

DRIVING SUSTAINABLE PROGRESS

SUNWAY BERHAD

Q1 FY2023 RESULTS BRIEFING PACK
24 May 2023



1) Year on Year

- Revenue increased 13.6%; while PBT increased by 5.3%.
- Revenue was higher in the current quarter mainly due to higher contribution from most business segments except for construction and others segments. Profit before tax in the current quarter was higher mainly due to higher contributions from property investment and healthcare segments which more than offset the lower profit contributions from the other business segments.
- While there may be downside risks to the economic growth forecast due to prevailing challenging global environment caused by tighter credit conditions, weaker global growth and sustained inflationary pressures, the Group is hopeful that the consequential impact from the downside risks will be moderated by the relatively strong domestic economy. In addition, the Group has taken actions to improve the operating process of the business units to make them more resilient to manage the headwinds. Looking ahead, the Group is cautiously optimistic that most of its business units will continue to perform satisfactorily. In particular, the Group expects its leisure, hospitality and healthcare segments to continue to benefit from the improving in-bound leisure and medical-related tourism as more international airlines resume their flights to Malaysia.

2) Quarter on Quarter

- Revenue decreased 17.5%; while PBT decreased 34.9%
- Revenue was lower in the current quarter due to lower contributions from most business segments except for construction segment. As a result, profit before tax in the current quarter was lower despite higher contributions from property investment and trading and manufacturing segments.

3) Key Indicators

- Property Sales : **RM 505 million** (Effective: RM 450 million)
- Property Unbilled Sales : **RM 4.39 billion** (Effective: RM 3.91 billion)
- Construction Outstanding Order Book : **RM 6.0 billion**
- YTD Q1 2023 Order Book Replenishment : **RM 1.3 billion**

Overview of Key Performance Highlights

The key performance highlights:

RM'mil	Q1 FY 2023 Unaudited Jan – Mar 2023	Q1 FY 2022 Restated Jan - Mar 2022	Q4 FY 2022 Restated Oct – Dec 2022
<u>Continuing Operations</u>			
Revenue	1,263.7	1,112.5	1,531.6
EBIT	196.1	166.6	295.8
EBIT Margin	15.5%	15.0%	19.3%
PBT	192.0	182.4	295.2
PBT Margin	15.2%	16.4%	19.3%
PATMI	141.6	136.5	203.9
PATMI Margin	11.2%	12.3%	13.3%
Basic EPS (sen) *	1.98	1.89	3.48

* Based on weighted average number of shares on respective dates.

The following items were included in the calculation of the profit of the Group:

(RM'mil)	Q1 2023		Q1 2022		Q4 2022	
	PBT	PATMI	PBT	PATMI	PBT	PATMI
Fair value gain / (loss) (associates)	-	-	7.5	7.5	(55.3)	(55.3)
Fair value gain (I. Properties)	-	-	-	-	32.4	28.7
Net remeasurement gain of leases (MFRS 16) - Healthcare	-	-	-	-	36.7	36.7

Balance Sheet and Gearing

RM'mil	31/3/2023 (Unaudited)	31/12/2022 (Restated)
Non-current Assets	17,961.3	17,720.1
Current Assets	8,605.4	8,341.4
Total Assets	26,566.7	26,061.5
Current Liabilities	7,307.0	8,025.2
Non-current Liabilities	5,307.1	4,478.9
Total Liabilities	12,614.1	12,504.1
Shareholders' Funds	12,686.1	12,525.7
Non-Controlling Interests	1,266.5	1,031.8
Total Equity	13,952.6	13,557.4
Total Equity & Liabilities	26,566.7	26,061.5
Total Borrowings	9,261.9	9,056.2
Cash and bank balances	2,243.5	1,958.1
Net Gearing Ratio [^]	0.50	0.52
Share Capital	5,393.9	5,393.9
Number of Ordinary Shares	5,866.9	5,866.9
Net Assets Per Share	2.16	2.13

[^] Net Gearing = (Total Borrowings – Cash and bank balances) / Total Equity

	<u>Q1 2023</u>	<u>Q1 2022</u>	<u>Q4 2022</u>
Revenue (RM'mil)	247.8	158.2	442.7
Operating Profit (RM'mil)	14.2	4.4	65.9
OP Margin	5.7%	2.8%	14.9%
EBIT (incl. share of associates & JCE) (RM'mil)	25.9	27.9	73.6
EBIT Margin (incl. share of associates & JCE)	10.4%	17.7%	16.6%

Review of 1st Quarter Performance

- YoY, revenue for the current quarter was higher mainly due to higher sales and progress billings from on-going local development projects. However, EBIT in the current quarter was lower compared to the previous corresponding quarter mainly due to lower profit recognition from overseas development projects in the current quarter.
- QoQ, Revenue and EBIT was lower mainly due to lower progress billings from on-going local development projects. It should also be noted that the higher profit in the preceding quarter was boosted by write-back of overprovision of development costs and additional profits from the completion and handover of a local project.

Due to the adoption of MFRS 15, the development profit on two of the Group's Singapore property development projects will only be recognised upon completion and handover of the projects. The accumulated progressive profit of these projects as at the end of the current quarter amounted to RM121.6 million, of which RM12.1 million was recorded in the current quarter, was not recognised.

	<u>Q1 2023</u>	<u>Q1 2022</u>	<u>Q4 2022</u>
Revenue (RM'mil)	209.9	121.1	230.7
Operating Profit (RM'mil)	45.6	14.8	66.5
OP Margin	21.7%	12.2%	28.8%
EBIT (incl. share of associates & JCE) (RM'mil)	87.7	61.7	70.9
EBIT Margin (incl. share of associates & JCE)	41.8%	50.9%	30.8%

Review of 1st Quarter Performance

- YoY, the higher revenue in the current quarter was mainly due to strong performance of the leisure and hospitality businesses with higher number of visitors to the theme parks and higher occupancy rates at the Group's hotels and better revenue from property investment assets. As a result, the financial performance in the current quarter was stronger.
- QoQ, after taking into account of the overall fair value loss of RM22.9 million for the various investment properties and assets recorded in the preceding quarter, the operational performance in the current quarter was lower due to lower contributions from the leisure and hospitality segments which tend to peak in the preceding final quarter of the year.

	<u>Q1 2023</u>	<u>Q1 2022</u>	<u>Q4 2022</u>
Revenue (RM'mil)	327.9	368.6	291.0
Operating Profit (RM'mil)	43.7	43.5	67.4
OP Margin	13.3%	11.8%	23.2%
EBIT (incl. share of associates & JCE) (RM'mil)	44.0	43.6	65.6
EBIT Margin (incl. share of associates & JCE)	13.4%	11.8%	22.6%

Review of 1st Quarter Performance

- YoY, the financial performance in the current quarter was lower due to lower progress billings from some local construction projects which are still in the initial stages of the construction schedules.
- QoQ, the higher revenue recorded in the current quarter was mainly due to higher progress billings from local construction projects. However, EBIT was lower due to lower operating margins recorded.

Construction Order Book – RM 6.0 billion

AS AT MAR-23 (RM MIL)	COMPLETION	CONTRACT SUM	O/S ORDERBOOK	%
BUILDING			1,704	28%
OXLEY TOWER (MEP)	4Q 2024	68	42	
OXLEY TOWER VO (MEP)	1Q 2024	9	9	
JHB1X0 - DATA CENTRE	3Q 2024	1,700	1,656	
INFRASTRUCTURE/PILING			714	12%
LRT 3 : PACKAGE GS07-08	2Q 2023	1,295	29	
JALAN TAMBUN, IPOH	3Q 2023	14	4	
RTS LINK PACKAGE 1B AND PACKAGE 5	2Q 2025	605	605	
RTS LINK PACKAGE P2A	*	10	3	
LRT 3 : GS06	3Q 2023	191	73	
INDIA			507	9%
THORAPALLI - JITTANDAHALLI (TJ)	4Q 2023	508	363	
MEENSURUTTI - CHIDAMBARAN (MC)	3Q 2023	315	144	
SUSTAINABLE ENERGY			420	7%
SOLAR - EXTERNAL	Various	69	47	
SOLAR - INTERNAL	Various	12	5	
LSS4 GOPENG	4Q 2023	200	166	
LSS4 SHARP VENTURES	4Q 2023	185	158	
NEW ORDER 2023 - EXTERNAL	Various	45	45	
SINGAPORE			443	7%
PRECAST	Various	693	430	
NEW ORDER 2023 - EXTERNAL	Various	13	13	

AS AT MAR-23 (RM MIL)	COMPLETION	CONTRACT SUM	O/S ORDERBOOK	%
INTERNAL - SUNWAY GROUP			2,242	37%
SMC 4 + VO	3Q 2023	612	102	
SUNWAY BELFIELD	4Q 2024	403	236	
SUNWAY VELOCITY 2	2Q 2023	352	11	
SOUTH QUAY SQUARE - SUPERSTRUCTURE	3Q 2024	557	472	
SOUTH QUAY SQUARE - SUPERSTRUCTURE (VO)	4Q 2025	607	607	
SUNWAY VELOCITY 2B	4Q 2023	253	146	
SMC DAMANSARA	1Q 2024	240	174	
SMC IPOH + VO	1Q 2024	217	181	
SW INTERNATIONAL SCHOOL (SIS)	2Q 2023	140	19	
SUNWAY VELOCITY 3C4	2Q 2023	100	14	
BIG BOX OFFICE	2Q 2023	51	5	
SW FLORA	4Q 2025	278	273	
GRAND TOTAL @ MAR 2023		9,740	6,030	
RED : SECURED IN 2023		1,278	1,277	

*RTS Link Package P2A: Omission of RM 101.4m from the original contract sum of RM 111.5m

	<u>Q1 2023</u>	<u>Q1 2022</u>	<u>Q4 2022</u>
Share of results of joint ventures (RM'mil)	28.8	28.2	71.8

Review of 1st Quarter Performance

- YoY, the better financial performance in the current quarter was underpinned by the strong operational results from Sunway Medical Centre (“SMC”) and SMC Velocity which mitigated the share of start-up operational loss of RM2.2 million from SMC Penang and the share of additional tax payable of RM8.2 million following the normalisation of SMC’s tax paying status when its investment tax allowance (“ITA”) was fully utilised in the previous financial year.
- QoQ, excluding the share of one-off net remeasurement gain of leases as per MFRS 16 of RM36.7 million recorded in the preceding quarter, the adjusted share of net profit in the preceding quarter was RM35.1 million. The financial performance of the healthcare segment in the current quarter was lower mainly due to higher revised utility costs and higher staff costs at SMC whereby additional headcounts were hired in preparation for the opening of the adjoining new hospital towers. However, it should be noted that the share of start-up losses of SMC Penang has reduced significantly from RM8.4 million in the preceding quarter to only RM2.2 million due to sharp increase in operating revenue.

Thank You

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Next quarter announcement on 24 Aug 2023

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