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Malaysia Property

Reuters SWAY.KL
Bloomberg SWB MK

Priced on 25 May 2021
KLSE Comp @ 1,577.8

12M hi/lo RM1.75/1.23

12M price target RM1.97
±% potential +19%

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

Market cap US\$2bn

3M ADV US\$1.1m

Foreign s'holding 10.0%

Major shareholders

Sungei Wei Corp 51.4%
EPF 9.9%

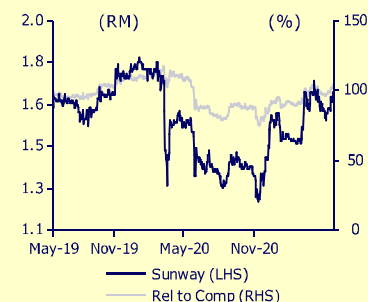
Blended ESG Score (%)*

Overall 82.7
Country average 70.4
GEM sector average 67.5

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

Stock performance (%)

	1M	3M	12M
Absolute	1.2	11.4	8.5
Relative	3.2	11.7	(1.2)
Abs (US\$)	0.4	8.4	14.2



Source: Bloomberg

Strength in sales

Starting the year with strong sales despite recording mild earnings

Sunway 1Q21 core earnings of RM59m were below expectations largely due to the drag from the Property Investment segment. RM1.2bn worth of sales were recorded (75% of full-year target), and an upward revision in the company's sales targets seems likely. We believe earnings have bottomed, with a growth trajectory over the coming years. We reiterate our BUY rating and lower our SOTP-derived target price from RM2.00 to RM1.97 based on a 10% SOTP discount (in-line with its average).

Below expectations

1Q21 core earnings of RM59.1m (-14.4% YoY, -74.3% QoQ) formed c.12% of our and consensus full-year expectations. The results were below expectations largely due to the drag from the Property Investment segment given the introduction of MCO2.0 (from 13 January to 4 March) amidst a surge of Covid-19 cases in Malaysia.

1Q21 sales formed 75% of full-year target; upward revision seems likely

1Q21 sales worth RM1.2bn was recorded (RM875m from a project in Singapore), forming 75% of its full-year target. We are confident on an upward revision in sales targets given that RM1.5bn of project launches are in its pipeline for the rest of the year. Unbilled sales is strong at RM3.3bn (more than 6x cover ratio), with RM1.5bn stemming from projects in Singapore.

Expect FY21 to be a bottom

With the surge in Covid-19 cases in Malaysia, we expect FY21 to remain impacted largely by the Property Investment segment due to ongoing movement restrictions. As such, we reduce 21/22/23CL earnings by 47%/18%/9%, respectively, to take into account weaker margins and contributions from the overall operations as we previously expected a strong rebound in 2H21. Nonetheless, we remain hopeful for things to be more normalised in FY22 given the recent ramp-up in vaccinations. Note that we have taken a very conservative stance in our forecasts, and any noticeable improvements from 3Q21 should lead to an upward revision.

Reiterate BUY, lower target price to RM1.97

We reiterate our BUY rating and lower our SOTP-derived target price from RM2.00 to RM1.97 based on a 10% SOTP discount (in-line with its average) after updating our target prices for SunCon and SunREIT. Our target price change is slight as it is already pegged to FY22 figures. 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, with a growth trajectory over the coming years.

Financials

Year to 31 December	19A	20A	21CL	22CL	23CL
Revenue (RMm)	4,780	3,833	4,627	5,723	6,110
Rev forecast change (%)	-	-	(12.4)	(4.0)	(4.0)
Net profit (RMm)	634	386	245	529	767
NP forecast change (%)	-	-	(47.5)	(17.6)	(8.7)
EPS (sen)	13.0	7.9	5.0	10.8	15.7
CL/consensus (11) (EPS%)	-	-	49	89	118
EPS growth (% YoY)	13.8	(39.1)	(36.4)	115.4	45.2
PE (x)	12.8	21.0	33.0	15.3	10.5
Dividend yield (%)	5.5	0.9	1.1	2.3	3.3
ROE (%)	7.7	4.6	2.8	5.9	8.1

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	4,627	20.7	5,723	6,110
Cogs (ex-D&A)	(3,095)	(2,635)	(3,409)		(4,219)	(4,516)
Gross Profit (ex-D&A)	1,686	1,198	1,217	1.6	1,504	1,595
SG&A and other expenses	(884)	(712)	(666)		(638)	(613)
Op Ebitda	801	486	551	13.4	866	982
Depreciation/amortisation	(234)	(234)	(280)		(308)	(333)
Op Ebit	568	252	271	7.7	558	649
Net interest inc/(exp)	34	28	27	(4.5)	34	35
Other non-Op items	188	255	134	(47.6)	197	363
Profit before tax	790	535	432	(19.3)	789	1,047
Taxation	(78)	(102)	(63)		(124)	(144)
Profit after tax	711	433	370	(14.7)	664	903
Minority interest	(78)	(48)	(73)		(84)	(85)
Net profit	634	386	245	(36.4)	529	767
Adjusted profit	700	366	245	(32.9)	529	767
Cashflow (RMm)						
Operating profit	568	252	271	7.7	558	649
Depreciation/amortisation	234	234	280	19.6	308	333
Working capital changes	(354)	(137)	739		(547)	295
Other items	237	479	26	(94.5)	8	10
Net operating cashflow	685	828	1,317	59.1	327	1,286
Capital expenditure	(297)	(521)	(600)		(600)	(600)
Free cashflow	387	307	717	133.6	(273)	686
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)		(137)	(236)
Net equity raised/other	(255)	1,016	0		0	0
Net financing cashflow	499	(178)	(124)		(137)	(236)
Incr/(decr) in net cash	(209)	(235)	592		(410)	450
Exch rate movements	(2,373)	(82)	0		0	0
Balance sheet (RMm)						
Cash & equivalents	2,555	2,237	2,830	26.5	2,419	2,869
Accounts receivable	3,015	2,441	1,268	(48.1)	1,568	1,674
Other current assets	2,636	2,393	2,145	(10.4)	2,812	3,229
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
Total assets	21,495	21,119	20,682	(2.1)	21,630	23,115
Short-term debt	7,025	5,132	6,005	17	6,005	6,005
Accounts payable	2,714	2,532	1,849	(27)	2,270	3,088
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	8,729	2	9,172	9,754
Minorities/other equity	1,044	1,775	1,848	4.1	1,932	2,017
Total liabs & equity	21,495	21,119	20,682	(2.1)	21,630	23,115
Ratio analysis						
Revenue growth (% YoY)	(11.6)	(19.8)	20.7		23.7	6.8
Ebitda margin (%)	16.8	12.7	11.9		15.1	16.1
Ebit margin (%)	11.9	6.6	5.9		9.8	10.6
Net profit growth (%)	13.8	(39.1)	(36.4)		115.4	45.2
Op cashflow growth (% YoY)	(28.4)	20.9	59.1		(75.2)	293.6
Capex/sales (%)	6.2	13.6	13.0		10.5	9.8
Net debt/equity (%)	60.9	51.0	44.2		45.8	39.4
Net debt/Ebitda (x)	7.2	10.8	8.5		5.9	4.7
ROE (%)	7.7	4.6	2.8		5.9	8.1
ROIC (%)	6.9	2.5	3.0		5.9	6.7

Source: www.clsa.com

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Figure 1

Financial results summary					
	1Q21	1Q20	YoY	4Q20	QoQ
Revenue	1016.7	971.4	4.7%	1278.0	(20.4%)
Property Development	97.2	139.2	(30.2%)	184.3	(47.3%)
Property Investment	58.7	134.3	(56.3%)	46.1	27.4%
Construction	321.4	218.0	47.4%	424.6	(24.3%)
Trading/Manufacturing	224.5	194.2	15.6%	245.8	(8.7%)
Quarry	77.2	74.1	4.2%	109.8	(29.6%)
Healthcare	170.6	149.2	14.4%	178.0	(4.1%)
Others	66.0	60.7	8.9%	89.5	(26.2%)
EBIT	49.1	44.7	9.7%	46.0	6.6%
Net Interest	14.5	24.5	(40.8%)	44.1	(67.2%)
Share of Associates/JCE	23.6	38.6	(38.8%)	161.6	(85.4%)
PBT	87.2	107.8	(19.1%)	251.7	(65.4%)
Property Development	20.7	39.1	(47.1%)	218.6	(90.5%)
Property Investment	(16.9)	32.0	(152.7%)	(82.6)	(79.6%)
Construction	27.7	22.6	22.6%	39.0	(28.9%)
Trading/Manufacturing	12.2	0.5	n.m.	11.4	7.3%
Quarry	3.1	3.1	(0.5%)	5.6	(45.3%)
Healthcare	14.0	(4.5)	(414.1%)	22.5	(37.7%)
Others	4.6	1.0	349.7%	37.4	(87.7%)
Tax	(16.8)	(17.5)	(4.1%)	(44.8)	(62.5%)
PAT	70.4	90.3	(22.1%)	207.0	(66.0%)
MI	(11.9)	(12.0)	(0.7%)	(13.9)	(14.2%)
PATAMI	58.5	66.4	(12.0%)	193.1	(69.7%)
EI	0.7	2.6	(75.0%)	37.3	(98.3%)
Core Earnings	59.1	69.0	(14.4%)	230.4	(74.3%)
EBIT margin	4.8%	4.6%	0.2%	3.6%	1.2%
PBT margin	8.6%	11.1%	(2.5%)	19.7%	(11.1%)
PAT margin	5.8%	7.1%	(1.3%)	18.0%	(12.2%)

Source: CLSA, Company

Figure 2

Sunway SOTP-derived target price breakdown			
Division	Value (RM m)	RM/share	Methodology
Construction (SunCon)	1,375	0.28	54.56% stake based on SunCon TP of RM1.95
Sunway REIT (SunREIT)	1,829	0.38	40.88% stake based on SunREIT TP of RM1.40
Property Development	2,180	0.45	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
	10,378	2.13	
Holding Company Net Cash/(Debt)	288	0.06	
	10,666	2.19	
10% Holding Company Discount	(1,067)	(0.22)	
Fair Value (RM)	9,599	1.97	

Source: CLSA, Company

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 3

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	
Peers												
	Eco World	ECW MK	Oct-20	Malaysia	0.4	1.5	9.4	0.5	4.8	4.2	59.7	46.7
	IOI Properties	IOIPG MK	Jun-20	Malaysia	1.7	0.4	11.4	0.4	1.6	3.2	50.9	36.1
	Mah Sing	MSGB MK	Dec-20	Malaysia	0.6	6.0	10.4	0.6	5.1	8.2	(13.0)	-
	Sime Darby Property	SDPR MK	Dec-20	Malaysia	1.0	0.4	17.8	0.4	2.2	2.5	22.0	80.5
	SP Setia	SPSB MK	Dec-20	Malaysia	1.0	1.2	148.8	0.3	0.8	1.2	72.9	-
	Sunway	SWB MK	Dec-20	Malaysia	2.0	1.1	33.0	1.0	1.1	2.8	44.2	(36.4)
	UEM Sunrise	UEMS MK	Dec-20	Malaysia	0.5	0.5	29.3	0.3	0.7	1.0	29.3	-
	Average					37.1	0.5	2.3	3.3	38.0	31.7	
	Median					17.8	0.4	1.6	2.8	44.2	41.4	

Note: 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	4,627	5,723	6,110
Cogs (ex-D&A)	(3,509)	(3,732)	(3,095)	(2,635)	(3,409)	(4,219)	(4,516)
Gross Profit (ex-D&A)	1,731	1,678	1,686	1,198	1,217	1,504	1,595
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
Op Ebitda	783	818	801	486	551	866	982
Depreciation/amortisation	(130)	(223)	(234)	(234)	(280)	(308)	(333)
Op Ebit	653	595	568	252	271	558	649
Interest income	224	276	202	170	177	184	185
Interest expense	(205)	(263)	(168)	(141)	(150)	(150)	(150)
Net interest inc/(exp)	20	13	34	28	27	34	35
Associates/investments	206	229	261	230	134	197	363
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	790	535	432	789	1,047
Taxation	(149)	(121)	(78)	(102)	(63)	(124)	(144)
Profit after tax	657	626	711	433	370	664	903
Preference dividends	0	0	0	0	(51)	(51)	(51)
Profit for period	657	626	711	433	318	613	852
Minority interest	(102)	(70)	(78)	(48)	(73)	(84)	(85)
Net profit	554	557	634	386	245	529	767
Extraordinaries/others	0	0	0	0	0	0	0
Profit available to ordinary shares	554	557	634	386	245	529	767
Dividends	(289)	(347)	(442)	(73)	(86)	(185)	(269)
Retained profit	265	210	192	313	159	344	499
Adjusted profit	614	631	700	366	245	529	767
EPS (sen)	11.5	11.4	13.0	7.9	5.0	10.8	15.7
Adj EPS [pre excep] (sen)	12.8	12.9	14.4	7.5	5.0	10.8	15.7
Core EPS (sen)	11.5	11.4	13.0	7.9	5.0	10.8	15.7
DPS (sen)	6.0	7.1	9.1	1.5	1.8	3.8	5.5

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)	20.7	23.7	6.8
Ebitda growth (% YoY)	(8.1)	4.4	(2.0)	(39.4)	13.4	57.1	13.4
Ebit growth (% YoY)	(8.7)	(8.9)	(4.5)	(55.6)	7.7	105.7	16.1
Net profit growth (%)	1.3	0.4	13.8	(39.1)	(36.4)	115.4	45.2
EPS growth (% YoY)	1.3	(0.8)	13.8	(39.1)	(36.4)	115.4	45.2
Adj EPS growth (% YoY)	6.0	1.5	10.9	(47.8)	(32.9)	115.4	45.2
DPS growth (% YoY)	180.0	18.7	27.4	(83.5)	17.5	115.4	45.2
Core EPS growth (% YoY)	1.3	(0.8)	13.8	(39.1)	(36.4)	115.4	45.2
Margins (%)							
Gross margin (%)	33.0	31.0	35.3	31.2	26.3	26.3	26.1
Ebitda margin (%)	14.9	15.1	16.8	12.7	11.9	15.1	16.1
Ebit margin (%)	12.5	11.0	11.9	6.6	5.9	9.8	10.6
Net profit margin (%)	10.6	10.3	13.3	10.1	5.3	9.2	12.6
Core profit margin	10.6	10.3	13.3	10.1	5.3	9.2	12.6
Op cashflow margin	15.1	17.7	14.3	21.6	28.5	5.7	21.1
Returns (%)							
ROE (%)	7.2	7.1	7.7	4.6	2.8	5.9	8.1
ROA (%)	2.7	2.4	2.4	1.0	1.1	2.2	2.5
ROIC (%)	9.6	8.1	6.9	2.5	3.0	5.9	6.7
ROCE (%)	5.6	4.9	4.1	1.6	1.8	3.6	4.0
Other key ratios (%)							
Effective tax rate (%)	18.5	16.2	9.9	19.0	14.5	15.8	13.7
Ebitda/net int exp (x)	-	-	-	-	-	-	-
Exceptional or extraord. inc/PBT (%)	-	-	-	-	-	-	-
Dividend payout (%)	52.1	62.3	69.8	19.0	35.0	35.0	35.0

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	2,830	2,419	2,869
Accounts receivable	1,944	1,802	3,015	2,441	1,268	1,568	1,674
Inventories	786	849	748	2,101	1,268	1,568	1,674
Other current assets	1,682	1,874	1,887	292	877	1,244	1,555
Current assets	8,831	9,661	8,206	7,071	6,242	6,799	7,773
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
Total assets	20,231	21,780	21,495	21,119	20,682	21,630	23,115
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	1,849	2,270	3,088
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	8,019	8,440	9,258
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	10,105	10,526	11,344
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	3,410	3,852	4,435
Reserves/others	(1,204)	(1,281)	(53)	(74)	(74)	(74)	(74)
Shareholder funds	7,794	7,965	8,389	8,557	8,729	9,172	9,754
Minorities/other equity	621	1,019	1,044	1,775	1,848	1,932	2,017
Total equity	8,415	8,984	9,434	10,332	10,577	11,104	11,771
Total liabs & equity	20,231	21,780	21,495	21,119	20,682	21,630	23,115
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	4,677	5,087	4,637
Adjusted EV	5,640	6,887	7,837	7,999	7,408	7,805	7,195
BVPS (sen)	143.2	144.7	152.4	155.5	158.6	166.6	177.2

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	0.8
Growth in total assets (% YoY)	9.3	7.7	(1.3)	(1.7)	(2.1)	4.6	6.9
Growth in capital employed (% YoY)	1.5	8.0	19.3	2.8	(2.2)	6.1	1.3
Net debt to operating cashflow (x)	4.2	3.9	8.4	6.4	3.6	15.6	3.6
Gross debt to operating cashflow (x)	9.8	9.3	12.1	9.1	5.7	23.0	5.8
Gross debt to Ebitda (x)	9.9	10.9	10.4	15.5	13.6	8.7	7.6
Net debt/Ebitda (x)	4.3	4.6	7.2	10.8	8.5	5.9	4.7
Gearing							
Net debt/equity (%)	39.9	41.6	60.9	51.0	44.2	45.8	39.4
Gross debt/equity (%)	92.4	98.8	88.0	72.7	71.0	67.6	63.8
Interest cover (x)	4.3	3.3	4.6	3.0	3.0	4.9	5.6
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)	(96.0)	(104.4)	(95.1)
Working capital analysis							
Inventory days	82.7	80.0	94.2	197.4	180.3	122.7	131.0
Debtor days	123.6	126.4	183.9	259.7	146.3	90.4	96.8
Creditor days	249.6	259.4	315.2	363.3	234.5	178.2	216.5
Working capital/Sales (%)	29.0	31.2	59.5	55.8	30.2	34.0	27.0
Capital employed analysis							
Sales/Capital employed (%)	44.5	42.5	31.5	24.6	30.3	35.3	37.2
EV/Capital employed (%)	47.9	54.1	51.6	51.3	48.6	48.2	43.9
Working capital/Capital employed (%)	12.9	13.3	18.7	13.7	9.2	12.0	10.1
Fixed capital/Capital employed (%)	19.1	20.7	18.1	16.7	19.2	19.9	21.3
Other ratios (%)							
PB (x)	1.2	1.1	1.1	1.1	1.0	1.0	0.9
EV/Ebitda (x)	7.2	8.4	9.8	16.5	13.4	9.0	7.3
EV/OCF (x)	7.1	7.2	11.4	9.7	5.6	23.9	5.6
EV/FCF (x)	14.2	12.9	20.2	26.1	10.3	(28.6)	10.5
EV/Sales (x)	1.1	1.3	1.6	2.1	1.6	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	568	252	271	558	649
Operating adjustments	226	242	295	258	161	230	398
Depreciation/amortisation	130	223	234	234	280	308	333
Working capital changes	(14)	(131)	(354)	(137)	739	(547)	295
Interest paid / other financial expenses	-	-	-	-	-	-	-
Tax paid	(175)	(109)	(94)	(60)	(63)	(124)	(144)
Other non-cash operating items	(26)	136	36	280	(72)	(98)	(245)
Net operating cashflow	794	956	685	828	1,317	327	1,286
Capital expenditure	(397)	(420)	(297)	(521)	(600)	(600)	(600)
Free cashflow	397	536	387	307	717	(273)	686
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)	(137)	(236)
Net equity raised/others	(242)	57	(255)	1,016	0	0	0
Net financing cashflow	242	746	499	(178)	(124)	(137)	(236)
Incr/(decr) in net cash	426	288	(209)	(235)	592	(410)	450
Exch rate movements	(86)	429	(2,373)	(82)	0	0	0
Opening cash	4,079	4,419	5,136	2,555	2,237	2,830	2,419
Closing cash	4,419	5,136	2,555	2,237	2,830	2,419	2,869
OCF PS (sen)	16.5	19.6	14.0	17.0	27.0	6.7	26.4
FCF PS (sen)	8.2	11.0	7.9	6.3	14.7	(5.6)	14.1

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	59.1	(75.2)	293.6
FCF growth (% YoY)	10.7	34.9	(27.7)	(20.8)	133.6	(138.1)	-
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	13.0	10.5	9.8
Capex/op cashflow (%)	50.0	44.0	43.4	62.9	45.6	183.6	46.6
Operating cashflow payout ratio (%)	36.4	36.3	64.6	8.8	6.5	56.6	20.9
Cashflow payout ratio (%)	36.4	36.3	64.6	8.8	6.5	56.6	20.9
Free cashflow payout ratio (%)	72.8	64.8	114.1	23.8	12.0	-	39.1

DuPont analysis

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Ebit margin (%)	12.5	11.0	11.9	6.6	5.9	9.8	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	2.1	1.6	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	1.0	1.1	2.2	2.5
Leverage (x)	2.3	2.4	2.3	2.2	2.0	2.0	2.0
ROE (%)	7.2	7.1	7.7	4.6	2.8	5.9	8.1

EVA® analysis

Year to 31 December	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Ebit adj for tax	532	498	512	204	232	470	560
Average invested capital	5,516	6,173	7,424	8,026	7,796	8,006	8,412
ROIC (%)	9.6	8.1	6.9	2.5	3.0	5.9	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	2.6	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	(1.3)	(5.5)	(5.1)	(2.2)	(1.5)
EVA (RMm)	86	(2)	(95)	(444)	(401)	(179)	(124)

Source: www.clsa.com



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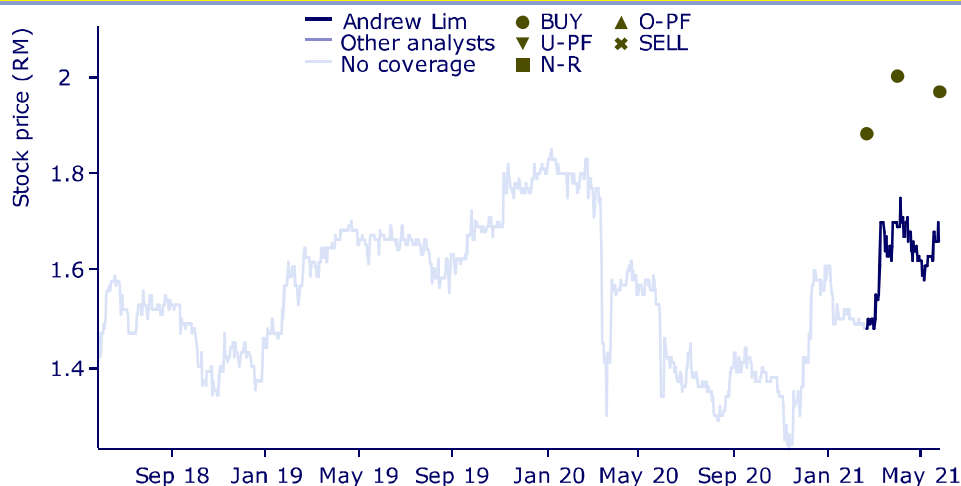
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Important disclosures

Recommendation history of Sunway Bhd SWB MK



Date	Rec	Target	Date	Rec	Target
LATEST	BUY	1.97	20 Feb 2021	BUY	1.88
01 Apr 2021	BUY	2.00			

Source: CLSA

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