



Digitally Driven,
Strengthening Sustainability



SUNWAY BERHAD
Q4 2020 RESULTS BRIEFING PACK
31 MARCH 2021

1) Full Year Performance

- Revenue down 19.8%; while PBT declined by 41.1%.
- The COVID-19 pandemic, its resulting MCO, CMCO and RMCO enforced by the Government to contain the spread of COVID-19 since 18 March 2020 have caused significant disruptions and financial impact to the Group's operations, particularly on the hospitality and leisure businesses under the Property Investment segment which were either not allowed to operate during these periods or could only operate under stringent social distancing environment.
- Although most of the other businesses of the Group have resumed operations during the CMCO and RMCO from 4 May 2020, the recovery rates of our business segments were varied due to the different adaptations and compliance requirements imposed by the authorities for the different economic sectors.
- The balance of the development profits for one of the Group's Singapore and China property development projects of RM182.5 million, which were deferred due to the adoption of MFRS 15 were fully recognised in the current quarter.

2) Dividends

- First interim single tier cash dividend of 1.50 sen per ordinary share
- Preferential dividend of 5.25% per annum (based on the issue price of RM1.00) per ICPS for the period from 3 December 2020 (being the issue date) up to and including 31 December 2020

3) Key Indicators

- Property Sales : **RM 1.3 billion** (Effective: RM 981 million)
- Property Unbilled Sales : **RM 2.4 billion** (Effective: RM 1.9 billion)
- Construction Outstanding Order Book : **RM 5.1 billion**
- 2020 Order Book Replenishment : **RM 2.3 billion**

Overview of Key Performance Highlights

RM'mil	Q4 FY 2020	Q4 FY 2019	Q3 FY 2020	YTD 2020	YTD 2019
	Unaudited	Restated	Restated	Unaudited	Restated
	Oct - Dec 2020	Oct - Dec 2019	Jul - Sep 2020	Jan - Dec 2020	Jan - Dec 2019
Revenue	1,278.0	1,353.0	1,027.2	3,833.3	4,780.3
EBIT	207.6	200.2	165.5	480.8	831.3
EBIT Margin	16.2%	14.8%	16.1%	12.5%	17.4%
PBT	251.7	252.1	161.2	509.3	865.3
PBT Margin	19.7%	18.6%	15.7%	13.3%	18.1%
PATMI	193.1	183.5	120.8	359.6	709.2
PATMI Margin	15.1%	13.6%	11.8%	9.4%	14.8%
EPS (sen) *	3.75	3.79	2.46	7.25	14.55

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

(RM'mil)	Q4 2020		Q4 2019		Q3 2020		YTD 2020		YTD 2019	
	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI
Fair value loss/(gain) (associate)	-	-	-	-	-	-	16.5	16.5	(43.6)	(43.6)
Fair value loss/(gain) (I. Properties)	47.9	47.2	(35.5)	(30.3)	-	-	47.9	47.2	(35.5)	(30.3)

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

Balance Sheet and Gearing

RM'mil	31/12/2020 (Unaudited)	31/12/2019 (Restated)
Non-current Assets	14,048.3	13,289.0
Current Assets	7,071.1	8,205.5
Total Assets	21,119.4	21,494.6
Current Liabilities	7,828.8	9,830.3
Non-current Liabilities	2,958.8	2,230.7
Total Liabilities	10,787.6	12,061.0
Shareholders' Funds	9,534.6	8,389.3
Non-Controlling Interests	797.2	1,044.3
Total Equity	10,331.8	9,433.6
Total Equity & Liabilities	21,119.4	21,494.6
Total Borrowings (including Perpetual Sukuk*)	7,506.2	8,298.6
Cash and bank balances	2,237.3	2,554.7
Net Gearing Ratio ^	0.51	0.61
Share Capital	5,393.7	5,393.7
Number of Ordinary Shares	4,888.9	4,903.7
Net Assets Per Share	1.95	1.71

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

* Perpetual Sukuk treated as financial liability as it does not meet the definition of equity in accordance with MFRS 132 *Financial Instruments: Presentation*. If Perpetual Sukuk was treated as equity, the net gearing would have been 0.43.

- Placement in wholesale funds amounting to RM3,152 million (2019: RM3,607 million) were consolidated into the financial statements of the Group as they are entities under its control in accordance with *MFRS 10 Consolidated Financial Statements* and restated its comparatives via prior year adjustments.
- The above prior year adjustments also resulted in the reclassification of perpetual sukuk from equity to non-current liabilities as it does not meet the definition of equity in accordance with *MFRS 132 Financial Instruments: Presentation*.
- Consequent to the prior year adjustments, the Group is in a net current liabilities position of RM758 million as at 31 December 2020.
- These reclassifications are not expected to have any significant impact to the core performance of the Group as the Group continues to generate strong cashflow from its operating activities with the cash and cash equivalents amounting to RM2,145 million.

Why did Sunway Berhad invest in wholesale funds?

- The Group invested in these wholesale funds with the objective of achieving short term to long term income for its treasury management purposes. The funds are managed by the respective fund managers, who apply various investment strategies to accomplish their respective investment objectives. Their operations are financed through the creation of investee fund units, which in turn entitle the holders to variable returns and fair values in the respective wholesale fund's net assets.

Actions to be taken:

- The resulting net current liabilities position can be partially addressed by the Group as it has undrawn long-term bank loan facilities of RM300 million.
- To address the net current liabilities position, the Group plans to rebalance its overall loan maturity profile by reducing its short-term loan portfolio with longer tenured loans, and to capitalise on the current low interest rates environment.
- The Group can also draw upon the unissued portion of its iMTN and Perpetual Sukuk Programs to refinance its short-term borrowings.

Timeline: The Group targets to revert to a net current asset position by the end of this year.

	<u>Q4 2020</u>	<u>Q4 2019[^]</u>	<u>Q3 2020[^]</u>	<u>YTD 2020[^]</u>	<u>YTD 2019[^]</u>
Revenue (RM'mil)	178.0	162.9	168.0	620.3	584.8
Operating Profit (RM'mil)	25.2	13.8	19.5	31.7	59.2
OP Margin	14.1%	8.5%	11.6%	5.1%	10.1%
EBIT (RM'mil) (incl. share of associates & JCE)	25.2	13.8	19.5	31.7	59.2
EBIT Margin (incl. share of associates & JCE)	14.1%	8.5%	11.6%	5.1%	10.1%

[^] Based on restated figures

Review of 4th Quarter Performance

- Yoy, revenue was higher due to lower loss from Sunway Medical Centre Velocity, which commenced operations in September 2019 and better operating performance from Sunway Medical Centre.
- Yoy, operating profit and EBIT were higher in line with the higher revenue. The performance of Sunway Medical Centre Velocity continued to improve in the current quarter, registering a lower operating loss of RM3.9 million compared to the loss of RM11.7 million in the corresponding quarter of the previous financial year.
- Qoq, revenue was higher due to higher number of outpatient treatments at Sunway Medical Centre and Sunway Medical Centre Velocity.
- Qoq, operating profit and EBIT were higher in line with the higher revenue. The operating loss incurred by Sunway Medical Centre Velocity in the current quarter was also lower compared to the preceding quarter as revenue improved with higher number of admissions and outpatient treatments.

Property Development Segmental Review

	<u>Q4 2020</u>	<u>Q4 2019[^]</u>	<u>Q3 2020[^]</u>	<u>YTD 2020[^]</u>	<u>YTD 2019[^]</u>
Revenue (RM'mil)	184.3	218.2	103.4	495.0	545.9
Operating Profit (RM'mil)	42.2	77.7	2.7	84.7	163.3
OP Margin	22.9%	35.6%	2.6%	17.1%	29.9%
EBIT (RM'mil) (incl. share of associates & JCE)	216.7	114.6	12.9	277.6	214.7
EBIT Margin (incl. share of associates & JCE)	117.6%	52.5%	12.5%	56.1%	39.3%

[^] Based on restated figures

Review of 4th Quarter Performance

- Yoy, revenue was lower mainly due to lower sales and progress billings from the local development projects in the corresponding quarter of the previous financial year. It should be noted that the corresponding quarter of the previous financial year was boosted by the completion and handover of a local project.
- Yoy, operating profit was lower in line with the lower revenue. EBIT, however, was higher due to the full recognition of the balance of the development profits for one of the Group's Singapore and China property development projects which amounted to RM182.5 million and a gain on land disposal of RM7.7 million in the current quarter.
- Qoq, revenue was higher mainly due to higher sales and progress billings from local development projects.
- Qoq, operating profit and EBIT were higher in line with the higher revenue. EBIT in the current quarter was further boosted by the full recognition of the balance of the development profits for one of the Singapore and China property development projects, as mentioned above.

Property Investment Segmental Review



	<u>Q4 2020</u>	<u>Q4 2019[^]</u>	<u>Q3 2020[^]</u>	<u>YTD 2020[^]</u>	<u>YTD 2019[^]</u>
Revenue (RM'mil)	46.1	220.9	98.1	334.0	803.5
Operating (Loss)/Profit (RM'mil)	(48.9)	67.2	56.7	27.4	239.3
OP Margin	-106.2%	30.4%	57.8%	8.2%	29.8%
(LBIT)/EBIT (RM'mil) (incl. share of associates & JCE)	(63.3)*	114.8*	74.8	60.5*	443.8*
LBIT/EBIT Margin (incl. share of associates & JCE)	-137.4%	52.0%	76.3%	18.1%	55.2%

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

[^] Based on restated figures

Review of 4th Quarter Performance

- Yoy, financial performance of our leisure and hospitality businesses continued to be impacted by operations closure and low visitor arrivals due to the restrictive border controls, travel restrictions and stringent COVID-19 containment measures. Further, the performance of our associate company, Sunway REIT was also adversely affected due to lower rental income from its retail and hotel segments, which resulted in a lower share of profit from associates in the current quarter. The current quarter also recorded a fair value loss from revaluation of investment properties which amounted to RM47.9 million compared to a fair value gain of RM35.5 million in the corresponding quarter of the previous financial year. However, the operating loss and LBIT were partly mitigated by a disposal gain of RM16.0 million from the sale of The Pinnacle Sunway building.
- Qoq, revenue in the current quarter was lower due to the resurgence of COVID-19 cases which led to the reinstatement of CMCO in most states. As a result, the theme parks were only operational for 25 days in the current quarter compared to a full 3 months in the preceding quarter. Travel restrictions and more stringent social distancing environment also impacted the occupancy rates for the hospitality business.
- Qoq, operating loss and LBIT were further compounded by fair value loss from revaluation of investment properties and impairment of assets which amounted to RM47.9 million and RM12.3 million respectively, but partially offset by gain on disposal of The Pinnacle Sunway building. It should be noted that the operating profit and EBIT in the preceding quarter were boosted by a gain of RM50.5 million (excluding finance cost of RM7.0 million) on remeasurement of leases as per MFRS 16.

Construction Segmental Review

	<u>Q4 2020</u>	<u>Q4 2019[^]</u>	<u>Q3 2020[^]</u>	<u>YTD 2020[^]</u>	<u>YTD 2019[^]</u>
Revenue (RM'mil)	424.6	318.0	255.0	990.2	1,273.3
Operating Profit (RM'mil)	36.1	32.1	33.9	93.9	144.5
OP Margin	8.5%	10.1%	13.3%	9.5%	11.3%
EBIT (RM'mil) (incl. share of associates & JCE)	36.1	36.6	33.9	94.2	149.4
EBIT Margin (incl. share of associates & JCE)	8.5%	11.5%	13.3%	9.5%	11.7%

[^] Based on restated figures

Review of 4th Quarter Performance

- Yoy, revenue was higher mainly due to higher progress billings from local construction projects.
- Yoy, operating profit was higher in line with the higher revenue. However, operating and EBIT margin deteriorated due to higher provision made for one of its trade debtors in the current quarter.
- Qoq, revenue was higher due to higher progress billings from local construction projects.
- Qoq, operating profit and EBIT were higher in line with the higher revenue, but partially offset by higher provision made for one of its trade debtors in the current quarter.

Construction Order Book – RM5.1 billion

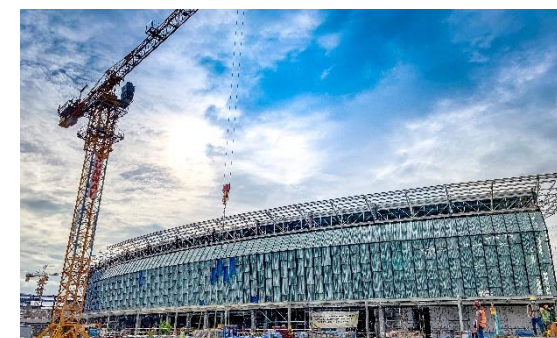
As at 31 December 2020 RM'mil	Contract Sum	O/S Order Book
Infrastructure/Piling		
LRT 3: Package GS07-08	1,295	573
MRT Package V201 & S201 (Sungai Buloh - Persiaran Dagang)	1,213	7
Sentul West Station	57	39
Chan Sow Lin KVMRT (MEP)	54	46
Building		
Putrajaya Parcel F	1,610	18
PPA1M Project Kota Bharu	582	54
TNB HQ Campus	781	508
PETRONAS Leadership Centre	305	213
Oxley Tower	68	58
IOI Mall MEP Works	68	34
Internal		
Sunway Medical Centre 4	612	454
Sunway Iskandar - Big Box Hotel	100	32
Sunway Serene - Serviced Residences	413	188
Sunway Geo Lake	223	19
Sunway Carnival Extension	286	151
Sunway Medical Centre Seberang Jaya	180	109
Sunway Velocity TWO (Plot A Project)	352	196
Sunway Velocity TWO (Plot B Project)	253	251
Sunway Velocity 3C4	100	53
Sunway South Quay CP2	463	376
Sunway International School	121	110
Sunway Belfield	403	396
Hotel Guestroom Renovation	81	58
BKE (Seberang Jaya)	4	4
Renewable Energy		
Internal	6	6
External	32	31
India		
Thorapalli Agraharam - Jittandahalli Highway	508	508
Meensurutti - Chidambarm	315	315
Singapore		
Precast	382	259
	10,865	5,066

31%



TNB HQ Campus

47%



PETRONAS Leadership Centre

21%



MRT V201

Projects	Contract Sum (RM mil)
Thorapalli Agraharam - Jittandahalli Highway	508
Meensurutti - Chidambarm	315
Sunway Belfield	403
Sunway South Quay CP2	344
Sunway International School	121
Chan Sow Lin KVMRT (MEP)	54
Sunway Velocity TWO (Plot B Project)	253
Sunway Medical Centre 4 (Add VO)	162
Hotel Guestroom Renovation	81
BKE (Seberang Jaya)	4
Precast	51
Solar Photovoltaic System - Internal	6
Solar Photovoltaic System - External	32
Total	2,334

Thank You

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Next quarter announcement on 25 May 2021

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.