

DRIVING SUSTAINABLE PROGRESS

SUNWAY BERHAD

Q2 FY2023 RESULTS BRIEFING PACK
24 Aug 2023



1) Year on Year

- Revenue increased 14.7% in the current quarter mainly due to higher contribution from most business segments except from trading and manufacturing and quarry segments.
- Profit before tax (“PBT”) of RM203.0 million in Q2 FY2023 compared to PBT of RM205.3 million in the corresponding quarter of the preceding year, which included RM26.6 million gain from disposal of one of the Group’s start-up investments.
- While the economic outlook is moderating, the Group is confident that most of its business units will be able to manage the headwinds and continue to perform satisfactory. The healthcare segment will continue to be one of the Group’s main growth drivers as the 3 existing hospitals continue to register strong growth. Its pipeline of several new hospitals coming on stream in the next few years will provide future earnings growth. In addition, the Group expects its leisure, hospitality and healthcare segments to benefit from further improvement in in-bound leisure and medical-tourism in the second half of this year from increased international arrivals. For the longer term, the Group is looking forward to the completion of the Rapid Transit System (“RTS”) rail link between Johor and Singapore in 2026, and the potential establishment of the Johor-Singapore Special Economic Zone (“JS-SEZ”), which will augur well for Sunway City Iskandar Puteri, the Group’s flagship township development which is strategically located between Puteri Harbour and the Second Link to Singapore. Barring any unforeseen circumstances, the Board expects the Group’s financial performance for the year to be satisfactory.

2) Quarter on Quarter

- Revenue and PBT increased 16.2% and 5.7% respectively.
- Revenue and profit before tax were higher in the current quarter due to higher contribution from most business segments except for the property investment segment.

3) Key Indicators

- Property Sales : **RM 1.50 billion** (Effective: RM 1.37 billion)
- Property Unbilled Sales : **RM 4.86 billion** (Effective: RM 4.41 billion)
- Construction Outstanding Order Book : **RM 5.8 billion**
- YTD Q2 2023 Order Book Replenishment : **RM 1.6 billion**

Overview of Key Performance Highlights

The key performance highlights:

RM'mil	Q2 FY 2023 Unaudited Apr - Jun 2023	Q2 FY 2022 Restated Apr - Jun 2022	Q1 FY 2023 Unaudited Jan - Mar 2023	YTD 2023 Unaudited Jan - Jun 2023	YTD 2022 Restated Jan - Jun 2022
Revenue	1,468.2	1,280.4	1,263.7	2,731.9	2,392.8
EBIT	217.6	233.5	196.1	413.7	400.0
EBIT Margin	14.8%	18.2%	15.5%	15.1%	16.7%
PBT	203.0	205.3	192.0	395.0	387.7
PBT Margin	13.8%	16.0%	15.2%	14.5%	16.2%
PATMI	149.9	161.5	141.6	291.6	298.0
PATMI Margin	10.2%	12.6%	11.2%	10.7%	12.5%
Basic EPS (sen) *	2.54	2.75	1.98	4.52	4.64

* 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)	Q2 2023		Q2 2022		Q1 2023		YTD 2023		YTD 2022	
	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI
Fair value gain / (loss) (associates)	-	-	-	-	-	-	-	-	7.5 [#]	7.5
Fair value gain / (loss) (I. Properties)	-	-	-	-	-	-	-	-	-	-
Gains from disposal of PI Assets	-	-	6.3	1.1	-	-	-	-	6.3	1.1
Provision for impairment on investment in an associate	(3.1)	(3.1)	-	-	-	-	(3.1)	(3.1)	-	-

Share of valuation gain pursuant to Sunway REIT's acquisition of an investment property

Balance Sheet and Gearing

RM'mil	30/6/2023 (Unaudited)	31/12/2022 (Restated)
Non-current Assets	18,736.9	17,720.1
Current Assets	8,471.6	8,341.4
Total Assets	27,208.5	26,061.5
Current Liabilities	7,557.6	8,025.2
Non-current Liabilities	5,707.5	4,478.9
Total Liabilities	13,265.1	12,504.1
Shareholders' Funds	12,774.1	12,525.7
Non-Controlling Interests	1,169.3	1,031.8
Total Equity	13,943.4	13,557.4
Total Equity & Liabilities	27,208.5	26,061.5
Total Borrowings	9,771.2	9,056.2
Cash and bank balances	2,141.3	1,958.1
Net Gearing Ratio ^	0.55	0.52
Share Capital	5,484.4	5,393.9
Number of Ordinary Shares	5,932.4	5,866.9
Net Assets Per Share	2.15	2.13

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

Property Development Segmental Review

	<u>Q2 2023</u>	<u>Q2 2022</u>	<u>Q1 2023</u>	<u>YTD Q2 2023</u>	<u>YTD Q2 2022</u>
Revenue (RM'mil)	362.1	286.4	247.8	609.9	444.6
Operating Profit (RM'mil)	44.7	24.7	14.2	58.9	29.0
OP Margin	12.3%	8.6%	5.7%	9.7%	6.5%
EBIT (incl. share of associates & JCE) (RM'mil)	54.4	33.0	25.9	80.3	60.9
EBIT Margin (incl. share of associates & JCE)	15.0%	11.5%	10.4%	13.2%	13.7%

Review of 2nd Quarter Performance

- YoY, the better financial performance in the current quarter was mainly due to higher sales and progress billings from new and on-going local development projects and higher profit recognition from one of the Group's Singapore private condominium projects.
- QoQ, the better financial performance in the current quarter was mainly due to higher sales and progress billings from new and on-going local development projects.

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 RM131.1 million, of which RM9.5 million was recorded in the current quarter, was not recognised.

Property Investment Segmental Review

	<u>Q2 2023</u>	<u>Q2 2022</u>	<u>Q1 2023</u>	<u>YTD Q2 2023</u>	<u>YTD Q2 2022</u>
Revenue (RM'mil)	199.4	149.6	209.9	409.3	270.7
Operating Profit (RM'mil)	28.2	53.9	45.6	73.9	68.7
OP Margin	14.2%	36.0%	21.7%	18.1%	25.4%
EBIT (incl. share of associates & JCE) (RM'mil)	59.1	86.7	87.7	146.9	148.4
EBIT Margin (incl. share of associates & JCE)	29.7%	58.0%	41.8%	35.9%	54.8%

Review of 2nd Quarter Performance

- YoY, the higher revenue in the current quarter was mainly due to the stronger performance from the leisure and hospitality businesses with increased visitorships to the theme parks and higher occupancy rates at the Group's hotels, coupled with higher revenue from operations of property investment assets. However, operating profit was lower mainly due to higher operating costs from higher utility charges and higher manpower costs due to implementation of minimum wage by the government. It should also be noted that the operating profit in the corresponding quarter of the previous financial year recorded a one-off gain from disposal of one of its property investment assets of RM6.3 million.
- QoQ, the financial performance in the current quarter was lower mainly due to lower contribution from the leisure segment as a result of lower visitorship during the fasting month in April and fewer number of school and public holidays during the quarter. Further, the current quarter also recorded lower contribution from its associate company, Sunway REIT.

Construction Segmental Review

	<u>Q2 2023</u>	<u>Q2 2022</u>	<u>Q1 2023</u>	<u>YTD Q2 2023</u>	<u>YTD Q2 2022</u>
Revenue (RM'mil)	404.1	316.8	327.9	732.0	685.5
Operating Profit (RM'mil)	48.8	43.9	43.7	92.6	87.4
OP Margin	12.1%	13.8%	13.3%	12.6%	12.8%
EBIT (incl. share of associates & JCE) (RM'mil)	49.2	44.1	44.0	93.2	87.7
EBIT Margin (incl. share of associates & JCE)	12.2%	13.9%	13.4%	12.7%	12.8%

Review of 2nd Quarter Performance

- YoY, the financial performance in the current quarter was better due to higher progress billings from local construction projects.
- QoQ, the better financial performance in the current quarter was mainly due to higher progress billings from local construction projects.

Construction Order Book – RM 5.8 billion

AS AT JUN-23 (RM MIL)	COMPLETION	CONTRACT SUM	O/S ORDERBOOK	
BUILDING			1,637	28%
OXLEY TOWER (MEP)	4Q 2024	68	38	
OXLEY TOWER VO (MEP)	1Q 2024	9	9	
JHB1X0 - DATA CENTRE	3Q 2024	1,700	1,593	
INFRASTRUCTURE/PILING			653	11%
LRT 3 : PACKAGE GS07-08	3Q 2023	1,295	15	
RTS LINK PACKAGE 1B AND PACKAGE 5	2Q 2025	605	587	
LRT 3 : GS06	3Q 2023	191	52	
INDIA			403	7%
THORAPALLI - JITTANDAHALLI (TJ)	4Q 2023	508	305	
MEENSURUTTI - CHIDAMBARAN (MC)	3Q 2023	315	98	
SUSTAINABLE ENERGY			346	6%
SOLAR - EXTERNAL	Various	35	12	
SOLAR - INTERNAL	Various	12	4	
LSS4 GOPENG	4Q 2023	200	126	
LSS4 SHARP VENTURES	4Q 2023	185	126	
SOUTH QUAY SQUARE DCS	2Q 2025	35	32	
NEW ORDER 2023 - EXTERNAL	Various	45	45	
SINGAPORE			451	8%
PRECAST	Various	676	376	
NEW ORDER 2023 - EXTERNAL	Various	76	75	
INTERNAL - SUNWAY GROUP			2,285	40%
SMC 4 + VO	3Q 2023	612	77	
SUNWAY BELFIELD	4Q 2024	403	202	
SUNWAY VELOCITY 2	3Q 2023	352	8	
SOUTH QUAY SQUARE - SUPERSTRUCTURE	3Q 2024	756	417	
SOUTH QUAY SQUARE - SUPERSTRUCTURE (VO)	4Q 2025	607	607	
SW CARNIVAL MALL - REFURBISHMENT	2Q 2025	253	253	
SUNWAY VELOCITY 2B	4Q 2023	253	112	
SMC DAMANSARA	1Q 2024	240	153	
SMC IPOH + VO	1Q 2024	217	165	
SW INTERNATIONAL SCHOOL (SIS)	3Q 2023	140	12	
SUNWAY VELOCITY 3C4	3Q 2023	100	9	
BIG BOX OFFICE	COMPLETED	51	5	
SW FLORA	4Q 2025	278	266	
GRAND TOTAL @ JUN 2023		10,214	5,776	
RED : SECURED IN 2023		1,594	1,574	

	<u>Q2 2023</u>	<u>Q2 2022</u>	<u>Q1 2023</u>	<u>YTD Q2 2023</u>	<u>YTD Q2 2022</u>
Share of results of joint ventures (RM'mil)	37.7	35.3	28.8	66.6	63.5

Review of 2nd Quarter Performance

- YoY, the improved financial performance in the current quarter was underpinned by strong operational results from Sunway Medical Centre (“SMC”) Sunway City and SMC Velocity, which mitigated the share of start-up operational losses from SMC Penang and Sunway Sanctuary of RM5.2 million, and higher utility costs. In addition, there was a higher share of additional tax payable of RM7.6 million following the normalisation of SMC Sunway City’s tax paying status when its investment tax allowance (“ITA”) was fully utilised in the previous financial year.
- QoQ, the financial performance in the current quarter was higher mainly due to strong operational results from SMC Sunway City and SMC Velocity which mitigated the share of start-up operational losses from SMC Penang and Sunway Sanctuary. It should be noted that the share of start-up losses of SMC Penang has reduced from RM2.2 million in the preceding quarter to RM1.3 million in the current quarter due to higher number of patients treated.

Thank You

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Next quarter announcement on 22 Nov 2023

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