

04 January 2016 | Corporate Update

Sunway Berhad

Management sales target at RM1.4b for FY16


INVESTMENT HIGHLIGHTS

- **Management sales target at RM1.4b for FY16**
- **Our FY16 sales target is more conservative at RM1.1b**
- **Earnings forecast maintained**
- **Maintain NEUTRAL with unchanged TP of RM3.20**

Management sales target at RM1.4b for FY16. Sunway Berhad (SUNWAY) has set its sales target for FY16 at RM1.4b on the back of target property launches of RM1.6b. Property launches of SUNWAY for FY16 is well spread across multiple geographic areas namely Sunway Iskandar, Ipoh, Mont Kiara, Bangi, South Quay, and Jalan Peel. The sales target of RM1.4b is 40% higher than its expected sales of RM1b for FY15. Management is confident hitting the expected sales target of RM1b for FY15 and we concur with this as their 9MFY15 sales already hit RM734m or 73% of FY15 full year target.

Our FY16 sales target is more conservative at RM1.1b. Nevertheless, we are keeping our FY16 sales target for SUNWAY at RM1.1b. We reckon that the outlook for property sector to remain cautious. According to Bank Negara, "Applied Loan for Purchase of Property" in the first 10 months was lower by -7%yoy at RM253.88b implying lower demand.

Earnings forecasts maintained. We maintain our earnings forecasts for FY15 and FY16 as we make no changes to our new property sales target. We maintain our sales assumptions of RM1.0b and RM1.1b for FY15 and FY16 respectively.

Maintain NEUTRAL with unchanged TP of RM3.20. We maintain our Target Price of RM3.20, based on 20% discount to RNAV. We continue to view the outlook for property market as challenging. Hence it may offer limited catalysts to SUNWAY. Nonetheless, a better forward performance by its construction arm is expected to cushion a more muted performance of its property division. 

Maintain NEUTRAL

Unchanged Target Price: RM3.20

RETURN STATS

Price (31 Dec 2015)	RM3.08
Target Price	RM3.20
Expected Share Price Return	+3.9%
Expected Dividend Yield	+3.6%
Expected Total Return	+7.5%

STOCK INFO

KLCI	1692.51
Bursa / Bloomberg	5211 / SWB MK
Board / Sector	Main / Properties
Syariah Compliant	Yes
Issued shares (mil)	1780.24
Par Value (RM)	1.00
Market cap. (RM'm)	5,483.12
Price over NA	0.80
52-wk price Range	RM2.85 - RM3.52
Beta (against KLCI)	0.58
3-mth Avg Daily Vol	1.14m
3-mth Avg Daily Value	RM3.50m
Major Shareholders	
SUNGEI WAY CORP	50.2%
YEAN TIH CHEAH	13.4%

INVESTMENT STATISTICS

FYE Dec (RM'm, unless otherwise stated)	FY12	FY13	FY14	FY15F	FY16F
Revenue	4129	4721	4842	5018	5010
Core EBIT	719	824	567	517	516
Core PBT	716	915	767	717	722
Net Income	439	1490	743	538	542
Core Net Income	315	505	541	538	542
EPS (sen)	33.95	94.51	43.09	31.02	31.25
Core EPS (sen)	24.40	32.03	31.38	31.02	31.25
Net DPS (sen)	6	10	11	37	11
Net Dvd Yield	2.0%	3.3%	3.6%	12.0%	3.6%
Core PER	12.5	9.5	9.7	9.8	9.8
NTA/share (RM)	2.51	2.96	3.35	3.55	3.75
P/NTA	1.22	1.03	0.91	0.87	0.82
Core ROE	8.9%	9.9%	8.8%	8.3%	7.9%
Core ROA	12.2%	4.6%	4.2%	4.1%	4.0%

Source: Company, MIDF Research Forecast

DAILY PRICE CHART



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SUNWAY RNAV

Landbank	Location	Size (Ac)	Size (Sq ft)	Price (RM/sqft)	Stake	Value (RM m)
Property Development - Malaysia						
Sunway South Quay	Bandar Sunway, Selangor	49	2,134,440	466.2	60%	597.0
Sunway Velocity	Kuala Lumpur	19	827,640	200	85%	140.7
Sunway Damansara	Petaling Jaya, Selangor	15	653,400	256	60%	100.4
Medini Iskandar	Iskandar, Johor	678	29,532,809	108	56%	1786.1
Daiwa JV	Iskandar, Johor	13	DCF @ WACC 10%		17%	7.0
Pendas	Iskandar, Johor	1079	47,001,240	98.4	60%	2775.0
Sunway Lenang	Johor Bahru, Johor	71	3,091,453	93.5	80%	231.2
Sunway Wellesley	Penang	60	2,613,600	50	100%	130.7
Paya Terubong	Penang	24	1,045,440	45	100%	47.0
Sunway Hillds	Penang	81	3,528,360	30	100%	107.3
Balik Pulau	Penang	29	1,263,240	23	100%	29.1
Sunway Cassia	Penang	7	304,920	25	100%	7.7
Sunway Semenyih	Ulu Langat, Selangor	508	22,141,548	25	100%	544.7
Kelana Jaya Land	Kelana Jaya, Selangor	17	740,084	394	100%	291.7
Property Development - Singapore						
Miltonia Residences	Yishun, Singapore	NA	DCF @ WACC 10%		30%	37.4
Arc	Tampines, Singapore	NA	DCF @ WACC 10%		30%	45.8
Lake Vista	Yuan Ching Road, Singapore	NA	DCF @ WACC 10%		30%	36.0
Sea Esta	Pasir Ris, Singapore	NA	DCF @ WACC 10%		30%	35.3
Royale Square	Novena MRT, Singapore	NA	DCF @ WACC 10%		30%	48.6
Mount Sophia	Dhoby Ghaut MRT, Singapore	NA	DCF @ WACC 10%		30%	92.9
Avant Parc	Sembawang	NA	DCF @ WACC 10%		100%	19.9
Property Development - Other Countries						
Tianjin Eco City	Tianjin, China	91	DCF @ WACC 10%		60%	221.1
Sunway Guanghao	Jianyin, China	4	DCF @ WACC 10%		65%	2.2
Sunway OPUS Grand India	Hyderabad, India	24	DCF @ WACC 10%		50%	23.5
Sunway MAK Signature Residence	Hyderabad, India	14	DCF @ WACC 10%		60%	9.1
Wonderland Business Park	Sydney, Australia	66	DCF @ WACC 10%		45%	10.6
Investment Property						
Monash University	Bandar Sunway, Selangor	12.0	916,640	NA	100%	300.0
Sunway Pinnacle	Bandar Sunway, Selangor	1.8	1,141,499	NA	100%	280.0
Sunway Velocity Shopping Mall	Kuala Lumpur	21.4	259,497	NA	100%	259.5
Sunway University Campus	Bandar Sunway, Selangor	12.4	704,577	NA	100%	255.0
Monash Residence Hostel	Bandar Sunway, Selangor	2.5	623,010	NA	100%	226.6
Total Value Of Properties						8699

	Stake		
Sunway REIT	34.5%		1721.7
Sale of 70% stake in 13 acres land to Daiwa	56.0%		24.7
Payment for Kelana Jaya land			-286.0
Construction Division Asset	1297.8	51%	661.9
Trading & Manufacturing Asset			415.1
Quarry Division Asset			165.9
Other Division Asset			1116.5
Total Liabilities (excl. deferred tax liabilities)			-
Total RNAV			4931.37
No of shares (m)			1751.0
RNAV per share			4.33
Warrants, Exercise Price RM2.50			289.6
ESOS, Exercise Price RM2.80			132.8
Fully Diluted No Of Shares			2173.4
FD RNAV Per Share			4.00
Discount			20%
Target Price			3.20

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >15% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -15% and +15% over the next 12 months.
SELL	<i>Negative</i> total return is expected to be -15% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >15% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.