

DRIVING SUSTAINABLE PROGRESS

SUNWAY BERHAD

Q4 FY2023 RESULTS BRIEFING PACK
21 February 2024



1) Year on Year (“YoY”)

- **Record-high revenue since its listing in 2011.** Revenue increased by 22% ; while PBT increased by 18.2%.
- **Higher revenue** in the current quarter on the back of higher contribution from most business segments except for the others segment.
- **Higher PBT** in the current quarter was mainly due to higher contribution from most business segments, which more than offset the lower profit contribution from property development, healthcare & others segments.

2) Dividend for the Year

- Second interim dividend of 3.50 sen per ordinary share declared under Dividend Reinvestment Scheme (DRS) where shareholders may elect to reinvest their entire dividends into new Sunway Shares in lieu of receiving cash.
- Full year dividend of 5.50 sen per share (2022: 5.50 sen per share)

3) Key Indicators

- Property Sales : **RM 2.44 billion** (Effective: RM 2.15 billion)
- Property Unbilled Sales : **RM 4.06 billion** (Effective: RM 3.63 billion)
- Construction Outstanding Order Book : **RM 5.3 billion**
- YTD Q4 2023 Order Book Replenishment : **RM 2.5 billion** (surpassed 2023 target of RM2.0 billion)

1. Key Growth Drivers

a) Healthcare

- The **healthcare segment continues to be one of the main growth drivers** with its 3 operating hospitals expected to perform well and further **supported by the expansion of existing capacity and new hospitals** to cater for demand for quality healthcare and medical tourism.
- The new hospitals currently under construction, namely, SMC Damansara and SMC Ipoh are on track to commence operations in the Q4 2024 and Q1 2025 respectively which will add up to 600 additional bed capacity to the current 1,148 licensed beds.

b) Southern Region Development

- A **MoU signed in January 2024 between Malaysia and Singapore** in relation to the Johor-Singapore Special Economic Zone (“JS-SEZ”) aims to **enhance cross-border movement of goods & people and strengthen the business ecosystem within JS-SEZ.**
- The Group has **partnered with Equalbase** to build a **logistics facility in a first fully carbon-neutral free commercial zone with a GDV of RM8 billion** in Sunway City Iskandar Puteri township, which will be a pivotal hub serving a diverse array of industries.
- These developments in the southern region augur well for the Sunway City Iskandar Puteri township.

2. Outlook

- Barring any unforeseen circumstances, the Board is confident of the Group’s financial performance for 2024, building from the growth momentum of the previous year.

Overview of Key Performance Highlights

The key performance highlights:

RM'mil	Q4 FY 2023 Unaudited Oct - Dec 2023	Q4 FY 2022 Restated ⁽¹⁾ Oct - Dec 2022	Q3 FY 2023 Unaudited Jul - Sep 2023	YTD 2023 Unaudited Jan - Dec 2023	YTD 2022 Restated ⁽¹⁾ Jan - Dec 2022
Revenue	1,868.8	1,531.6	1,539.1	6,139.8	5,194.9
EBIT	371.9	297.0	275.8	1,061.4	923.7
EBIT Margin	19.9%	19.4%	17.9%	17.3%	17.8%
PBT	350.4	296.4	247.8	993.2	909.2
PBT Margin	18.8%	19.4%	16.1%	16.2%	17.5%
PATMI	265.9	204.8	180.3	737.8	668.6
PATMI Margin	14.2%	13.4%	11.7%	12.0%	12.9%
Basic EPS (sen) ⁽²⁾	4.39	3.49	2.61	11.55	10.52

(1) Included the effects of transition to MFRS 17 Insurance Contracts.

(2) 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)	Q4 2023		Q4 2022		Q3 2023		YTD 2023		YTD 2022	
	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI
Fair value gain / (loss) (associate)	(0.4)	(0.4)	(55.3)	(55.3)	-	-	(15.1)	(15.1)	(47.8) [#]	(47.8)
Fair value gain / (loss) (I. Properties)	68.3	58.9	32.4	28.7	-	-	83.0	73.7	32.4	28.7
Net gain from disposal of PI assets	-	-	-	-	-	-	-	-	28.1	21.3
Net remeasurement gain of leases (MFRS 16) - Healthcare	-	-	36.7	36.7	-	-	-	-	36.7	36.7
Reversal of impairment of assets - Building Materials	19.8	19.8	-	-	-	-	19.8	19.8	-	-

[#] Includes share of valuation gain pursuant to Sunway REIT's acquisition of an investment property

Balance Sheet and Gearing

RM'mil	31/12/2023 (Unaudited)	31/12/2022 (Restated)
Non-current Assets	18,532.6	17,722.0
Current Assets	10,080.3	8,341.4
Total Assets	28,612.9	26,063.4
Current Liabilities	9,273.7	8,033.0
Non-current Liabilities	4,341.2	4,478.9
Total Liabilities	13,614.9	12,511.9
Shareholders' Funds	13,854.6	12,519.7
Non-Controlling Interests	1,143.4	1,031.8
Total Equity	14,998.0	13,551.5
Total Equity & Liabilities	28,612.9	26,063.4
Total Borrowings	9,650.4	9,056.2
Cash and bank balances	2,300.4	1,958.1
Net Gearing Ratio ^	0.49	0.52
Share Capital	6,160.8	5,393.9
Number of Ordinary Shares	6,433.4	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>Q4 2023</u>	<u>Q4 2022</u>	<u>Q3 2023</u>	<u>YTD Q4 2023</u>	<u>YTD Q4 2022</u>
Revenue (RM'mil)	499.4	442.7	309.5	1,418.8	1,165.3
Operating Profit (RM'mil)	55.1	65.9	2.8	116.8	120.1
OP Margin	11.0%	14.9%	0.9%	8.2%	10.3%
EBIT (incl. share of associates & JCE) (RM'mil)	71.5	73.6	74.2	225.9	173.8
EBIT Margin (incl. share of associates & JCE)	14.3%	16.6%	24.0%	15.9%	14.9%

Review of 4th Quarter Performance

YoY : The higher revenue of **12.8%** was underpinned by,

- i) higher sales and progress billings from new & on-going local development projects; and
- ii) the completion & handover of a local project.

However, EBIT was lower by 2.8% as a number of local development projects are at the initial stage of construction.

QoQ : The **financial performance** in the current quarter **was better** due to **higher sales and progress billings** from new and on-going local development projects and the completion and handover of a local project.

The **higher EBIT margin in the preceding quarter** accounted for the recognition of RM46.3 million development profit from one of the Group's Singapore property development.

Note:

Due to the adoption of MFRS 15, the development profit on one of the Group's Singapore property development projects will only be recognised upon completion and handover of the projects. As at the end of the current quarter, the accumulated progressive profit for the project amounted to RM108.9 million, of which RM12.7 million was recorded in the current quarter, was not recognised. The project is expected to be completed and handover in 1H 2024.

	<u>Q4 2023</u>	<u>Q4 2022</u>	<u>Q3 2023</u>	<u>YTD Q4 2023</u>	<u>YTD Q4 2022</u>
Revenue (RM'mil)	256.3	230.7	232.8	898.4	690.0
Operating Profit (RM'mil)	124.4	66.5	42.5	240.8	199.2
OP Margin	48.5%	28.8%	18.3%	26.8%	28.9%
EBIT (incl. share of associates & JCE) (RM'mil)	158.6	70.9	82.5	387.9	320.9
EBIT Margin (incl. share of associates & JCE)	61.9%	30.8%	35.4%	43.2%	46.5%

Review of 4th Quarter Performance

YoY : Revenue higher by **11.1%** in the current quarter was underpinned by

- i) **stronger performance of the hospitality business** arising from higher occupancy & average room rates at the Group's hotels; and
- ii) **higher revenue from operations** of property investment assets.

EBIT increased by 123.5% mainly attributed to **net fair value gain of RM67.9 million** on the revaluation of investment properties and assets compared with overall **fair value loss of RM22.9 million** in Q4 2022.

QoQ : The **better financial performance** in current quarter with an **increase in revenue of 10.1%** and **EBIT of 92.3%** was mainly due to higher contribution from the leisure and hospitality segments arising from the higher visitorship and occupancy during the festive months & school holidays.

EBIT was further boosted by **net fair value gains** from revaluation of the investment properties & assets of RM67.9 million in the current quarter.

	<u>Q4 2023</u>	<u>Q4 2022</u>	<u>Q3 2023</u>	<u>YTD Q4 2023</u>	<u>YTD Q4 2022</u>
Revenue (RM'mil)	532.8	291.0	424.0	1,688.9	1,281.6
Operating Profit (RM'mil)	81.9	67.4	57.4	231.8	190.1
OP Margin	15.4%	23.2%	13.5%	13.7%	14.8%
EBIT (incl. share of associates & JCE) (RM'mil)	69.3	65.6	57.4	219.9	188.6
EBIT Margin (incl. share of associates & JCE)	13.0%	22.6%	13.5%	13.0%	14.7%

Review of 4th Quarter Performance

YoY : The **higher revenue by 83.1%** in the current quarter was attributed to higher progress billings from local construction projects.

However, EBIT only increased marginally by 5.5% due to higher profit margin in Q4 2022 resulted from the finalisation of accounts for a few projects.

QoQ : The better financial performance in the current quarter with **increase in revenue of 25.7%** and **EBIT of 20.7%** was mainly contributed by the **higher progress billings from local construction projects** in the current quarter.

Construction Order Book – RM 5.3 billion



AS AT DEC-23 (RM MIL)	COMPLETION	CONTRACT SUM	O/S ORDERBOOK	
BUILDING			2,043	38%
OXLEY TOWER (MEP)	4Q 2024	68	27	
OXLEY TOWER VO (MEP)	4Q 2024	9	9	
JHB1X0 - DATA CENTRE	3Q 2024	1,700	1,460	
K2 - DATA CENTRE	4Q 2024	190	160	
DAISO	2Q 2026	298	291	
K2 DC (CIMC)	4Q 2024	99	99	
INFRASTRUCTURE/PILING			532	10%
LRT 3 : PACKAGE GS07-08	2Q 2024	1,295	10	
RTS LINK PACKAGE 1B AND PACKAGE 5	2Q 2025	605	494	
LRT 3 : GS06	2Q 2024	191	28	
INDIA			289	5%
THORAPALLI - JITTANDAHALLI (TJ)	4Q 2024	508	237	
MEENSURUTTI - CHIDAMBARAN (MC)	1Q 2024	315	53	
SUSTAINABLE ENERGY			162	3%
SOLAR - EXTERNAL	Various	35	8	
SOLAR - INTERNAL	Various	12	4	
LSS4 GOPENG	1Q 2024	200	41	
LSS4 SHARP VENTURES	1Q 2024	185	39	
SOUTH QUAY SQUARE DCS	2Q 2025	35	17	
CGPP - GREEN	4Q 2025	46	46	
NEW ORDER 2023 - EXTERNAL	Various	45	7	
SINGAPORE			502	9%
PRECAST	Various	581	239	
NEW ORDER 2023 - EXTERNAL	Various	270	263	
INTERNAL - SUNWAY GROUP			1,797	34%
SMC 4 + VO	1Q 2024	612	42	
SUNWAY BELFIELD	4Q 2024	403	112	
SUNWAY VELOCITY 2	1Q 2024	352	12	
SOUTH QUAY SQUARE - SUPERSTRUCTURE	3Q 2024	756	265	
SOUTH QUAY SQUARE - SUPERSTRUCTURE (VO)	4Q 2025	607	607	
SW CARNIVAL MALL - REFURBISHMENT	2Q 2025	253	173	
SUNWAY VELOCITY 2B	1Q 2024	253	79	
SMC DAMANSARA	1Q 2024	240	85	
SMC IPOH + VO	1Q 2024	217	89	
SW INTERNATIONAL SCHOOL (SIS)	1Q 2024	140	6	
SUNWAY VELOCITY 3C4	1Q 2024	100	2	
BIG BOX OFFICE	COMPLETED	51	5	
SW FLORA	4Q 2025	278	232	
SMC FIT-OUT	3Q 2025	70	70	
SMCSJ FIT-OUT	2Q 2024	14	14	
GRAND TOTAL @ DEC 2023		11,030	5,325	
RED : SECURED IN 2023		2,505	2,233	

	<u>Q4 2023</u>	<u>Q4 2022</u>	<u>Q3 2023</u>	<u>YTD Q4 2023</u>	<u>YTD Q4 2022</u>
Share of results of joint ventures (RM'mil)	41.7	72.1	44.4	152.7	176.8

Review of 4th Quarter Performance

YoY : The share of net profit for Q4 2022 included the share of a one-off net remeasurement gain of leases as per MFRS 16 of **RM36.7 million** in relation to the early termination of rental arrangement of Tower A and B occupied by Sunway Medical Centre (“SMC”).

Excluding the one-off net gain, the share of net profit of **RM41.7 million** in Q4 2023 was higher compared to the **adjusted** share of net profit of **RM35.1 million** in Q4 2022 by 18.8%. (Excluding the one-off net gain, EBITDA for the current financial year grew by 33.0%.)

The **improved underlying financial performance** in the current quarter was **underpinned primarily by strong operational results from SMC Sunway City and SMC Velocity** due to the **increase in hospital activities**, which **mitigated** the share of start-up operational loss of Sunway Sanctuary of RM3.5 million, and higher operating costs.

During the current quarter, **SMC Penang** which commenced operations in November 2022, **exceeded expectations and achieved breakeven at PAT level**.

QoQ : Share of net profit decrease by **6.2%** in the current quarter **mainly due to higher operating expenses, interest and tax expenses**, despite registering better operating performance from higher patient footfalls at SMC Velocity and SMC Penang. SMC Penang had achieved breakeven at PAT level during the current quarter.

Thank You

Email : irsunwayberhad@sunway.com.my

Website : www.sunway.com.my

Next quarter announcement on 28 May 2024

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