

Andrew Lim

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

1 April 2021

Malaysia Property

Reuters SWAY.KL
Bloomberg SWB MK

Priced on 31 March 2021
KLSE Comp @ 1,573.5

12M hi/lo RM1.70/1.23

12M price target RM2.00
±% potential +18%

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

Market cap US\$2bn

3M ADV US\$1.0m

Foreign s'holding 10.0%

Major shareholders
Sungei Wei Corp 51.4%
EPF 9.9%

Blended ESG Score (%)*

Overall 82.7

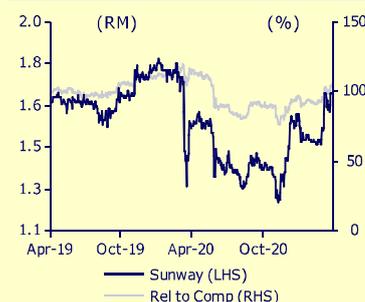
Country average 70.3

GEM sector average 67.5

*Click to visit company page on clsa.com for details

Stock performance (%)

	1M	3M	12M
Absolute	13.3	5.6	9.7
Relative	13.6	9.2	(5.8)
Abs (US\$)	10.1	2.7	14.3



Source: Bloomberg

The sun will rise

Earnings growth trajectory with a potential healthcare stake divestment

Sunway's FY20 earnings were above estimates, and it set higher YoY FY21 sales and launch targets. Healthcare operations showed signs of improvement and we expect SMCV to breakeven by end-FY21. We lift our SOTP-derived target price from RM1.80 to RM2.00 (based on a 10% holding company discount) as we impute a higher healthcare contribution. We maintain our BUY recommendation; Sunway is our sector top pick.

FY20 earnings above expectations and strong recognition of foreign handovers

4Q20 core earnings of RM230.4m (-3.8% YoY/2.4x QoQ) brought tis FY20 core earnings to RM384.5m (-39.5% YoY) which formed 107% of ours and consensus expectations. Its results were above expectations largely due to a stronger-than-expected recognition of its foreign handovers and a rebound in the healthcare segment. A full-year dividend of 1.5 sen per share was declared (20% payout).

Strong growth targets set and 1Q21 off to a good start

The company set higher effective targets for both sales (RM1.4bn, up 43% YoY) and launches (RM2.3bn, up 35% YoY) for FY21. Notably, 1Q21 launches worth RM1.4bn have achieved encouraging take-up rates of over 70%. Effective unbilled sales stood at RM1.9bn as of 4Q20 which is a strong cover ratio of 3.8x on FY20's property revenue (or 3.4x from FY19).

Encouraging healthcare segment recovery and SMCV should breakeven by year-end

4Q20 saw improvement both YoY and QoQ on the back of a higher number of outpatient treatment in both SMC and SMCV. The blended utilisation of the two hospitals is c.60%, compared to a pre-Covid-19 rate of c.70%. Notably, operating losses of SMCV have narrowed to -RM3.9m (from -RM11.7m YoY) and we expect the hospital to be PBT breakeven by end-FY21 (representing a gestation period of just c.2 years). Kindly refer to page 3 for and updated on the company.

Maintain BUY rating on a higher target price of RM2.00

We input a stronger FY22 contribution for the healthcare segment of RM80m (from RM60m) and maintain our BUY rating on a higher SOTP-derived RM2.00 target price (from RM1.88) based on a 10% SOTP discount, in line with its average. Our fair value excludes the implied potential healthcare stake divestment (currently in the advanced stages) value which could represent up to RM0.30 from our existing valuation. We believe earnings have bottomed, and that it has a growth trajectory over the coming years. The stock is currently trading at a 1.07x P/BV which is slightly above its mean.

Financials

Year to 31 December	19A	20A	21CL	22CL	23CL
Revenue (RMm)	4,780	3,833	5,282	5,963	6,366
Rev forecast change (%)	-	-	(0.3)	1.6	-
Net profit (RMm)	636	385	468	641	841
NP forecast change (%)	-	-	1.5	2.1	-
EPS (sen)	13.0	7.9	9.6	13.2	17.3
CL/consensus (11) (EPS%)	-	-	90	102	-
EPS growth (% YoY)	14.2	(39.5)	21.6	37.1	31.2
PE (x)	13.0	21.5	17.7	12.9	9.9
Dividend yield (%)	5.3	0.9	2.0	3.1	4.1
ROE (%)	7.8	4.5	5.3	7.0	8.6
Net debt/equity (%)	60.9	51.0	45.4	44.8	39.0

Source: www.clsa.com

Financials at a glance

Year to 31 December	2019A	2020A	2021CL	(% YoY)	2022CL	2023CL
Profit & Loss (RMm)						
Revenue	4,780	3,833	5,282	37.8	5,963	6,366
Cogs (ex-D&A)	(4,415)	(3,857)	(3,616)		(4,141)	(4,480)
Gross Profit (ex-D&A)	366	(24)	1,666		1,823	1,887
SG&A and other expenses	438	509	(842)		(814)	(789)
Op Ebitda	804	485	824	70.1	1,008	1,098
Depreciation/amortisation	(234)	(234)	(280)		(308)	(333)
Op Ebit	570	251	545	117.1	701	765
Net interest inc/(exp)	34	28	19	(32.8)	25	32
Other non-Op items	188	255	165	(35.2)	214	361
Profit before tax	792	534	729	36.4	940	1,157
Taxation	(78)	(102)	(118)		(152)	(167)
Profit after tax	713	432	610	41.2	788	990
Minority interest	(78)	(48)	(92)		(95)	(98)
Net profit	636	385	468	21.6	641	841
Adjusted profit	702	364	468	28.3	641	841
Cashflow (RMm)						
Operating profit	570	251	545	117.1	701	765
Depreciation/amortisation	234	234	280	19.6	308	333
Working capital changes	(354)	(137)	274		(372)	219
Other items	235	480	(12)		(14)	(19)
Net operating cashflow	685	828	1,086	31.2	622	1,298
Capital expenditure	(297)	(521)	(600)		(600)	(600)
Free cashflow	387	307	486	58.3	22	698
M&A/Others	(1,095)	(364)	0		0	0
Net investing cashflow	(1,392)	(885)	(600)		(600)	(600)
Increase in loans	1,060	(940)	-		-	-
Dividends	(306)	(254)	(124)		(215)	(308)
Net equity raised/other	(255)	1,016	0		0	0
Net financing cashflow	499	(178)	(124)		(215)	(308)
Incr/(decr) in net cash	(209)	(235)	361		(193)	390
Exch rate movements	(2,373)	(82)	0		0	0
Balance sheet (RMm)						
Cash & equivalents	2,555	2,237	2,599	16.1	2,405	2,796
Accounts receivable	3,015	2,441	1,447	(40.7)	1,634	1,744
Other current assets	2,636	2,393	2,682	12.1	3,129	3,652
Fixed assets	2,749	2,611	2,932	12.3	3,225	3,492
Investments	8,087	8,181	8,259	1	8,360	8,604
Intangible assets	332	351	351	0	351	351
Other non-current assets	2,121	2,905	2,905	0	2,905	2,905
Total assets	21,495	21,119	21,175	0.3	22,009	23,543
Short-term debt	7,025	5,132	6,005	17	6,005	6,005
Accounts payable	2,714	2,532	2,101	(17)	2,362	3,214
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	8,951	4.6	9,429	10,013
Minorities/other equity	1,044	1,775	1,866	5.2	1,962	2,060
Total liabs & equity	21,495	21,119	21,175	0.3	22,009	23,543
Ratio analysis						
Revenue growth (% YoY)	(11.6)	(19.8)	37.8		12.9	6.8
Ebitda margin (%)	16.8	12.6	15.6		16.9	17.2
Ebit margin (%)	11.9	6.5	10.3		11.8	12.0
Net profit growth (%)	14.2	(39.5)	21.6		37.1	31.2
Op cashflow growth (% YoY)	(28.4)	20.9	31.2		(42.7)	108.7
Capex/sales (%)	6.2	13.6	11.4		10.1	9.4
Net debt/equity (%)	60.9	51.0	45.4		44.8	39.0
Net debt/Ebitda (x)	7.1	10.9	6.0		5.1	4.3
ROE (%)	7.8	4.5	5.3		7.0	8.6
ROIC (%)	6.9	2.5	5.7		7.0	7.5

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

FY19 and 9M20 financial statements were restated

Encouraging 1Q21 take-up rates

Healthcare contribution on track to grow

Restatement of financial statements

The quarter saw restatements in its financial statements in relation to its Perpetual Sukuk whereby it is now classified as a liability (from equity previously) as it does not meet the definition of equity in accordance with MFRS132 Financial Instruments: Presentations. Nonetheless, we note that this does not have an impact to our bottom-line forecasts moving forward as we had always deducted the payments to Perpetual Sukuk to derive our core earnings. Moving forward, the payments to Perpetual Sukuk will now be classified under the Finance Cost.

Property sales and launch updates

New effective sales (i.e. adjusted for ownership stake) worth RM172m was achieved in 4Q20, bringing FY20 to RM1bn. Effective unbilled sales stood at RM1.9bn as of 4Q20, representing a strong cover ratio of 3.8x on FY20's property revenue (or 3.4x on FY19's). With regards to launches, 1Q21 saw the launch of products worth RM 1.2bn (with RM910m stemming from a project in Singapore). Notably, both these products have achieved encouraging take-up rates of over 70%. For the rest of the year, RM1.6bn (RM780m from China) worth of products will be launched, with most of them taking place in 2H21. We remain confident on the project in China given that it is the final phase (phase 3) of its development whereby its previous phases have been fully sold. The company is setting higher effective targets for both sales (RM1.4bn, up 43% YoY) and launches (RM2.3bn, up 35% YoY) for FY21.

Figure 1

Sunway's 2021 indicative launches

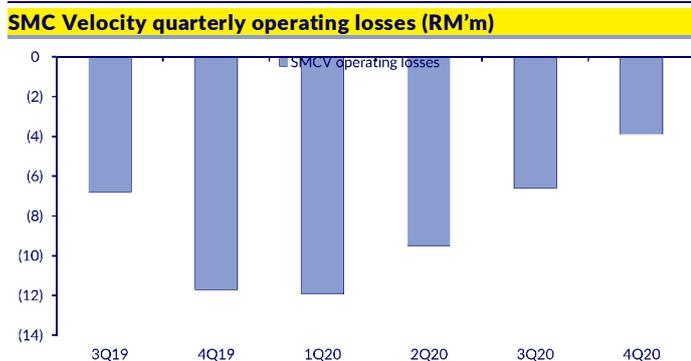
Project	Product Type	Location	GDV (RM'm)
Sunway Belfield Phase 1	Service Apartments	Jalan Belfield, KL	320
Sunway ARTESSA	Condominium	Wansa Maju , KL	300
Sunway Damansara Hill	Service Residences & Retail	Kota Damansara , KL	220
Sunway Kajang Phase 1	Service Apartments & Retail	Kajang, Selangor	270
Parc Central Residences	Executive Condominium	Tampines, Singapore	910
Sunway Gardens Phase 3	Condominium	Tianjin, China	780
Total			2800

Source: CLSA, Company

Healthcare segment updates

Overall performance in 4Q20 saw improvements both YoY and QoQ on the back of higher number of outpatient treatments in both Sunway Medical Centre (SMC) and SMC Velocity. The blended utilisation of the two hospitals are at c.60%, in comparison to pre-Covid-19 rates of c.70%. Notably, operating losses of SMCV has narrowed to -RM3.9m (from -RM11.7m YoY) and management conservatively expects the hospital to PBT breakeven by end-FY21. This implies the hospital to only have a gestation period of just over 2 years since it commenced in Sep 2019 (despite being impacted by the ongoing pandemic). Given the encouraging earnings registered, we adjust our FY22 earnings forecasts upwards to reflect stronger contributions from both SMC and SMCV, which should more than sufficiently offset any potential start-up losses from the upcoming hospitals in 2022 (i.e. SMC Tower D and E alongside its maiden hospital in Penang).

Figure 2



Source: CLSA, Company

Figure 3

Hospitals	Beds	Completion
Sunway Medical Centre (Tower A, B & C)	616	Completed
Sunway Medical Centre Velocity 1	240	Completed
Sunway Medical Centre Seberang Jaya	200	2022
Sunway Medical Centre (Tower D & E)	400	2022
Sunway Medical Centre Damansara	250	2023
Sunway Medical Centre Ipoh	200	beyond 2023
Kota Bahru	200	beyond 2023
Sunway City Iskandar, Johor	300	beyond 2023
Sunway Medical Centre (Tower F)	100	beyond 2023
Paya Terubong	120	beyond 2023
Total	2626	

Source: CLSA, Company

Potential healthcare stake divestment in its advanced stages

Potential healthcare stake divestment

Discussions on the potential healthcare stake divestment are at the advanced stage. To recap, Sunway was reportedly looking to divest its 20-25% stake in its healthcare arm which could potentially fetch at least US\$250m. This implies the segment to be valued at least RM4bn, in comparison to our current segment valuation of RM2.4bn (representing a 40% discount). Management reassured that the amount raised should be sufficient to fund the upcoming four hospitals depending on stake divested (capex of up to c.RM1.5bn per bed). With regards to any potential listing of the segment, we gather that it will likely require a number of years to ensure an optimal value is achieved.

We believe earnings have bottomed

Earnings growth trajectory

We expect earnings to have bottomed, with FY21 showing improvements (up 21.6% YoY) on the back of the low base effect from FY20 albeit still impacted by the border closures. Earnings growth in FY22 (up 37.1% YoY) should be largely supported by the recovery in the property investment segment as international borders should reopen by then. FY23 will then see further earnings growth (up 31.2% YoY) from the handover of foreign projects.

Figure 4

Sunway's results summary								
	4Q20	4Q19 (restated)	YoY	3Q20 (restated)	QoQ	FY20 (restated)	FY19 (restated)	YoY
Revenue	1278.0	1353.0	5.9%	1027.2	31.7%	3833.3	4780.3	(19.8%)
Property Development	184.3	218.2	18.4%	103.4	110.9%	495.0	545.9	(9.3%)
Property Investment	46.1	220.9	379.8%	98.1	125.2%	334.0	803.5	(58.4%)
Construction	424.6	318.0	(25.1%)	255.0	24.7%	990.2	1273.3	(22.2%)
Trading/Manufacturing	245.8	232.2	(5.5%)	231.0	0.5%	812.1	959.8	(15.4%)
Quarry	109.8	136.4	24.3%	105.6	29.2%	321.4	348.1	(7.7%)
Healthcare	178.0	162.9	(8.5%)	168.0	(3.0%)	620.3	584.8	6.1%
Others	89.5	64.4	(28.1%)	66.1	(2.7%)	260.3	265.0	(1.8%)
EBIT	46.0	110.9	140.9%	135.1	(17.9%)	250.8	570.1	(56.0%)
Net Interest	44.1	51.9	17.7%	(4.4)	n.m.	28.5	34.0	(16.2%)
Share of Associates/JCE	161.6	89.3	(44.7%)	30.4	193.7%	230.0	261.2	(12.0%)
PBT	251.7	252.1	0.2%	161.2	56.4%	509.3	865.3	(41.1%)
Property Development	218.6	111.5	(49.0%)	21.7	414.2%	297.0	228.5	29.9%
Property Investment	(82.6)	85.3	(203.2%)	60.5	40.9%	(30.8)	323.1	(109.5%)
Construction	39.0	42.1	8.2%	37.0	13.9%	105.1	162.3	(35.3%)
Trading/Manufacturing	11.4	4.2	(63.4%)	7.2	(41.9%)	24.9	30.0	(17.2%)
Quarry	5.6	7.8	40.4%	7.7	1.9%	14.8	16.1	(8.4%)
Healthcare	22.5	11.1	(50.7%)	15.4	(28.2%)	17.4	61.5	(71.7%)
Others	37.4	(9.9)	(126.5%)	11.6	(185.2%)	81.0	43.7	85.3%
Tax	(44.8)	(41.5)	(7.4%)	(25.0)	65.7%	(102.0)	(78.4)	30.0%
PAT	207.0	210.7	1.8%	136.1	54.8%	407.3	786.9	(48.2%)
MI	(13.9)	(27.2)	95.8%	(15.3)	77.4%	(47.7)	(77.7)	(38.6%)
PATAMI	193.1	183.5	(5.0%)	120.8	51.9%	359.6	709.2	(49.3%)
EI	37.3	38.1	2.3%	(55.5)	(168.8%)	24.9	(73.4)	(133.9%)
Core Earnings	230.4	221.6	(3.8%)	65.3	239.1%	384.5	635.8	(39.5%)
EBIT margin	3.6%	8.2%	4.6%	13.2%	(5.0%)	6.5%	11.9%	(5.4%)
PBT margin	19.7%	18.6%	(1.1%)	15.7%	2.9%	13.3%	18.1%	(4.8%)
PAT margin	18.0%	16.4%	(1.6%)	6.4%	10.0%	10.0%	13.3%	(3.3%)

Source: CLSA, Company

Figure 5

Sunway's SOP-derived valuation			
Division	Value (RM m)	RM/share	Methodology
Construction (SunCon)	1,537	0.32	54.56% stake based on Sunway Construction TP of RM 2.18
Sunway REIT (SunREIT)	1,960	0.40	40.88% stake based on Sunway REIT TP of RM 1.50
Property Development	2,062	0.42	Discounted RNAV
Property Investment	2,228	0.46	Book Value
Healthcare	2,401	0.49	30X forward P/E
Trading & Manufacturing	261	0.05	10X forward P/E
Quarry	105	0.02	10X forward P/E
	10,553	2.17	
Holding Company Net Cash/(Debt)	288	0.06	
	10,840	2.22	
10% Holding Company Discount	(1,084)	(0.22)	
Fair Value (RM)	9,756	2.00	

Source: CLSA, Company

Currently trading at 1.07x P/BV which is slightly above its historical mean

Figure 6



Source: CLSA, Bloomberg

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 70% discount to RNAV/share. The property investment division is valued at book value. The healthcare segment is valued at 30x 22CL PE while the quarry, trading and manufacturing segments are valued at 10x 22CL PE.

Investment risks

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

Figure 7

Peer/customer matrix											
Ticker	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	FY1
Peers											
Eco World	ECW MK	Oct-20	Malaysia	0.4	1.2	9.2	0.5	4.8	4.2	59.7	46.7
IOI Properties	IOIPG MK	Jun-20	Malaysia	1.9	1.0	12.7	0.4	2.1	3.2	50.9	36.1
Mah Sing	MSGB MK	Dec-20	Malaysia	0.5	1.9	13.1	0.6	4.3	6.3	(12.7)	n.m.
Sime Darby Property	SDPR MK	Dec-20	Malaysia	1.1	0.5	19.1	0.5	2.1	2.5	22.0	80.5
SP Setia	SPSB MK	Dec-20	Malaysia	1.0	0.9	153.2	0.3	0.8	1.2	72.9	n.m.
Sunway	SWB MK	Dec-20	Malaysia	2.0	0.9	17.7	1.0	2.0	5.3	45.4	21.6
UEM Sunrise	UEMS MK	Dec-20	Malaysia	0.5	0.5	29.0	0.3	0.9	1.1	29.2	n.m.
Average						36.3	0.5	2.4	3.4	38.2	46.2
Median						17.7	0.5	2.1	3.2	45.4	41.4

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

Detailed financials

Profit & Loss (RMm)

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Revenue	5,239	5,410	4,780	3,833	5,282	5,963	6,366
Cogs (ex-D&A)	(3,509)	(3,732)	(4,415)	(3,857)	(3,616)	(4,141)	(4,480)
Gross Profit (ex-D&A)	1,731	1,678	366	(24)	1,666	1,823	1,887
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	-	-	-	-	-	-	-
Other SG&A	(1,110)	(1,077)	234	234	(1,042)	(1,015)	(989)
Other Op Expenses ex-D&A	162	216	204	275	200	200	200
Op Ebitda	783	818	804	485	824	1,008	1,098
Depreciation/amortisation	(130)	(223)	(234)	(234)	(280)	(308)	(333)
Op Ebit	653	595	570	251	545	701	765
Interest income	224	276	202	170	169	175	182
Interest expense	(205)	(263)	(168)	(141)	(150)	(150)	(150)
Net interest inc/(exp)	20	13	34	28	19	25	32
Associates/investments	206	229	261	230	165	214	361
Forex/other income	-	-	-	-	-	-	-
Asset sales/other cash items	-	-	-	-	-	-	-
Provisions/other non-cash items	-	-	-	-	-	-	-
Asset revaluation/Exceptional items	(73)	(89)	(73)	25	-	-	-
Profit before tax	806	748	792	534	729	940	1,157
Taxation	(149)	(121)	(78)	(102)	(118)	(152)	(167)
Profit after tax	657	626	713	432	610	788	990
Preference dividends	0	0	0	0	(51)	(51)	(51)
Profit for period	657	626	713	432	559	736	939
Minority interest	(102)	(70)	(78)	(48)	(92)	(95)	(98)
Net profit	554	557	636	385	468	641	841
Extraordinaries/others	0	0	0	0	0	0	0
Profit available to ordinary shares	554	557	636	385	468	641	841
Dividends	(289)	(347)	(442)	(73)	(164)	(256)	(336)
Retained profit	265	210	194	311	304	385	504
Adjusted profit	614	631	702	364	468	641	841
EPS (sen)	11.5	11.4	13.0	7.9	9.6	13.2	17.3
Adj EPS [pre excep] (sen)	12.8	12.9	14.4	7.5	9.6	13.2	17.3
Core EPS (sen)	11.5	11.4	13.0	7.9	9.6	13.2	17.3
DPS (sen)	6.0	7.1	9.1	1.5	3.4	5.3	6.9

Profit & loss ratios

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Growth (%)							
Revenue growth (% YoY)	12.5	3.3	(11.6)	(19.8)	37.8	12.9	6.8
Ebitda growth (% YoY)	(8.1)	4.4	(1.7)	(39.7)	70.1	22.3	8.9
Ebit growth (% YoY)	(8.7)	(8.9)	(4.1)	(56.0)	117.1	28.7	9.1
Net profit growth (%)	1.3	0.4	14.2	(39.5)	21.6	37.1	31.2
EPS growth (% YoY)	1.3	(0.8)	14.2	(39.5)	21.6	37.1	31.2
Adj EPS growth (% YoY)	6.0	1.5	11.2	(48.1)	28.3	37.1	31.2
DPS growth (% YoY)	180.0	18.7	27.4	(83.5)	123.9	56.7	31.2
Core EPS growth (% YoY)	1.3	(0.8)	14.2	(39.5)	21.6	37.1	31.2
Margins (%)							
Gross margin (%)	33.0	31.0	7.7	(0.6)	31.5	30.6	29.6
Ebitda margin (%)	14.9	15.1	16.8	12.6	15.6	16.9	17.2
Ebit margin (%)	12.5	11.0	11.9	6.5	10.3	11.8	12.0
Net profit margin (%)	10.6	10.3	13.3	10.0	8.9	10.7	13.2
Core profit margin	10.6	10.3	13.3	10.0	8.9	10.7	13.2
Op cashflow margin	15.1	17.7	14.3	21.6	20.6	10.4	20.4
Returns (%)							
ROE (%)	7.2	7.1	7.8	4.5	5.3	7.0	8.6
ROA (%)	2.7	2.4	2.4	1.0	2.2	2.7	2.9
ROIC (%)	9.6	8.1	6.9	2.5	5.7	7.0	7.5
ROCE (%)	5.6	4.9	4.1	1.6	3.5	4.4	4.6
Other key ratios (%)							
Effective tax rate (%)	18.5	16.2	9.9	19.1	16.2	16.2	14.5
Ebitda/net int exp (x)	-	-	-	-	-	-	-
Exceptional or extraord. inc/PBT (%)	-	-	-	-	-	-	-
Dividend payout (%)	52.1	62.3	69.5	19.0	35.0	40.0	40.0

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	2,599	2,405	2,796
Accounts receivable	1,944	1,802	3,015	2,441	1,447	1,634	1,744
Inventories	786	849	748	2,101	1,447	1,634	1,744
Other current assets	1,682	1,874	1,887	292	1,235	1,495	1,907
Current assets	8,831	9,661	8,206	7,071	6,728	7,168	8,192
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	8,259	8,360	8,604
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
Total assets	20,231	21,780	21,495	21,119	21,175	22,009	23,543
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	2,101	2,362	3,214
Accrued expenses	-	-	-	-	-	-	-
Taxes payable	27	34	5	37	37	37	37
Other current liabs	190	174	86	127	127	127	127
Current liabilities	7,801	9,175	9,830	7,829	8,270	8,532	9,384
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
Total liabilities	11,816	12,796	12,061	10,788	10,357	10,618	11,470
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	3,632	4,109	4,694
Reserves/others	(1,204)	(1,281)	(53)	(74)	(74)	(74)	(74)
Shareholder funds	7,794	7,965	8,389	8,557	8,951	9,429	10,013
Minorities/other equity	621	1,019	1,044	1,775	1,866	1,962	2,060
Total equity	8,415	8,984	9,434	10,332	10,818	11,391	12,073
Total liabs & equity	20,231	21,780	21,495	21,119	21,175	22,009	23,543
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	4,908	5,101	4,710
Adjusted EV	5,858	7,107	8,057	8,220	7,872	8,059	7,522
BVPS (sen)	143.2	144.7	152.4	155.5	162.6	171.3	181.9

Balance sheet ratios

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Key ratios							
Current ratio (x)	1.1	1.1	0.8	0.9	0.8	0.8	0.9
Growth in total assets (% YoY)	9.3	7.7	(1.3)	(1.7)	0.3	3.9	7.0
Growth in capital employed (% YoY)	1.5	8.0	19.3	2.8	0.8	4.9	1.8
Net debt to operating cashflow (x)	4.2	3.9	8.4	6.4	4.5	8.2	3.6
Gross debt to operating cashflow (x)	9.8	9.3	12.1	9.1	6.9	12.1	5.8
Gross debt to Ebitda (x)	9.9	10.9	10.3	15.5	9.1	7.4	6.8
Net debt/Ebitda (x)	4.3	4.6	7.1	10.9	6.0	5.1	4.3
Gearing							
Net debt/equity (%)	39.9	41.6	60.9	51.0	45.4	44.8	39.0
Gross debt/equity (%)	92.4	98.8	88.0	72.7	69.4	65.9	62.2
Interest cover (x)	4.3	3.3	4.6	3.0	4.8	5.8	6.3
Debt cover (x)	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Net cash per share (sen)	(69.8)	(76.7)	(117.9)	(108.1)	(100.7)	(104.7)	(96.6)
Working capital analysis							
Inventory days	82.7	80.0	66.0	134.8	179.1	135.8	137.6
Debtor days	123.6	126.4	183.9	259.7	134.3	94.3	96.8
Creditor days	249.6	259.4	221.0	248.2	233.8	196.7	227.2
Working capital/Sales (%)	29.0	31.2	59.5	55.8	35.3	37.5	31.7
Capital employed analysis							
Sales/Capital employed (%)	44.5	42.5	31.5	24.6	33.6	36.2	37.9
EV/Capital employed (%)	49.7	55.9	53.1	52.7	50.1	48.9	44.8
Working capital/Capital employed (%)	12.9	13.3	18.7	13.7	11.9	13.6	12.0
Fixed capital/Capital employed (%)	19.1	20.7	18.1	16.7	18.6	19.6	20.8
Other ratios (%)							
PB (x)	1.2	1.2	1.1	1.1	1.0	1.0	0.9
EV/Ebitda (x)	7.5	8.7	10.0	17.0	9.6	8.0	6.9
EV/OCF (x)	7.4	7.4	11.8	9.9	7.3	13.0	5.8
EV/FCF (x)	14.8	13.3	20.8	26.8	16.2	368.9	10.8
EV/Sales (x)	1.1	1.3	1.7	2.1	1.5	1.4	1.2
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	570	251	545	701	765
Operating adjustments	226	242	295	258	184	239	392
Depreciation/amortisation	130	223	234	234	280	308	333
Working capital changes	(14)	(131)	(354)	(137)	274	(372)	219
Interest paid / other financial expenses	-	-	-	-	-	-	-
Tax paid	(175)	(109)	(94)	(60)	(118)	(152)	(167)
Other non-cash operating items	(26)	136	34	281	(78)	(101)	(244)
Net operating cashflow	794	956	685	828	1,086	622	1,298
Capital expenditure	(397)	(420)	(297)	(521)	(600)	(600)	(600)
Free cashflow	397	536	387	307	486	22	698
Acq/inv/disposals	(214)	(993)	(1,095)	(364)	-	-	-
Int, invt & associate div	-	-	-	-	-	-	-
Net investing cashflow	(610)	(1,413)	(1,392)	(885)	(600)	(600)	(600)
Increase in loans	761	1,071	1,060	(940)	-	-	-
Dividends	(276)	(382)	(306)	(254)	(124)	(215)	(308)
Net equity raised/others	(242)	57	(255)	1,016	0	0	0
Net financing cashflow	242	746	499	(178)	(124)	(215)	(308)
Incr/(decr) in net cash	426	288	(209)	(235)	361	(193)	390
Exch rate movements	(86)	429	(2,373)	(82)	0	0	0
Opening cash	4,079	4,419	5,136	2,555	2,237	2,599	2,405
Closing cash	4,419	5,136	2,555	2,237	2,599	2,405	2,796
OCF PS (sen)	16.5	19.6	14.0	17.0	22.3	12.8	26.6
FCF PS (sen)	8.2	11.0	7.9	6.3	10.0	0.4	14.3

Cashflow ratio analysis

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Growth (%)							
Op cashflow growth (% YoY)	18.8	20.4	(28.4)	20.9	31.2	(42.7)	108.7
FCF growth (% YoY)	10.7	34.9	(27.7)	(20.8)	58.3	(95.5)	3,095.1
Capex growth (%)	28.1	6.0	(29.3)	75.3	15.2	0.0	0.0
Other key ratios (%)							
Capex/sales (%)	7.6	7.8	6.2	13.6	11.4	10.1	9.4
Capex/op cashflow (%)	50.0	44.0	43.4	62.9	55.3	96.5	46.2
Operating cashflow payout ratio (%)	36.4	36.3	64.6	8.8	15.1	41.2	25.9
Cashflow payout ratio (%)	36.4	36.3	64.6	8.8	15.1	41.2	25.9
Free cashflow payout ratio (%)	72.8	64.8	114.1	23.8	33.7	1,173.7	48.2

DuPont analysis

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Ebit margin (%)	12.5	11.0	11.9	6.5	10.3	11.8	12.0
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	2.1	1.3	1.3	1.5
Tax burden (x)	0.8	0.8	0.9	0.8	0.8	0.8	0.9
Return on assets (%)	2.7	2.4	2.4	1.0	2.2	2.7	2.9
Leverage (x)	2.3	2.4	2.3	2.2	2.0	1.9	1.9
ROE (%)	7.2	7.1	7.8	4.5	5.3	7.0	8.6

EVA® analysis

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Ebit adj for tax	532	498	514	203	456	587	654
Average invested capital	5,516	6,173	7,424	8,026	8,028	8,384	8,740
ROIC (%)	9.6	8.1	6.9	2.5	5.7	7.0	7.5
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	2.5	2.5	2.6
Weighted average cost of capital (%)	8.1	8.1	8.2	8.1	8.1	8.1	8.1
EVA/IC (%)	1.6	0.0	(1.2)	(5.5)	(2.4)	(1.1)	(0.6)
EVA (RMm)	86	(2)	(93)	(445)	(195)	(92)	(56)

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. You can also fine-tune your Research Alert email preferences at https://www.clsa.com/member/tools/email_alert/.

Companies mentioned

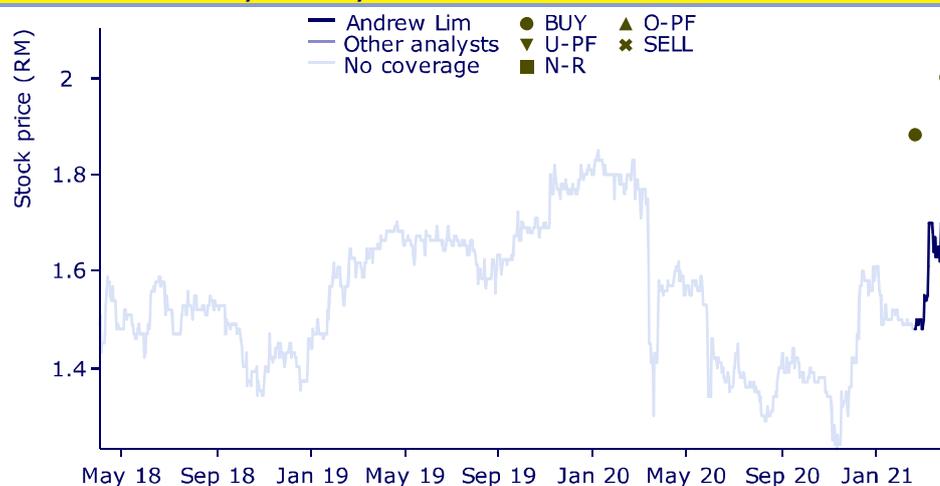
Sunway (SWB MK - RM1.70 - BUY)
 Eco World (ECW MK - RM0.62 - O-PF)
 IOI Properties (N-R)
 Mah Sing (MSGB MK - RM0.84 - O-PF)
 Perpetual Sukuk (N-R)
 Sime Darby Property (SDPR MK - RM0.65 - BUY)
 SP Setia (SPSB MK - RM1.05 - U-PF)
 SunCon (SCGB MK - RM1.80 - BUY)
 Sunway Reit (SREIT MK - RM1.49 - U-PF)
 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	BUY	2.00	20 Feb 2021	BUY	1.88

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 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.

Unless specified otherwise, CLSA/CLSA Americas/CLST or its respective affiliates, did not receive investment banking/non-investment banking income from, and did not manage/co-manage a public offering for, the listed company during the past 12 months, and it does not expect to receive investment banking compensation from the listed company within the coming three months. Unless mentioned otherwise, CLSA/CLSA Americas/CLST does not own 1% or more of any class of securities of the subject company, and does not make a market, in the securities. (For full disclosure of interest for

all companies mention on this report, please refer to 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: Total expected return below 20% but exceeding market return; U-PF: 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: 73.64%, Underperform / SELL - CLSA: 26.28%, Restricted - CLSA: 0.34%; Data as of 31 Dec 2020. Investment banking clients as a % of rating category: BUY / Outperform - CLSA: 10.97%, Underperform / SELL - CLSA: 3.15%; Restricted - CLSA: 0.34%. Data for 12-month period ending 31 Dec 2020.

Overall rating distribution for CLST only Universe: Overall rating distribution: BUY / Outperform - CLST: 84.51%, Underperform / SELL - CLST: 15.49%, Restricted - CLST: 0.00%. Data as of 31 Dec 2020. 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 31 Dec 2020.

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 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/. 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 on +852 2600 8111. If you require disclosure information on previous dates, please contact 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.

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").