>846</b>
Minority interest	(102)	(70)	(78)	(48)	(29)	(94)	(99)
<b>Net profit</b>	<b>554</b>	<b>557</b>	<b>636</b>	<b>388</b>	<b>173</b>	<b>478</b>	<b>747</b>
Extraordinaries/others	0	0	0	0	0	0	0
<b>Profit available to ordinary shares</b>	<b>554</b>	<b>557</b>	<b>636</b>	<b>388</b>	<b>173</b>	<b>478</b>	<b>747</b>
Dividends	(289)	(347)	(442)	(73)	(50)	(119)	(187)
<b>Retained profit</b>	<b>265</b>	<b>210</b>	<b>194</b>	<b>315</b>	<b>123</b>	<b>358</b>	<b>560</b>
<b>Adjusted profit</b>	<b>614</b>	<b>631</b>	<b>702</b>	<b>368</b>	<b>173</b>	<b>478</b>	<b>747</b>
EPS (sen)	11.5	11.4	13.0	8.0	3.5	9.8	15.3
Adj EPS [pre excep] (sen)	12.8	12.9	14.4	7.5	3.5	9.8	15.3
Core EPS (sen)	11.5	11.4	13.0	8.0	3.5	9.8	15.3
DPS (sen)	6.0	7.1	9.1	1.5	1.0	2.4	3.8

### Profit & loss ratios

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
<b>Growth (%)</b>							
Revenue growth (% YoY)	12.5	3.3	(11.6)	(19.9)	9.1	35.8	8.1
Ebitda growth (% YoY)	(8.1)	4.4	(2.0)	(39.9)	(16.4)	102.7	20.2
Ebit growth (% YoY)	(8.7)	(8.9)	(4.5)	(56.4)	(50.4)	313.8	27.3
Net profit growth (%)	1.3	0.4	14.2	(39.0)	(55.5)	176.5	56.4
EPS growth (% YoY)	1.3	(0.8)	14.2	(39.0)	(55.5)	176.5	56.4
Adj EPS growth (% YoY)	6.0	1.5	11.2	(47.6)	(53.0)	176.5	56.4
DPS growth (% YoY)	180.0	18.7	27.4	(83.5)	(31.5)	138.4	56.4
Core EPS growth (% YoY)	1.3	(0.8)	14.2	(39.0)	(55.5)	176.5	56.4
<b>Margins (%)</b>							
Gross margin (%)	33.0	31.0	35.3	31.2	25.6	25.6	26.0
Ebitda margin (%)	14.9	15.1	16.8	12.6	9.6	14.4	16.0
Ebit margin (%)	12.5	11.0	11.9	6.5	2.9	9.0	10.6
Net profit margin (%)	10.6	10.3	13.3	10.1	4.1	8.4	12.2
Core profit margin	10.6	10.3	13.3	10.1	4.1	8.4	12.2
Op cashflow margin	15.1	17.7	14.3	21.6	32.2	2.6	20.7
<b>Returns (%)</b>							
ROE (%)	7.2	7.1	7.8	4.6	2.0	5.4	7.9
ROA (%)	2.7	2.4	2.4	0.9	0.5	2.1	2.5
ROIC (%)	9.6	8.1	6.9	2.5	1.4	5.4	6.7
ROCE (%)	5.6	4.9	4.1	1.6	0.8	3.3	4.0
<b>Other key ratios (%)</b>							
Effective tax rate (%)	18.5	16.2	9.9	19.0	11.1	15.4	13.7
Ebitda/net int exp (x)	-	-	-	-	-	-	-
Exceptional or extraord. inc/PBT (%)	-	-	-	-	-	-	-
Dividend payout (%)	52.1	62.3	69.5	18.9	29.0	25.0	25.0

Source: www.clsa.com

## Balance sheet (RMm)

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Cash & equivalents	4,419	5,136	2,555	2,237	2,857	2,305	2,806
Accounts receivable	1,944	1,802	3,015	2,441	1,144	1,554	1,680
Inventories	786	849	748	2,101	1,144	1,554	1,680
Other current assets	1,682	1,874	1,887	292	807	1,244	1,555
<b>Current assets</b>	<b>8,831</b>	<b>9,661</b>	<b>8,206</b>	<b>7,071</b>	<b>5,952</b>	<b>6,657</b>	<b>7,720</b>
Fixed assets	2,247	2,628	2,749	2,611	2,932	3,225	3,492
Investments	7,377	7,005	8,087	8,181	8,252	8,350	8,595
Goodwill	312	314	332	351	351	351	351
Other intangible assets	0	0	0	0	0	0	0
Other non-current assets	1,464	2,173	2,121	2,905	2,905	2,905	2,905
<b>Total assets</b>	<b>20,231</b>	<b>21,780</b>	<b>21,495</b>	<b>21,119</b>	<b>20,393</b>	<b>21,487</b>	<b>23,063</b>
Short term loans/OD	4,910	6,337	7,025	5,132	6,005	6,005	6,005
Accounts payable	2,673	2,630	2,714	2,532	1,677	2,250	3,098
Accrued expenses	-	-	-	-	-	-	-
Taxes payable	27	34	5	37	37	37	37
Other current liabs	190	174	86	127	127	127	127
<b>Current liabilities</b>	<b>7,801</b>	<b>9,175</b>	<b>9,830</b>	<b>7,829</b>	<b>7,846</b>	<b>8,420</b>	<b>9,268</b>
Long-term debt/leases/other	2,868	2,535	1,274	2,374	1,501	1,501	1,501
Convertible bonds	-	-	-	-	-	-	-
Provisions/other LT liabs	1,147	1,086	957	585	585	585	585
<b>Total liabilities</b>	<b>11,816</b>	<b>12,796</b>	<b>12,061</b>	<b>10,788</b>	<b>9,933</b>	<b>10,506</b>	<b>11,354</b>
Share capital	5,371	5,379	5,394	5,394	5,394	5,394	5,394
Retained earnings	3,628	3,866	3,049	3,238	3,337	3,765	4,392
Reserves/others	(1,204)	(1,281)	(53)	(74)	(74)	(74)	(74)
<b>Shareholder funds</b>	<b>7,794</b>	<b>7,965</b>	<b>8,389</b>	<b>8,557</b>	<b>8,656</b>	<b>9,084</b>	<b>9,711</b>
Minorities/other equity	621	1,019	1,044	1,775	1,804	1,898	1,997
<b>Total equity</b>	<b>8,415</b>	<b>8,984</b>	<b>9,434</b>	<b>10,332</b>	<b>10,460</b>	<b>10,981</b>	<b>11,708</b>
<b>Total liabs &amp; equity</b>	<b>20,231</b>	<b>21,780</b>	<b>21,495</b>	<b>21,119</b>	<b>20,393</b>	<b>21,487</b>	<b>23,063</b>
Total debt	7,779	8,872	8,299	7,506	7,506	7,506	7,506
Net debt	3,360	3,736	5,744	5,269	4,649	5,201	4,701
Adjusted EV	6,402	7,657	8,608	8,770	8,107	8,655	8,010
BVPS (sen)	143.2	144.7	152.4	155.5	157.3	165.0	176.5

## Balance sheet ratios

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
<b>Key ratios</b>							
Current ratio (x)	1.1	1.1	0.8	0.9	0.8	0.8	0.8
Growth in total assets (% YoY)	9.3	7.7	(1.3)	(1.7)	(3.4)	5.4	7.3
Growth in capital employed (% YoY)	1.5	8.0	19.3	2.8	(3.1)	7.1	1.4
Net debt to operating cashflow (x)	4.2	3.9	8.4	6.4	3.5	34.8	3.7
Gross debt to operating cashflow (x)	9.8	9.3	12.1	9.1	5.6	50.2	5.9
Gross debt to Ebitda (x)	9.9	10.9	10.4	15.6	18.6	9.2	7.7
Net debt/Ebitda (x)	4.3	4.6	7.2	10.9	11.5	6.4	4.8
<b>Gearing</b>							
Net debt/equity (%)	39.9	41.6	60.9	51.0	44.4	47.4	40.1
Gross debt/equity (%)	92.4	98.8	88.0	72.7	71.8	68.4	64.1
Interest cover (x)	4.3	3.3	4.6	3.0	2.0	4.6	5.5
Debt cover (x)	0.1	0.1	0.1	0.1	0.2	0.0	0.2
Net cash per share (sen)	(69.8)	(76.7)	(117.9)	(108.1)	(95.4)	(106.7)	(96.4)
<b>Working capital analysis</b>							
Inventory days	82.7	80.0	94.2	197.4	190.6	116.8	130.1
Debtor days	123.6	126.4	183.9	260.0	156.6	86.8	96.3
Creditor days	249.6	259.4	315.2	363.3	247.1	169.9	215.1
Working capital/Sales (%)	29.0	31.2	59.5	55.8	30.0	34.2	26.9
<b>Capital employed analysis</b>							
Sales/Capital employed (%)	44.5	42.5	31.5	24.5	27.6	35.0	37.4
EV/Capital employed (%)	54.4	60.2	56.7	56.2	53.7	53.5	48.8
Working capital/Capital employed (%)	12.9	13.3	18.7	13.7	8.3	12.0	10.1
Fixed capital/Capital employed (%)	19.1	20.7	18.1	16.7	19.4	19.9	21.3
<b>Other ratios (%)</b>							
PB (x)	1.3	1.2	1.2	1.2	1.1	1.1	1.0
EV/Ebitda (x)	8.2	9.4	10.7	18.2	20.1	10.6	8.2
EV/OCF (x)	8.1	8.0	12.6	10.6	6.0	57.9	6.3
EV/FCF (x)	16.1	14.3	22.2	28.6	10.9	(19.2)	11.9
EV/Sales (x)	1.2	1.4	1.8	2.3	1.9	1.5	1.3
Capex/depreciation (%)	305.3	188.5	127.2	222.8	214.6	195.1	180.2

Source: www.clsa.com

## Cashflow (RMm)

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Operating profit	653	595	568	248	123	509	648
Operating adjustments	226	242	297	265	162	227	392
Depreciation/amortisation	130	223	234	234	280	308	333
Working capital changes	(14)	(131)	(354)	(137)	883	(683)	285
Interest paid/other financial expenses	-	-	-	-	-	-	-
Tax paid	(175)	(109)	(94)	(60)	(32)	(113)	(142)
Other non-cash operating items	(26)	136	34	278	(72)	(98)	(245)
<b>Net operating cashflow</b>	<b>794</b>	<b>956</b>	<b>685</b>	<b>828</b>	<b>1,344</b>	<b>150</b>	<b>1,271</b>
Capital expenditure	(397)	(420)	(297)	(521)	(600)	(600)	(600)
<b>Free cashflow</b>	<b>397</b>	<b>536</b>	<b>387</b>	<b>307</b>	<b>744</b>	<b>(450)</b>	<b>671</b>
Acq/inv/disposals	(214)	(993)	(1,095)	(364)	-	-	-
Int, invt & associate div	-	-	-	-	-	-	-
<b>Net investing cashflow</b>	<b>(610)</b>	<b>(1,413)</b>	<b>(1,392)</b>	<b>(885)</b>	<b>(600)</b>	<b>(600)</b>	<b>(600)</b>
Increase in loans	761	1,071	1,060	(940)	-	-	-
Dividends	(276)	(382)	(306)	(254)	(124)	(101)	(171)
Net equity raised/others	(242)	57	(255)	1,016	0	0	0
<b>Net financing cashflow</b>	<b>242</b>	<b>746</b>	<b>499</b>	<b>(178)</b>	<b>(124)</b>	<b>(101)</b>	<b>(171)</b>
Incr/(decr) in net cash	426	288	(209)	(235)	620	(552)	500
Exch rate movements	(86)	429	(2,373)	(82)	0	0	0
<b>Opening cash</b>	<b>4,079</b>	<b>4,419</b>	<b>5,136</b>	<b>2,555</b>	<b>2,237</b>	<b>2,857</b>	<b>2,305</b>
<b>Closing cash</b>	<b>4,419</b>	<b>5,136</b>	<b>2,555</b>	<b>2,237</b>	<b>2,857</b>	<b>2,305</b>	<b>2,806</b>
OCF PS (sen)	16.5	19.6	14.0	17.0	27.6	3.1	26.1
FCF PS (sen)	8.2	11.0	7.9	6.3	15.3	(9.2)	13.8

## Cashflow ratio analysis

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
<b>Growth (%)</b>							
Op cashflow growth (% YoY)	18.8	20.4	(28.4)	20.9	62.4	(88.9)	749.9
FCF growth (% YoY)	10.7	34.9	(27.7)	(20.8)	142.5	(160.5)	-
Capex growth (%)	28.1	6.0	(29.3)	75.3	15.2	0.0	0.0
<b>Other key ratios (%)</b>							
Capex/sales (%)	7.6	7.8	6.2	13.6	14.4	10.6	9.8
Capex/op cashflow (%)	50.0	44.0	43.4	62.9	44.6	401.2	47.2
Operating cashflow payout ratio (%)	36.4	36.3	64.6	8.8	3.7	79.8	14.7
Cashflow payout ratio (%)	36.4	36.3	64.6	8.8	3.7	79.8	14.7
Free cashflow payout ratio (%)	72.8	64.8	114.1	23.8	6.7	-	27.8

## DuPont analysis

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Ebit margin (%)	12.5	11.0	11.9	6.5	2.9	9.0	10.6
Asset turnover (x)	0.3	0.3	0.2	0.2	0.2	0.3	0.3
Interest burden (x)	1.2	1.3	1.4	2.2	2.3	1.4	1.6
Tax burden (x)	0.8	0.8	0.9	0.8	0.9	0.8	0.9
Return on assets (%)	2.7	2.4	2.4	0.9	0.5	2.1	2.5
Leverage (x)	2.3	2.4	2.3	2.2	2.0	2.0	2.0
ROE (%)	7.2	7.1	7.8	4.6	2.0	5.4	7.9

## EVA® analysis

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Ebit adj for tax	532	498	512	201	109	430	559
Average invested capital	5,516	6,173	7,424	8,026	7,724	7,930	8,408
ROIC (%)	9.6	8.1	6.9	2.5	1.4	5.4	6.7
Cost of equity (%)	10.9	10.9	10.9	10.9	10.9	10.9	10.9
Cost of debt (adj for tax)	2.4	2.5	2.7	2.4	2.7	2.5	2.6
Weighted average cost of capital (%)	8.1	8.1	8.2	8.1	8.2	8.1	8.1
EVA/IC (%)	1.6	0.0	(1.3)	(5.6)	(6.7)	(2.7)	(1.5)
EVA (RMm)	86	(2)	(95)	(448)	(521)	(213)	(124)

Source: www.clsa.com



### Research subscriptions

To change your report distribution requirements, please contact your CLSA sales representative or email us at [cib@clsa.com](mailto:cib@clsa.com). You can also fine-tune your Research Alert email preferences at [https://www.clsa.com/member/tools/email\\_alert/](https://www.clsa.com/member/tools/email_alert/).

## Companies mentioned

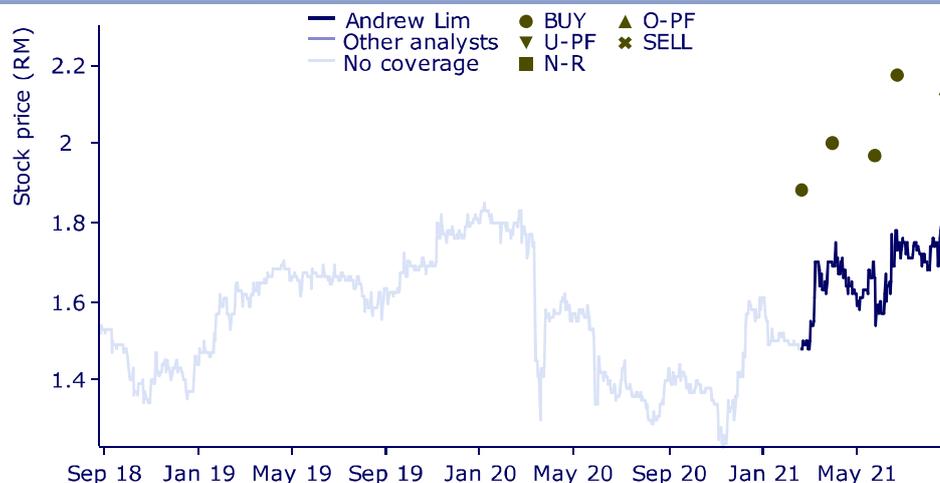
Sunway (SWB MK - RM1.80 - OUTPERFORM)  
 AME ELITE (AME MK - RM2.75 - BUY)  
 Eco World (ECW MK - RM0.69 - BUY)  
 IOI Properties (N-R)  
 Mah Sing (MSGB MK - RM0.81 - O-PF)  
 Sime Darby Property (SDPR MK - RM0.62 - O-PF)  
 SP Setia (SPSB MK - RM1.16 - O-PF)  
 Sunway Reit (SREIT MK - RM1.44 - U-PF)  
 UEM Sunrise (N-R)

## Analyst certification

The analyst(s) of this report hereby certify that the views expressed in this research report accurately reflect my/our own personal views about the securities and/or the issuers and that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation or views contained in this research report.

## Important disclosures

### Recommendation history of Sunway Bhd SWB MK



Date	Rec	Target	Date	Rec	Target
LATEST	O-PF	2.14	01 Apr 2021	BUY	2.00
24 Jun 2021	BUY	2.17	20 Feb 2021	BUY	1.88
26 May 2021	BUY	1.97			

Source: CLSA

The policy of CLSA, CLSA Americas, LLC ("CLSA Americas") and CL Securities Taiwan Co., Ltd. ("CLST") is to only publish research that is impartial, independent, clear, fair, and not misleading. Regulations or market practice of some jurisdictions/markets prescribe certain disclosures to be made for certain actual, potential or perceived conflicts of interests relating to a research report as below. This research disclosure should be read in conjunction with the research disclaimer as set out at [www.clsa.com/disclaimer.html](http://www.clsa.com/disclaimer.html) and the applicable regulation of the concerned market where the analyst is stationed and hence subject to. Investors are strongly encouraged to review this disclaimer before investing.

Neither analysts nor their household members/associates/may have a financial interest in, or be an officer, director or advisory board member of companies covered by the analyst unless disclosed herein. In circumstances where an analyst has a pre-existing holding in any securities under coverage, those holdings are grandfathered and the analyst is prohibited from trading such securities.

(For full disclosure of interest for all companies mention on this report, please refer to [http://www.clsa.com/member/research\\_disclosures/](http://www.clsa.com/member/research_disclosures/) for details.)

The analysts included herein hereby confirm that they have not been placed under any undue influence, intervention or pressure by

any person/s in compiling this research report. In addition, the analysts attest that they were not in possession of any material, non-public information regarding the subject company at the time of publication of the report. Save from the disclosure below (if any), the analyst(s) is/are not aware of any material conflict of interest.

As analyst(s) of this report, I/we hereby certify that the views expressed in this research report accurately reflect my/our own personal views about the securities and/or the issuers and that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation or views contained in this report or to any investment banking relationship with the subject company covered in this report (for the past one year) or otherwise any other relationship with such company which leads to receipt of fees from the company except in ordinary course of business of the company. The analyst/s also state/s and confirm/s that he/she/they has/have not been placed under any undue influence, intervention or pressure by any person/s in compiling this research report. In addition, the analysts included herein attest that they were not in possession of any material, nonpublic information regarding the subject company at the time of publication of the report. The analysts further confirm that none of the information used in this report was received from CLSA's Corporate Finance department or CLSA's Sales and Trading business. Save from the disclosure below (if any), the analyst(s) is/are not aware of any material conflict of interest.

Key to CLSA/CLSA Americas/CLST investment rankings: BUY: Total stock return (including dividends) expected to exceed 20%; O-PF (aka ACCUMULATE): Total expected return below 20% but exceeding market return; U-PF (aka REDUCE): Total expected return positive but below market return; SELL: Total return expected to be negative. For relative performance, we benchmark the 12-month total forecast return (including dividends) for the stock against the 12-month forecast return (including dividends) for the market on which the stock trades.

"High Conviction" Ideas are not necessarily stocks with the most upside/downside, but those where the Research Head/Strategist believes there is the highest likelihood of positive/negative returns. The list for each market is monitored weekly.

Overall rating distribution for CLSA (exclude CLST) only Universe: Overall rating distribution: BUY / Outperform - CLSA: 77.02%, Underperform / SELL - CLSA: 22.98%, Restricted - CLSA: 0.18%; Data as of 30 Jun 2021. Investment banking clients as a % of rating category: BUY / Outperform - CLSA: 12.59%, Underperform / SELL - CLSA: 1.76%; Restricted - CLSA: 0.18%. Data for 12-month period ending 30 Jun 2021.

Overall rating distribution for CLST only Universe: Overall rating distribution: BUY / Outperform - CLST: 93.44%, Underperform / SELL - CLST: 6.56%, Restricted - CLST: 0.00%. Data as of 30 Jun 2021. Investment banking clients as a % of rating category: BUY / Outperform - CLST: 0.00%, Underperform / SELL - CLST: 0.00%, Restricted - CLST: 0.00%. Data for 12-month period ending 30 Jun 2021.

There are no numbers for Hold/Neutral as CLSA/CLST do not have such investment rankings. For a history of the recommendation, price targets and disclosure information for companies mentioned in this report please write to: CLSA Group Compliance, 18/F, One Pacific Place, 88 Queensway, Hong Kong and/or; (c) CLST Compliance (27/F, 95, Section 2 Dun Hua South Road, Taipei 10682, Taiwan, telephone (886) 2 2326 8188). EVA® is a registered trademark of Stern, Stewart & Co. "CL" in charts and tables stands for CLSA estimates, "CT" stands for CLST estimates, "CRR" stands for CRR Research estimates and "CS" for Citic Securities estimates unless otherwise noted in the source.

Charts and tables sourced to CLSA in this report may include data extracted from CLSA's automated databases, which derive their original data from a range of sources. These can include: companies; analyst estimates/calculations; local exchanges and/or third-party data or market pricing providers such as Bloomberg, FactSet or IBES. Additional information on data sources for specific charts or tables can be obtained by contacting the publishing analysts.

This publication/communication is subject to and incorporates the terms and conditions of use set out on the [www.clsa.com](https://www.clsa.com) website (<https://www.clsa.com/disclaimer.html>). Neither the publication/communication nor any portion hereof may be reprinted, sold, resold, copied, reproduced, distributed, redistributed, published,

republished, displayed, posted or transmitted in any form or media or by any means without the written consent of CLSA, CLSA Americas and/or CLST. CLSA, CLSA Americas and/or CLST has/have produced this publication/communication for private circulation to professional, institutional and/or wholesale clients only, and may not be distributed to retail investors. The information, opinions and estimates herein are not directed at, or intended for distribution to or use by, any person or entity in any jurisdiction where doing so would be contrary to law or regulation or which would subject CLSA, CLSA Americas, and/or CLST to any additional registration or licensing requirement within such jurisdiction. The information and statistical data herein have been obtained from sources we believe to be reliable. Such information has not been independently verified and we make no representation or warranty as to its accuracy, completeness or correctness. Any opinions or estimates herein reflect the judgment of CLSA, CLSA Americas, and/or CLST at the date of this publication/communication and are subject to change at any time without notice. Where any part of the information, opinions or estimates contained herein reflects the views and opinions of a sales person or a non-analyst, such views and opinions may not correspond to the published view of CLSA, CLSA Americas, and/or CLST. Any price target given in the report may be projected from one or more valuation models and hence any price target may be subject to the inherent risk of the selected model as well as other external risk factors. Where the publication does not contain ratings, the material should not be construed as research but is offered as factual commentary. It is not intended to, nor should it be used to form an investment opinion about the non-rated companies.

This publication/communication is for information purposes only and it does not constitute or contain, and should not be considered as an offer or invitation to sell, or any solicitation or invitation of any offer to subscribe for or purchase any securities in any jurisdiction and recipient of this publication/communication must make its own independent decisions regarding any securities or financial instruments mentioned herein. This is not intended to provide professional, investment or any other type of advice or recommendation and does not take into account the particular investment objectives, financial situation or needs of individual recipients. Before acting on any information in this publication/communication, you should consider whether it is suitable for your particular circumstances and, if appropriate, seek professional advice, including tax advice. Investments involve risks, and investors should exercise prudence and their own judgment in making their investment decisions. The value of any investment or income may go down as well as up, and investors may not get back the full (or any) amount invested. Past performance is not necessarily a guide to future performance. CLSA, CLSA Americas, and/or CLST do/does not accept any responsibility and cannot be held liable for any person's use of or reliance on the information and opinions contained herein. To the extent permitted by applicable securities laws and regulations, CLSA, CLSA Americas, and/or CLST accept(s) no liability whatsoever for any direct or consequential loss arising from the use of this publication/communication or its contents.

To maintain the independence and integrity of our research, our Corporate Finance, Sales Trading, Asset Management and Research business lines are distinct from one another. This means that CLSA's Research department is not part of and does not report to CLSA Corporate Finance department or CLSA's Sales and Trading business. Accordingly, neither the Corporate Finance nor the Sales and Trading department supervises or controls the activities of CLSA's research analysts. CLSA's research analysts report to the management of the Research department, who in turn report to CLSA's senior management. CLSA has put in place a number of internal controls designed to manage conflicts of interest that may arise as a result of CLSA engaging in Corporate Finance, Sales and Trading, Asset Management and Research activities. Some examples of these controls include: the use of information barriers and other controls designed to ensure that confidential information is only shared on a "need to know" basis and in compliance with CLSA's Chinese Wall policies and procedures; measures designed to ensure that interactions that may occur among CLSA's Research personnel, Corporate Finance, Asset Management, and Sales and Trading personnel, CLSA's financial product issuers and CLSA's research analysts do not compromise the integrity and independence of CLSA's

research.

Subject to any applicable laws and regulations at any given time, CLSA, CLSA Americas, CLST, their respective affiliates, officers, directors or employees may have used the information contained herein before publication and may have positions in, or may from time to time purchase or sell or have a material interest in any of the securities mentioned or related securities, or may currently or in future have or have had a business or financial relationship with, or may provide or have provided corporate finance/capital markets and/or other services to, the entities referred to herein, their advisors and/or any other connected parties. As a result, you should be aware that CLSA, CLSA Americas, and/or CLST and/or their respective affiliates, officers, directors or employees may have one or more conflicts of interest. Regulations or market practice of some jurisdictions/markets prescribe certain disclosures to be made for certain actual, potential or perceived conflicts of interests relating to research reports. Details of the disclosable interest can be found in certain reports as required by the relevant rules and regulation and the full details are available at [http://www.clsa.com/member/research\\_disclosures/](http://www.clsa.com/member/research_disclosures/). Disclosures therein include the position of CLSA, CLSA Americas, and CLST only. Unless specified otherwise, CLSA did not receive any compensation or other benefits from the subject company, covered in this publication/communication, or from any third party. If investors have any difficulty accessing this website, please contact [webadmin@clsa.com](mailto:webadmin@clsa.com) on +852 2600 8111. If you require disclosure information on previous dates, please contact [compliance\\_hk@clsa.com](mailto:compliance_hk@clsa.com).

This publication/communication is distributed for and on behalf of CLSA (for research compiled by non-US and non-Taiwan analyst(s)), CLSA Americas, and/or CLST (for research compiled by Taiwan analyst(s)) in Australia by CLSA Australia Pty Ltd (ABN 53 139 992 331/AFSL License No: 350159); in Hong Kong by CLSA Limited (Incorporated in Hong Kong with limited liability); in India by CLSA India Private Limited, (Address: 8/F, Dalamal House, Nariman Point, Mumbai 400021. Tel No: +91-22-66505050. Fax No: +91-22-22840271; CIN: U67120MH1994PLC083118; SEBI Registration No: INZ000001735 as Stock Broker, INM000010619 as Merchant Banker and INH000001113 as Research Analyst; in Indonesia by PT CLSA Sekuritas Indonesia; in Japan by CLSA Securities Japan Co., Ltd.; in Korea by CLSA Securities Korea Ltd.; in Malaysia by CLSA Securities Malaysia Sdn. Bhd.; in the Philippines by CLSA Philippines Inc (a member of Philippine Stock Exchange and Securities Investors Protection Fund); in Singapore by CLSA Singapore Pte Ltd and solely to persons who qualify as an "Institutional Investor", "Accredited Investor" or "Expert Investor" MCI (P) 024/12/2020; in Thailand by CLSA Securities (Thailand) Limited; in Taiwan by CLST and in the EU and United Kingdom by CLSA Europe BV or CLSA (UK).

Australia: CLSA Australia Pty Ltd ("CAPL") (ABN 53 139 992 331/AFS License No: 350159) is regulated by ASIC and is a Market Participant of ASX Limited and CHI-X. This material is issued and distributed by CAPL in Australia to "wholesale clients" only. This material does not take into account the specific investment objectives, financial situation or particular needs of the recipient. The recipient of this material must not distribute it to any third party without the prior written consent of CAPL. For the purposes of this paragraph the term "wholesale client" has the meaning given in section 761G of the Corporations Act 2001. CAPL's research coverage universe spans listed securities across the ASX All Ordinaries index, securities listed on offshore markets, unlisted issuers and investment products which Research management deem to be relevant to the investor base from time to time. CAPL seeks to cover companies of relevance to its domestic and international investor base across a variety of sectors.

India: CLSA India Private Limited, incorporated in November 1994

provides equity brokerage services (SEBI Registration No: INZ000001735), research services (SEBI Registration No: INH000001113) and merchant banking services (SEBI Registration No: INM000010619) to global institutional investors, pension funds and corporates. CLSA and its associates may have debt holdings in the subject company. Further, CLSA and its associates, in the past 12 months, may have received compensation for non-investment banking securities and/or non-securities related services from the subject company. For further details of "associates" of CLSA India please contact [Compliance-India@clsa.com](mailto:Compliance-India@clsa.com).

Singapore: This report is distributed in Singapore by CLSA Singapore Pte Ltd to institutional investors, accredited investors or expert investors (each as defined under the Financial Advisers Regulations) only. Singapore recipients should contact CLSA Singapore Pte Ltd, 80 Raffles Place, #18-01, UOB Plaza 1, Singapore 048624, Tel: +65 6416 7888, in respect of any matters arising from, or in connection with, the analysis or report. By virtue of your status as an institutional investor, accredited investor or expert investor, CLSA Singapore Pte Ltd is exempted from complying with certain requirements under the Financial Advisers Act (Chapter 110), the Financial Advisers Regulations and the relevant Notices and Guidelines issued thereunder (as disclosed in Part C of the Securities Dealing Services – Singapore Annex of the CLSA terms of business), in respect of any financial advisory services that CLSA Singapore Pte Ltd may provide to you. MCI (P) 024/12/2020

United States of America: Where any section of the research is compiled by US analyst(s), it is distributed by CLSA Americas. Where any section is compiled by non-US analyst(s), it is distributed into the United States by CLSA solely to persons who qualify as "Major US Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934 and who deal with CLSA Americas. However, the delivery of this research report to any person in the United States shall not be deemed a recommendation to effect any transactions in the securities discussed herein or an endorsement of any opinion expressed herein. Any recipient of this research in the United States wishing to effect a transaction in any security mentioned herein should do so by contacting CLSA Americas.

The European Union ("EU") and the United Kingdom: In these jurisdictions, this research is a marketing communication. It has not been prepared in accordance with the legal requirements designed to promote the independence of investment research, and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The research is disseminated in these countries by either CLSA (UK) or CLSA Europe BV. CLSA (UK) is authorised and regulated by the Financial Conduct Authority. CLSA Europe BV is authorised and regulated by the Authority for Financial Markets in the Netherlands. This document is directed at persons having professional experience in matters relating to investments as defined in the relevant applicable local regulations. Any investment activity to which it relates is only available to such persons. If you do not have professional experience in matters relating to investments you should not rely on this document. Where the research material is compiled by the UK analyst(s), it is produced and disseminated by CLSA (UK) and CLSA Europe BV. For the purposes of the Financial Conduct Rules in the United Kingdom and MIFID II in other European jurisdictions this research is prepared and intended as substantive research material.

For all other jurisdiction-specific disclaimers please refer to <https://www.clsa.com/disclaimer.html>. The analysts/contributors to this publication/communication may be employed by any relevant CLSA entity or CLST, which is different from the entity that distributes the publication/communication in the respective jurisdictions. © 2021 CLSA and/or CL Securities Taiwan Co., Ltd. ("CLST").