

Sunway Berhad

Quick Note

Sunway Berhad [SWB MK] (Royston Tan)
(Neutral; TP MYR4.10; 29 August closing price: MYR4.35)

No results briefing scheduled.

- Excluding fair value gains, 1H17 core PATMI of MYR248.1mn (+4.5%) makes up 45.0% of our full-year estimate of MYR551.1mn and 44.0% of consensus' full-year estimate of MYR563.917mn (Bloomberg mean).
- 1H17 property effective presales = MYR339mn, accounting for 37.7% of management's MYR900mn.
- A first interim cash dividend of 7 Sens/unit has been declared (before adjusting for the proposed bonus issue of shares), and this poses upside risks to our and consensus DPU estimates of 8.6Sens and 10.5Sens, respectively.
- SWB's inventory (unsold but completed units) value has increase marginally from MYR670.0mn as of 4Q16 to MYR673.2mn as of 2Q17.
- Construction YTD order book replenishment = MYR991mn, on track to meet management's target of MYR2bn.
- Overall, SWB is on track to meet our and consensus expectations, and we believe the market could be pleased with the dividend surprise.

Global Markets Research

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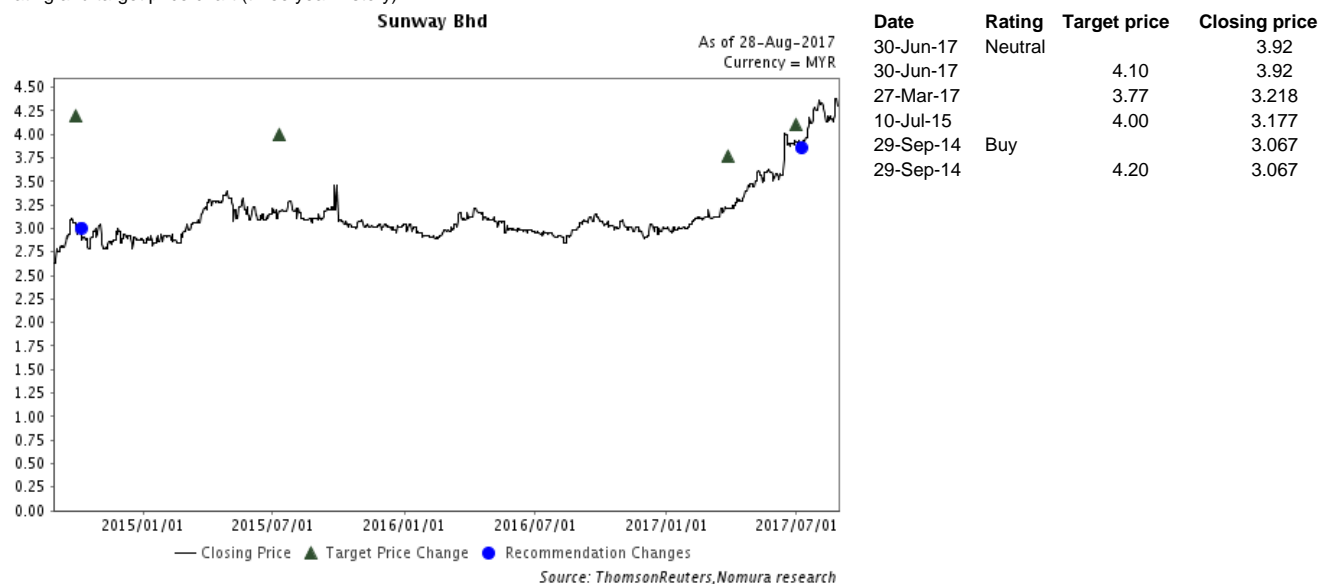
Materially mentioned issuers

Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
Sunway Bhd	SWB MK	MYR 4.35	29-Aug-2017	Neutral	N/A	

Sunway Bhd (SWB MK)

MYR 4.35 (29-Aug-2017) Neutral (Sector rating: N/A)

Rating and target price chart (three year history)



For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our TP of MYR4.10 is based on a 25.7% effective discount on our FD FY17F RNAV estimate of MYR5.51/share. The benchmark index for the stock is MSCI Malaysia.

Risks that may impede the achievement of the target price Downside risks: 1) any project delays could dent earnings forecasts; 2) failure to meet its presales targets; 3) further weakening of Iskandar sentiment; 4) any unexpected deterioration of GDP growth; and 5) unexpected further property cooling measures on the property sector. Upside risks: 1) better-than-expected macro environment; 2) better-than-expected pre-sales; and 3) unexpected relaxation of property cooling measures.

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As at 30 June 2017.

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