



Digitally Driven,
Strengthening Sustainability



SUNWAY BERHAD
Q2 2020 RESULTS BRIEFING PACK
25 AUGUST 2020

1) Year on Year

- Revenue down 48.3%, while PBT declined by 96.0%.
- Our hospitality and leisure businesses under the Property Investment segment were worst hit as a result of the MCO and full operations only resumed in early July after suspension of operations for over 3 months.
- The impact of the MCO on the group's financial performance in the current quarter was partly mitigated by cost saving measures adopted by the respective business segments.

2) Quarter on Quarter

- This quarter experienced longer MCO closure period which led to lower business activities as compared to the previous quarter.

3) Key Indicators

- Property Sales : **RM 673 million** (Effective: RM 586 million)
- Property Unbilled Sales : **RM 3.2 billion** (Effective: RM 2.5 billion)
- Construction Outstanding Order Book : **RM 5.4 billion**
- YTD 30 June 2020 Order Book Replenishment : **RM 725 million** (*To-date: RM 1.5 billion*)
- Net gearing ratio remains healthy at **0.47 times**, below our target of 0.5 times.

Note:

The development profits on one of the Group's Singapore and China property development projects, which were earlier deferred due to the adoption of MFRS 15, will be recognised upon completion and handover of the projects in the second half of 2020.

Overview of Key Performance Highlights

RM'mil	Q2 FY 2020	Q2 FY 2019	Q1 FY 2020	YTD 2020	YTD 2019
	Unaudited	Restated	Unaudited	Unaudited	Restated
	Apr - Jun 2020	Apr - Jun 2019	Jan - Mar 2020	Jan - Jun 2020	Jan - Jun 2019
Revenue	556.6	1,077.2	971.4	1,528.1	2,200.8
EBIT	5.3	249.4	83.4	88.7	408.9
EBIT Margin	1.0%	23.2%	8.6%	5.8%	18.6%
PBT	10.1	253.2	107.8	117.9	430.5
PBT Margin	1.8%	23.5%	11.1%	7.7%	19.6%
PATMI	-6.7	246.5	78.3	71.6	382.9
PATMI Margin	-1.2%	22.9%	8.1%	4.7%	17.4%
EPS (sen) *#	(0.34)	4.72	1.35	1.02	7.43

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

(RM'mil)	Q2 2020		Q2 2019		Q1 2020		YTD 2020		YTD 2019	
	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI
Fair value (gain)/loss (associate)	16.5	16.5	(43.6)	(43.6)	-	-	16.5	16.5	(43.6)	(43.6)

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

The earnings per share is calculated based on net earnings after distribution to holders of perpetual sukuk.

Balance Sheet and Gearing

RM'mil	30/6/2020 (Unaudited)	31/3/2020 (Unaudited)
Non-current Assets	12,959.6	12,732.5
Current Assets	9,166.6	11,471.8
Assets Held for sale	364.8	-
Total Assets	22,491.0	24,204.3
Current Liabilities	10,853.2	10,722.4
Non-current Liabilities	1,989.2	3,574.7
Total Liabilities	12,842.4	14,297.2
Shareholders' Funds	8,232.4	8,460.5
Perpetual Sukuk	800.0	800.0
Non-Controlling Interests	616.3	646.7
Total Equity	9,648.7	9,907.2
Total Equity & Liabilities	22,491.0	24,204.3
Total Borrowings	9,335.2	10,264.5
Cash and bank balances and placement in funds	4,778.4	5,957.1
Net Gearing Ratio ^	0.47	0.43
Share Capital	5,393.7	5,393.7
Number of Ordinary Shares	4,901.4	4,901.4
Net Assets Per Share	1.68	1.73

^ Net Gearing = (Total Borrowings – Cash and bank balances and placement in funds) / Total Equity

Healthcare Segmental Review

	<u>Q2 2020</u>	<u>Q2 2019[^]</u>	<u>Q1 2020</u>	<u>YTD 2020</u>	<u>YTD 2019[^]</u>
Revenue (RM'mil)	125.1	140.8	149.2	274.3	267.6
Operating (Loss)/Profit (RM'mil)	-12.1	17.6	-0.9	-13.1	30.7
OP Margin	-9.7%	12.5%	-0.6%	-4.8%	11.5%
(LBIT)/EBIT (RM'mil) (incl. share of associates & JCE)	-12.1	17.6	-0.9	-13.1	30.7
LBIT/EBIT Margin (incl. share of associates & JCE)	-9.7%	12.5%	-0.6%	-4.8%	11.5%

[^] Based on restated figures

Review of 2nd Quarter Performance

- Yoy, revenue was impacted by the COVID-19 pandemic and commencement of the MCO which resulted in a sharp drop in the number of admissions and outpatient treatments at Sunway Medical Centre.
- Yoy, operating loss and LBIT were in line with the lower revenue. The performance of Sunway Medical Centre Velocity which commenced operations in the third quarter of 2019, was also similarly impacted and registered an operating loss of RM9.5 million.
- Qoq, revenue was impacted by the sharp drop in the number of admissions and outpatient treatments at Sunway Medical Centre due to the COVID-19 pandemic and longer MCO closure period compared to the preceding quarter.
- Qoq, operating loss and LBIT were lower in line with the lower revenue. The operating loss incurred by Sunway Medical Centre Velocity in the current quarter, however, is lower compared to the preceding quarter as business volume has improved despite the dampening effects from the pandemic and MCO.

Property Development Segmental Review

	<u>Q2 2020</u>	<u>Q2 2019[^]</u>	<u>Q1 2020</u>	<u>YTD 2020</u>	<u>YTD 2019[^]</u>
Revenue (RM'mil)	68.1	113.6	139.2	207.3	201.4
Operating Profit (RM'mil)	13.7	21.6	26.1	39.8	40.5
OP Margin	20.2%	19.1%	18.7%	19.2%	20.1%
EBIT (RM'mil) (incl. share of associates & JCE)	14.4	24.4	33.6	48.0	48.8
EBIT Margin (incl. share of associates & JCE)	21.2%	21.5%	24.2%	23.2%	24.2%

[^] Based on restated figures

Review of 2nd Quarter Performance

- Yoy, revenue was lower mainly due to lower sales and progress billings from local development projects as a result of the suspension of construction activities due to the MCO lockdown.
- Yoy, operating profit and EBIT were lower in line with the lower revenue, partly mitigated by cost saving measures undertaken by the business unit.
- Qoq, revenue was lower due to lower sales and progress billings from local development projects.
- Qoq, operating profit and EBIT were lower in line with the lower revenue, but the impact was mitigated by cost saving measures undertaken.

Property Investment Segmental Review

	<u>Q2 2020</u>	<u>Q2 2019[^]</u>	<u>Q1 2020</u>	<u>YTD 2020</u>	<u>YTD 2019[^]</u>
Revenue (RM'mil)	55.5	176.1	134.3	189.8	372.8
Operating (Loss)/Profit (RM'mil)	-10.0	67.1	29.7	19.7	119.9
OP Margin	-18.0%	38.1%	22.1%	10.4%	32.2%
(LBIT)/EBIT (RM'mil) (incl. share of associates & JCE)	-11.6*	146.0*	60.6	49.0*	235.5*
LBIT/EBIT Margin (incl. share of associates & JCE)	-20.9%	82.9%	45.1%	25.8%	63.2%

* Includes fair value gain/(loss) of investment properties of Sunway REIT

[^] Based on restated figures

Review of 2nd Quarter Performance

- Yoy, financial performance was lower due to the MCO which started from 18 March 2020 has resulted in the nationwide shutdown of all non-essential operations including the Group's hospitality and leisure businesses.
- Yoy, LBIT was due to lower performance from the hospitality and leisure businesses and impact from the performance of Sunway REIT which was adversely affected during the lockdown as business activities of its retail segment was limited to the provision of essential products and services resulting in substantial rental support granted during the MCO period. The current quarter recorded a share of fair value loss from revaluation of Sunway REIT properties which amounted to RM16.5 million compared to a fair value gain of RM43.6 million in the corresponding quarter of the previous financial year. Operating profit and EBIT of the corresponding quarter of the previous year were also boosted by gain on disposal of Sunway University assets of RM37.7 million.
- Qoq, financial performance was lower due to the COVID-19 pandemic and longer MCO closure period compared to the preceding quarter and share of fair value loss from revaluation of Sunway REIT properties.

Construction Segmental Review

	<u>Q2 2020</u>	<u>Q2 2019[^]</u>	<u>Q1 2020</u>	<u>YTD 2020</u>	<u>YTD 2019[^]</u>
Revenue (RM'mil)	92.6	293.5	218.0	310.6	639.6
Operating Profit (RM'mil)	4.1	39.1	19.8	23.9	76.9
OP Margin	4.5%	13.3%	9.1%	7.7%	12.0%
EBIT (RM'mil) (incl. share of associates & JCE)	4.3	39.3	19.9	24.2	77.1
EBIT Margin (incl. share of associates & JCE)	4.6%	13.4%	9.1%	7.8%	12.1%

[^] Based on restated figures

Review of 2nd Quarter Performance

- Yoy, revenue was lower due to lower progress billings from local construction projects as a result of the suspension of construction activities due to the MCO.
- Yoy, operating profit and EBIT were lower in line with the lower revenue.
- Qoq, revenue was lower due to lower progress billings from local construction projects as a result of the suspension of operations during the MCO period.
- Qoq, operating profit and EBIT were lower in line with the lower revenue.

Construction Order Book – RM5.4 billion

As at 30 June 2020

RM'mil

Infrastructure/Piling

LRT 3: Package GS07-08

MRT Package V201 & S201 (Sungai Buloh - Persiaran Dagang)

Sentul West Station

Chan Sow Lin KVMRT (MEP)

Piling works

Building

Putrajaya Parcel F

PPA1M Project Kota Bharu

TNB HQ Campus

PETRONAS Leadership Centre

Oxley Tower

IOI Mall MEP Works

Internal

Sunway Medical Centre 4

Sunway Iskandar - Big Box Hotel

Sunway Serene - Serviced Residences

Sunway Geo Lake

Sunway Carnival Extension

Sunway Medical Centre Seberang Jaya

Sunway Velocity TWO (Plot A Project)

Sunway Velocity 3C4

Sunway South Quay CP2

Sunway International School

Renewable Energy (Internal)

New order

India

Thorapalli Agraharam - Jittandahalli Highway

Singapore

Precast



TNB HQ Campus



PETRONAS Leadership Centre



MRT V201

Thank You

Email : irsunwayberhad@sunway.com.my

Website : www.sunway.com.my

Next quarter announcement on 26 November 2020

This presentation may contain certain forward looking statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions; interest rate trends; cost of capital and capital availability including availability of financing in the amounts and the terms necessary to support future business; availability of real estate properties; competition from other companies; changes in operating expenses including employee wages, benefits and training, property expenses, government and public policy changes. You are cautioned not to place undue reliance on these forward looking statements which are based on Management's current view of future events. Past performance is not necessarily indicative of its future performance.