

**Property (Neutral; ↔)**

INDUSTRY INSIGHT

January 7, 2016

**2016 – Another Challenging Year...**
**Highlights**

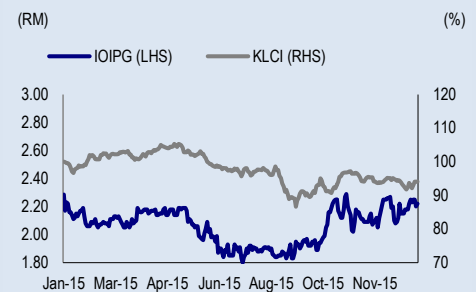
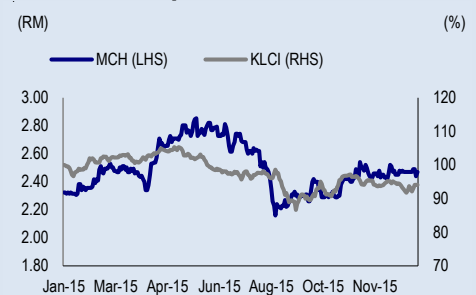
- **Recapping 2015...** Property companies underperformed FBM KLCI Index in 2015 with average return of -7.3 % versus FBM KLCI at -3.4%. Property outlook suffered further weakness in 2H15 with lower consumer sentiment arising from GST imposition, poorer macro environment (i.e. 1MDB, plunge in crude oil price) and weakening Ringgit.
- **HPI growth normalises back to long-term growth rate ...** Annual house price index (HPI) growth eased to 5.4% in 3Q15 after rising by CAGG of 12.6% from 2010 – 2014. Going forward, we expect HPI growth rate to normalise back to 10-year CAGR of circa 5%
- **Leading loan indicators remain weak...** Leading indicators such as loan application remain sluggish, declining YoY basis for tenth straight month. Furthermore, tighter bank lending further dampened property sales with approval rate persistently below 50%.
- **Supply continues to accelerate...** In 3Q15, supply continues to accelerate with incoming supply reach 870k, representing 18% of Malaysia's existing stocks, the highest since 2004.
- **Johor remains oversupplied in near term...** Johor region seems to remain oversupplied with incoming supply and planned supply amounting to 47% of existing stock. This is mainly concentrated in the high rise segment (~circa 41% of total incoming supply).
- **KL and Selangor remain core market with more balanced demand and supply dynamics...** In the next 5 years, demand would outstrip supply due to urbanization and improving infrastructure. Under ETP program, the government aims to grow the Greater KL population to 10m by 2020 from an estimated 8m currently. This would translate into annual housing demand of 100k unit p.a., almost matching the total completion for whole country in 2014.
- **Some property stocks are trading close to 5 years historical low of P/B band...** Property stocks such as IOI Properties, Mahsing and YNH are trading close to their 5 years historical low of P/B valuation band.
- **Prefer companies that...** concentrated towards affordable housings, landed properties and township developments for resilient future sales and earnings.

**Rating**
**NEUTRAL (↔)**

- Positives: Favourable demographics with housing inflation hedge; increased opportunities within the affordable/mass market segment.
- Negatives: Prolonged weakening in consumer sentiment and tightening policy from government.

**Valuation**

- **Top picks:** IOI Prop (BUY; TP: 2.77) and Matrix Concepts (BUY; TP:RM2.90).
- We maintain most of our recommendations with Matrix Concepts upgraded from HOLD to BUY (dividend yield one of the highest in the sector at 7%). YNH is upgraded from SELL to HOLD (TP:1.85).

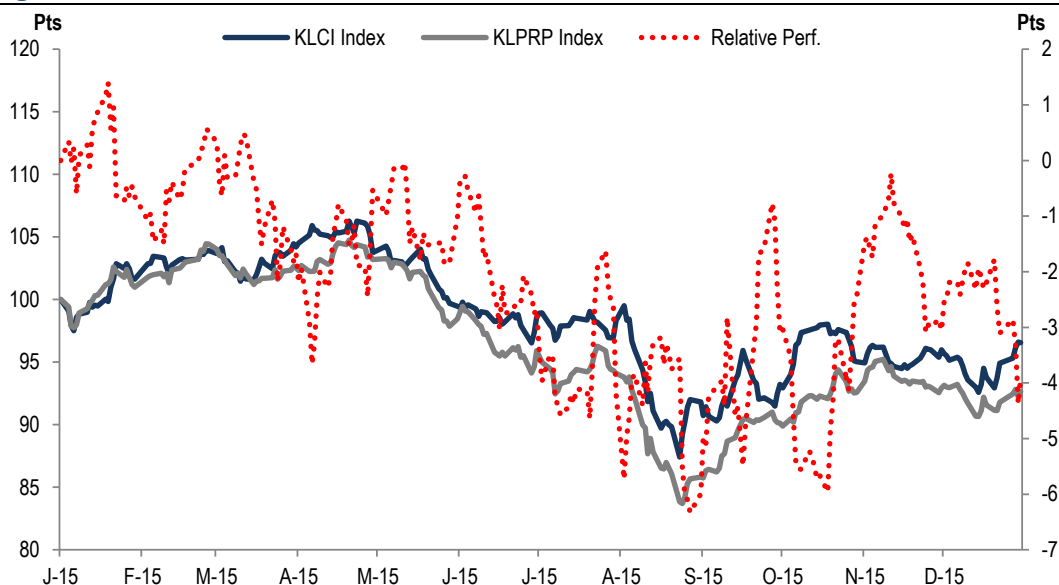
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**IOI Prop Share Price**

**Matrix Concepts Share Price**

**Sunway Share Price**


## Recapping 2015

Property companies underperformed FBM KLCI Index in 2015 with average return of -7.3% versus FBM KLCI at -3.4% (Figure 1). The underperformance was not unexpected after the government implemented cooling policy in budget 2014 coupled. Consumer sentiment was further dampened with interest rate hike in Jul 14 and GST implementation in Apr 15. In view of the cautious consumer sentiment, developers deferred major launches to 2H15. Property outlook suffered further weakness in 2H15 with poorer macro issues (i.e. 1MDB issue and plunge in crude oil price) and weakening Ringgit.

**Property companies underperformed FBM KLCI Index in 2015 with average return of -7.3% versus FBM KLCI at -3.4%.**

**Figure 1: FBMKLCI and KLPRP Index Performance**



Source: Bloomberg, HLIB.

Among the property stocks, large cap companies underperformed FBM KLCI by an average of 5.4%. UEM Sunrise was the worst performer with share price falling by 26% in a year mainly due to its land concentration in Johor due to concern about oversupply (Figure 2). Sunway outperformed by 8.7% due to its active capital management to reward shareholders (value unlocking exercise by listing of Sunway Construction with special dividend).

**Large cap companies underperformed FBM KLCI by average 5.4%.**

**Figure 2: Property Stocks Relative Performance Vs. FBM KLCI (Large Cap)**

Large Cap	Market Cap (RM m)	Price (RM)	Relative Performance %			Absolute Return
			1 month	3 month	1 year	1 year
SP SETIA BHD	8,306	3.2	1.6	(5.0)	2.0	(3.0)
IOI PROPERTIES	8,625	2.3	2.2	9.1	(3.4)	(8.1)
SUNWAY BHD	5,428	3.1	0.6	(8.5)	8.7	3.3
UEM SUNRISE BHD	4,991	1.1	(0.5)	(6.3)	(22.0)	(25.8)
MAH SING GROUP	3,277	1.4	2.0	2.2	(11.9)	(16.2)
ECO WORLD DEVELO	3,405	1.4	3.4	(4.9)	(14.2)	(18.4)
UOADEV	3,267	2.2	(3.9)	5.2	3.2	(1.9)
<b>Average</b>			<b>0.8</b>	<b>(1.2)</b>	<b>(5.4)</b>	<b>(10.0)</b>

Source: Bloomberg, HLIB.

Mid to Small Cap property stocks fared relative better, only underperformed FBM KLCI Index by an average 1%. Hunza was the outperformer with 50% absolute return in a year as major shareholder proposed a takeover exercise over the company amid downturn in the property sector.

**Mid to Small Cap property stocks fared relative better and only underperformed FBM KLCI Index by average 1%.**

**Figure 3: Property Stocks Relative Performance Vs. FBM KLCI (Mid to Small Cap)**

Mid to Small Cap	Market Cap (RM m)	Price (RM)	Relative Performance %			Absolute Return
			1 month	3 month	1 year	1 year
EASTERN & ORIENT	1,857	1.5	(0.7)	(5.3)	(23.3)	(27.1)
SELANGOR PROPS	1,945	5.7	1.4	14.5	9.8	4.3
MCTBHD	1,695	1.3	1.3	7.0	1.3	0.8
TROPICANA CORP B	1,421	1.0	3.3	6.1	(11.2)	(15.6)
MATRIX CONCEPTS	1,371	2.5	2.9	2.5	12.3	6.8
KSL HOLDINGS BHD	1,309	1.3	(9.2)	(17.0)	(26.1)	(29.7)
GUOCOLAND MALAYS	918	1.3	0.5	11.2	19.4	13.6
MKH BHD	948	2.3	(1.0)	(2.5)	(14.8)	(19.0)
PJ DEVELOPMENT	745	1.4	(0.8)	(9.2)	3.8	(1.4)
LBS BINA GROUP B	753	1.4	1.3	(12.4)	(5.2)	(9.9)
PLENITUDE BHD	710	1.9	1.3	(6.8)	(12.2)	(16.5)
YNH PROPERTY BHD	728	1.8	(3.0)	(3.4)	(6.2)	(10.8)
SHL CONS BHD	700	2.9	(5.3)	(5.8)	(3.2)	(8.0)
PARAMOUNT CORP	705	1.7	2.5	(5.3)	19.2	13.3
SUNSURIA BHD	640	0.9	1.3	8.0	25.9	19.8
GLOMAC BHD	638	0.9	(1.5)	2.3	(6.0)	(10.7)
HUNZA PROPERTIES	637	2.8	0.5	1.4	57.8	50.0
TITIJAYA LAND BH	630	1.8	(2.2)	7.0	4.0	(1.1)
TAMBUN	590	1.4	3.5	6.1	(12.8)	(17.1)
YTL LAND & DEVEL	572	0.7	3.4	3.7	(4.3)	(9.0)
I-BHD	490	0.5	0.3	(7.5)	(10.7)	(15.1)
HUA YANG BHD	494	1.9	(0.9)	(3.4)	(3.1)	(7.9)
TAHPS GROUP BHD	483	6.5	(5.3)	(7.9)	(0.2)	(5.1)
DAIMAN DEVELOP	453	2.2	(4.0)	4.7	(10.9)	(15.3)
MK LAND HLDGS	452	0.4	(6.2)	2.5	(0.1)	(5.0)
SENTORIA GROUP	431	0.9	0.1	(13.6)	(23.9)	(27.6)
LAND & GENERAL	404	0.4	(1.3)	(4.1)	(19.6)	(23.5)
CRESCENDO CORP B	403	1.8	(5.2)	(16.7)	(25.5)	(29.1)
SELANGOR DREDG	401	0.9	(1.9)	0.3	3.0	(2.1)
DUTALAND BHD	419	0.5	0.2	0.4	(5.2)	(9.9)
MALTON BHD	336	0.8	3.8	5.5	(3.1)	(7.9)
MAGNA PRIMA BHD	343	1.0	(2.5)	11.7	30.5	24.1
A & M REALTY BHD	314	0.9	3.0	(4.5)	9.5	4.1
MUI PROPERTIES	248	0.3	(2.7)	7.2	8.1	2.8
COUNTRY HEIGHTS	269	1.0	(1.7)	(10.2)	(12.5)	(16.8)
MEDA INC BHD	267	0.6	(6.5)	(7.2)	(4.5)	(9.2)
KARAMBUNAI CORP	289	0.1	(24.1)	(2.9)	(27.2)	(30.8)
TALAM TRANSFORM	253	0.1	1.3	5.9	(21.1)	(25.0)
GLOBAL ORIENTAL	234	0.5	(2.3)	(9.4)	9.1	3.7
BCB BHD	242	0.6	4.7	7.6	30.7	24.2
SYMPHONY LIFE BH	242	0.8	2.5	9.5	(3.3)	(8.1)
Y&G CORP BHD	249	1.3	2.1	(18.4)	41.4	34.4
DAMANSARA REALTY	218	0.7	(9.9)	36.3	(15.3)	(19.5)
ENCORP BHD	213	0.8	6.4	7.4	(15.5)	(19.7)
<b>Average</b>			<b>(1.2)</b>	<b>(0.1)</b>	<b>(0.9)</b>	<b>(5.7)</b>

Source: Bloomberg, HLIB.

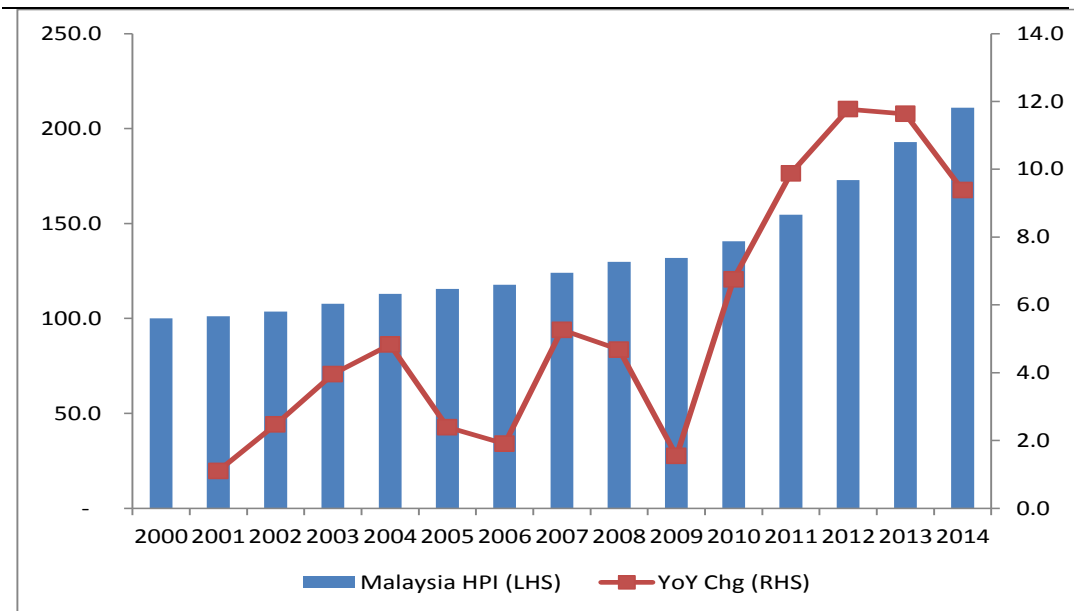
Annual house price index (HPI) growth eased to 5.4% in 3Q15 after rise by a CAGG of 12.6% from 2010 – 2014 (Figure 4). This is a reflection of the series of cooling measures undertaken by the government which have been effective in bringing property prices under control. Measures announced during 2014 Budget include higher RPGT rates, higher minimum price for foreigners, disclosure of detailed sales price and the ban of DIBS scheme.

To note, 10-year long term CAGR HPI growth rate averages about 4.8%. Going forward, we do not expect the above-average growth seen in 2010-2015 to be repeated. We expect HPI growth rate to normalise back to the 10-year CAGR of circa 5%. We also expect housing demand to emanate primarily from genuine house buyer while speculative investors hold back their purchases, contributing to a single-digit growth pace in HPI.

**Annual house price index (HPI) growth eased to 5.4% in 3Q15 after rise by CAGG of 12.6% from 2010 – 2014.**

**Expect annual house price growth rate to normalise back to 10 year CAGR of circa 5%.**

**Figure 4: Malaysia House Price Index (HPI)**

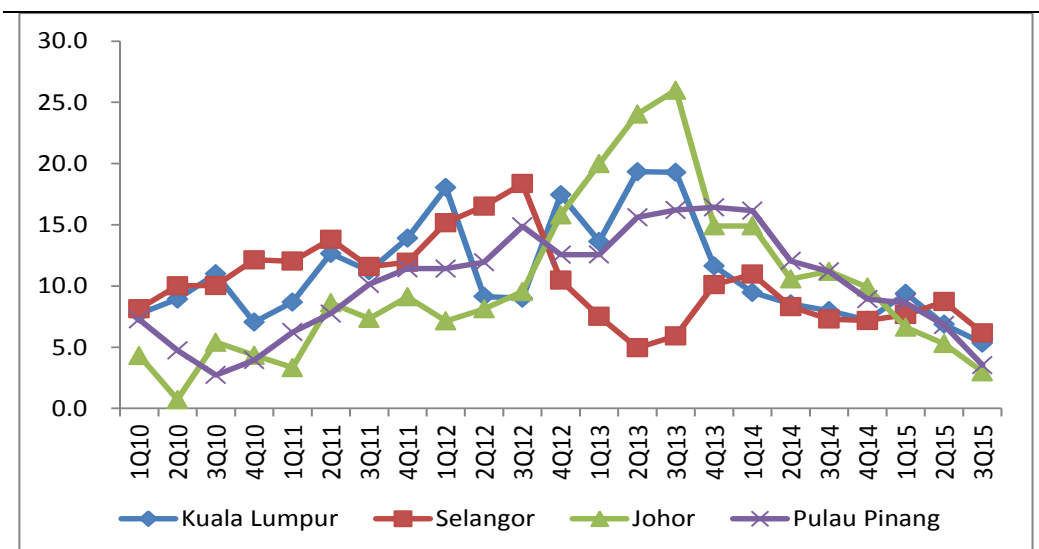


Source: Bloomberg, HLIB.

In term of HPI growth breakdown by state, Johor suffered the most significant moderation, easing to 3% growth in 3Q15 (3Q14: +11.2%). This is mainly due to oversupply situation in Johor and growth normalisation after a spike in 4Q12-1Q14 period (average of 20% YoY growth/quarter).

**Johor eased to 3% growth in 3Q15 as compared to 11.2% growth in 3Q14.**

**Figure 5: Malaysia House Price Index (HPI) Breakdown by State**



Source: Bloomberg, HLIB.

Given the reasons mentioned above, developers had reduced their sales target by a range of 6-38% from the original targets set in early 2015. Notably, only Eco World and Matrix Concepts managed to achieve its revised sales target. We attribute this to the strong brand name, product differentiation (Eco World) and strategy to focus on affordable mass market (Matrix Concept).

Despite better supply and demand dynamics in Penang, property developers like Tambun Indah were facing difficulty in securing advertising permit and developer licences (APDL), which subsequently resulted in failure to achieve full-year sales target due to fewer property launches.

**Figure 6: Sales Target Lowered Down since Beginning of Year**

Company	Sales Target			Changes
	FY14	FY15 B	FY15 A	(%)
IOI PROPERTIES	1,967.0	1,800.0	1,700.0	(5.6)
UEM SUNRISE BHD	2,443.0	2,400.0	2,000.0	(16.7)
SP SETIA BHD	4,623.0	4,600.0	4,000.0	(13.0)
MAH SING GROUP	3,433.0	3,400.0	2,300.0	(32.4)
SUNWAY BHD	1,300.0	1,200.0	750.0	(37.5)
MATRIX CONCEPTS	630.0	700.0	700.0	0.0
TAMBUN	429.0	400.0	300.0	(25.0)
YNH PROPERTY BHC	NA	NA	NA	NA
GLOMAC BHD	506.0	600.0	500.0	(16.7)
ECO WORLD DEVELO		3,000.0	3,016.0	0.5
<b>Average</b>				<b>(16.3)</b>

Source: Bloomberg, HLIB.

## Going into 2016...

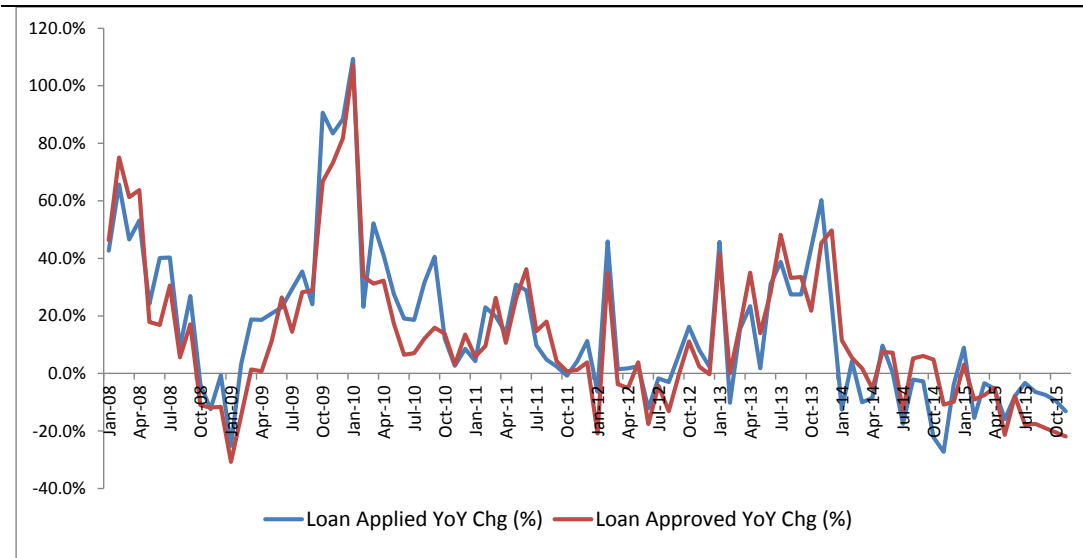
### Leading Loan Indicators Remain Weak

Going into 2016, we expect 1H16 outlook to remain weak with a moderate housing price growth. Leading indicators such as loan application remain sluggish. Latest data for Nov 15 (Figure 7) showed a contraction of 13% yoy, the tenth straight month of decline. This reinforces our view that property buyers remain on the wait and see mode. Furthermore, tighter bank lending also further dampened property sales with approval rate falling below 50% (Figure 8). We also understand that loan rejection rate for some peer's projects has surged to more than 50%. Overall, we choose to wait for the leading indicator – number of loan application to show signs of bottoming and improvement before concluding that the worse is over.

**Developers have reduced their sales target by range of 6-38% as compare to the targets at beginning of 2015.**

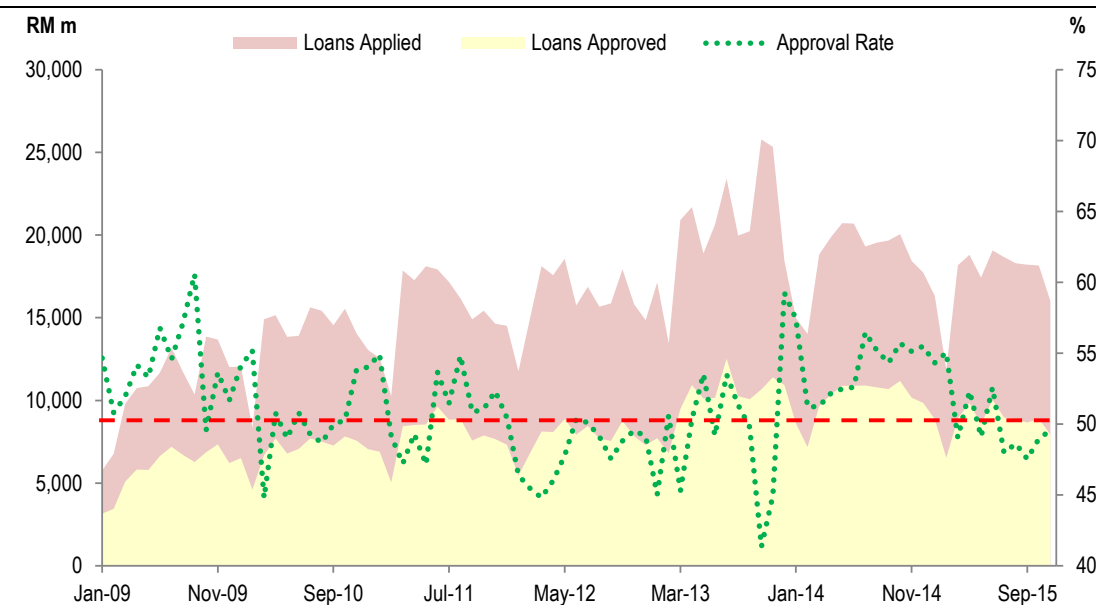
**Leading indicator like loan application remains sluggish with Nov 15 numbers (Refer Figure 5) fell 13%.**

**Figure 7: Loan Applied and Loan Approved YoY Chg (%)**



Source: BNM, HLIB

**Figure 8: Loan Applied, Approved and Approval Rate**



Source: BNM, HLIB

## Supply and Demand in Key States

Overall, number of property completion in 2014 has surged 32% YoY to 108k units, the highest since 2009. In 3Q15, supply continued to accelerate with incoming supply reaching 870k, representing 18% of Malaysia's existing stocks (Figure 9), the highest since 2004. To note, incoming supply (by NAPIC) is defined as property projects that have been approved by the local authorities but may or may not have started construction). Hence, the incoming supply figure could be higher than the actual real supply that already started construction on the ground. However, the incoming supply statistics should serve as a good estimation on the overall supply trend.

Based on our analysis on the supply and demand dynamics (Refer Figure 10) of the four key housing markets in Malaysia, Johor region seems to remain oversupplied with incoming supply and planned supply representing 47% of existing stock. This is mostly concentrated in the high rise building segment (circa 41% of total incoming supply). However, we understand that take up rate for some affordable landed properties in Johor region remains encouraging, with demand derived from genuine housing buyer. We expect oversupply

**In 3Q15, supply continues to accelerate with incoming supply reach 870k or represent 18% of Malaysia existing stocks.**

**Johor region seem to remain oversupply with incoming supply and planned supply represent total of 47% of**

situation to be remain in Johor in near term with an estimation of 11k/unit p.a. of surplus until demand catches up catalyzed by high speed rail (HSR).

KL and Selangor should remain the core market with a more balanced and favorable supply and demand dynamics (Refer Figure 10). In the next 5 years, demand should outstrip supply due to urbanization and improving infrastructure. To recap, under the ETP program, the government aims to grow the Greater KL population to 10m by 2020 from an estimated 8m currently. This indicates Greater KL population to grow by CAGR of 4.6%, higher than national average of 1.3%. If this goal materialises, it would translate into annual housing demand of 100k unit p.a., almost matching the total completion for whole country in 2014. Improving public infrastructure (MRT, LRT 3, and HSR) will continue to drive demand toward KL South and KL North given limitation of land in KL Central.

Penang market appears oversupplied in the near term given the large incoming supply (circa 19% of existing stock). However, we remain long-term positive on Penang market and expect demand to increase given strong catalyst from Penang Second Bridge and implementation of Penang Transport Master Plan.

**existing stock.**

**KL and Selangor should remain the core market with favorable supply and demand dynamic.**

**Figure 9: Completion and Incoming Supply**

	Completions	Chg (%)	% of stock	Incoming supply	Chg (%)	% of stock	Existing stock
2002	156,524		5.1%	572,961		18.8%	3,050,277
2003	187,322	19.7	5.8%	584,531	2.0	18.1%	3,237,599
2004	164,636	(12.1)	4.8%	617,743	5.7	17.9%	3,452,369
2005	180,075	9.4	4.9%	612,718	(0.8)	16.8%	3,647,887
2006	170,962	(5.1)	4.4%	608,840	(0.6)	15.8%	3,850,568
2007	178,508	4.4	4.4%	574,841	(5.6)	14.2%	4,043,040
2008	134,334	(24.7)	3.2%	549,953	(4.3)	13.1%	4,203,260
2009	103,335	(23.1)	2.4%	545,479	(0.8)	12.6%	4,325,650
2010	95,938	(7.2)	2.2%	531,760	(2.5)	12.0%	4,435,736
2011	65,866	(31.3)	1.5%	559,121	5.1	12.4%	4,512,665
2012	73,788	12.0	1.6%	618,363	10.6	13.4%	4,631,607
2013	81,639	10.6	1.7%	692,475	12.0	14.7%	4,725,109
2014	107,747	32.0	2.2%	769,788	11.2	15.9%	4,848,030
3Q15	12,890			870,442		17.7%	4,910,539

Source: NAPIC, HLIB

**Figure 10: Demand and Supply Situation at Key States**

3Q15	KL	Selangor	Johor	Penang	Others	Malaysia
Existing Stock	446,724	1,397,587	729,297	394,848	1,942,073	4,910,529
% of Msia	9%	28%	15%	8%	40%	100%
Incoming supply	60,693	184,168	174,468	80,898	370,215	870,442
% of stock	14%	13%	24%	20%	19%	18%
Planned supply	65,211	88,381	169,970	58,344	271,804	653,710
% of stock	15%	6%	23%	15%	14%	13%
Incoming Supply pa	12,139	36,834	34,894	16,180	74,043	174,088
Estimated Demand pa	12,014	46,484	23,344	10,286	71,426	163,555
<b>Surplus/Deficit</b>	<b>125</b>	<b>(9,651)</b>	<b>11,549</b>	<b>5,894</b>	<b>2,617</b>	<b>10,534</b>

\*Incoming supply pa is deriving from incoming supply spread over 5 years. We do not take into account planned supply as it might or might not get approval from authorities and without certainty on the timing of launching.

\*Estimated Demand pa is average of 2016-2020 housing demand. Housing demand is based on our assumption on population growth and no of household formation in different states. Please refer Figure 11 for our key assumptions.

Source: NAPIC, HLIB

**Figure 11: Key Assumptions on Housing Demand**

	2015	2016	2017	2018	2019	2020	F:10-20 CAGR (%)	00-10 CAGR (%)
<b>Population (m)</b>								
<b>Malaysia</b>	30.58	31.06	31.55	32.04	32.55	33.06	1.6%	1.9%
KL	1.82	1.85	1.88	1.91	1.94	1.98	1.7%	1.7%
Selangor	6.09	6.22	6.36	6.50	6.64	6.79	2.2%	2.7%
Penang	1.69	1.72	1.74	1.77	1.80	1.83	1.6%	1.6%
Johor	3.68	3.75	3.82	3.89	3.97	4.04	1.9%	1.9%
<b>Average household size</b>								
<b>Malaysia</b>	4.1	4.1	4.1	4.0	4.0	4.0		
KL	3.6	3.6	3.6	3.5	3.5	3.5		
Selangor	3.8	3.8	3.8	3.7	3.7	3.7		
Penang	3.7	3.7	3.7	3.6	3.6	3.6		
Johor	4.0	4.0	4.0	3.9	3.9	3.9		
<b>No of Household Changes ('000)</b>								
<b>Malaysia</b>	152	155	159	163	168	172		
KL	11	11	12	12	12	13		
Selangor	43	44	45	46	48	49		
Penang	10	10	10	10	11	11		
Johor	22	22	23	23	24	25		

Source: Department of Statistics Malaysia, HLIB

## Affordable Housing Theme

Given the difficulty to secure housing loan due to tighter bank approval, property developers are shifting its strategy by focusing on providing affordable houses with price tag of below RM600k. According to our analysis, median household income in Selangor is at RM6,214 per month in 2014. With a conservative debt service ratio of 60% and other debt payment of RM1k/mth, we estimate the maximum loan to be allowed to borrow to be around RM600k.

Hence, new property launches will be skewed towards KL South and KL North with lower land prices. Affordable landed properties will continue to see sustained demand. Several launches of affordable landed properties such as Saujana KLIA by Glomac have been fully sold. In addition, we foresee that developers will start to offer smaller built-up units to keep

**Developers are shifting its strategy by focusing on providing affordable houses with price tag below RM600k.**



absolute property prices low. For an example, REV.O @ Bukit Jalil with smaller size (starting from 318 sf) SOVO was selling for RM323k which translated to circa RM1k psf. This project received well response and achieved 95% take up rate after one month of launching.

## Earnings Visibility and Balance Sheet

Given the challenging outlook, most of the developers have ramped up their marketing efforts, which in turn may cause margin pressure in the near term. Some developers also started to appoint third party property agency to boost up its property sales, giving as high as 5% of commission. With land prices holding well and a stagnated house price growth, margin for developers will be under pressure.

Earnings visibility for majority of developers has already deteriorated with shrinking unbilled sales coverage at an average of 1.5x. To note, property developers that focus on landed residential property and township development (such as IOI Properties, Matrix Concepts and Tambun Indah) tend to have lower unbilled sales of close to 1x, mainly due to shorter construction period (landed property and shop lot of 1-2 years vs. 3-4 years for high rise residential).

**Figure 10: Unbilled Sales**

Company	Unbilled Sales Coverage (x)
IOI PROPERTIES	1.0
UEM SUNRISE BHD	2.4
SP SETIA BHD	2.7
MAH SING GROUP	1.8
SUNWAY BHD	1.4
MATRIX CONCEPTS	1.1
TAMBUN	0.8
YNH PROPERTY BHD	-
GLOMAC BHD	1.5
ECO WORLD DEVELOPMENT	2.5
<b>Average</b>	<b>1.5</b>

Source: Companies, HLIB

To survive through the downturn, property companies under our coverage have relatively strong balance sheet with an average net gearing of 0.3x (Figure 11), below the 0.5x normal threshold. YNH has a relative high net gearing at 0.9x mainly due to the large amount of borrowing for investment properties which will be self-financed by rental income.

**Margin for developers will be under pressure.**

**Earnings visibility for majority of developers has deteriorating with unbilled sales shrinking and stood at average of 1.5x.**

**Property under our coverage have relatively strong balance sheet with average net gearing of 0.3x.**

**Figure 11: Net Gearing as of 3Q15**

Company	Net Gearing (x)
IOI PROPERTIES	0.13
UEM SUNRISE BHD	0.32
SP SETIA BHD	0.18
MAH SING GROUP	0.03
SUNWAY BHD	0.38
MATRIX CONCEPTS	0.07
TAMBUN	0.14
YNH PROPERTY BHD	0.92
GLOMAC BHD	0.37
ECO WORLD DEVELO	0.37
<b>Average</b>	<b>0.29</b>

Source: Companies, HLIB

## Valuation

With all the negative factors in place, the key question is whether all have been reflected in the share price movement. Using Price-to-Book as a conservative valuation method (without taking into account the revised market value of landbank), some of the property stocks like IOI Properties, Mahsing and YNH are already trading close to their 5 years historical low of P/B valuation band (Figure 12 and 13). Despite lack of near term catalyst and still uncertain outlook, those property counters that are trading at close to historical low valuation would be a better rebound play with limited downside once sentiment improves in the near term.

**Some property stocks like IOI Properties, Mahsing and YNH are trading close to its 5 years historical low of P/B valuation band.**

**Figure 12: Some property counters are trading close to lowest P/B band**

Company	Current Px	Lowest 5 yrs P/B	Indicate Px	Downside (%)
IOI PROPERTIES	2.29	0.5	1.84	(19.7)
UEM SUNRISE BHD	1.1	0.5	0.78	(29.1)
SP SETIA BHD	3.16	1.1	2.85	(9.8)
MAH SING GROUP	1.36	0.9	1.28	(5.9)
SUNWAY BHD	3.05	0.6	2.25	(26.2)
MATRIX CONCEPTS	2.49	1.2	1.87	(24.9)
TAMBUN	1.39	0.7	0.8	(42.4)
YNH PROPERTY BHD	1.81	0.7	1.69	(6.6)
GLOMAC BHD	0.88	0.5	0.75	(14.8)

Source: Companies, HLIB

**Figure 13: 5 years P/B Valuation Band**

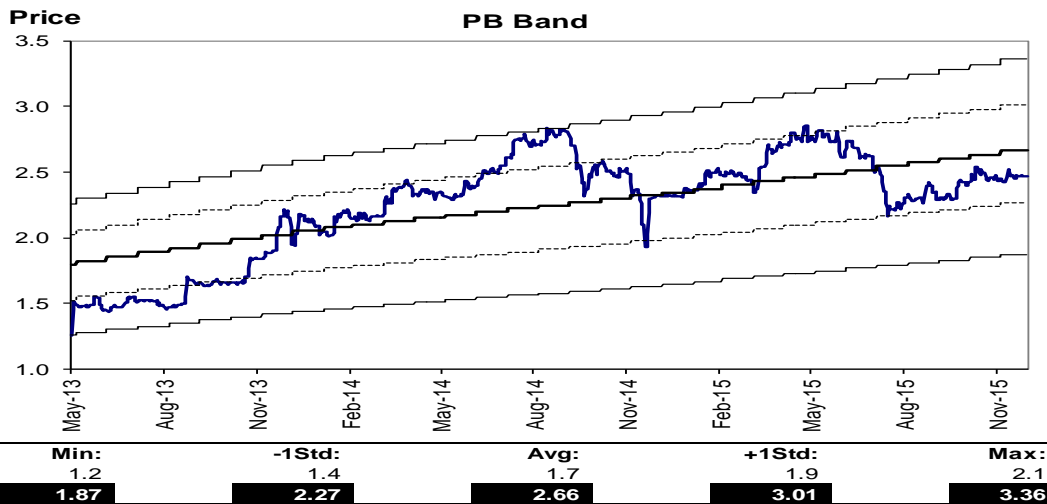
**IOI PROPERTIES GROUP BHD**

	Price	PB
MYR	2.18	0.62



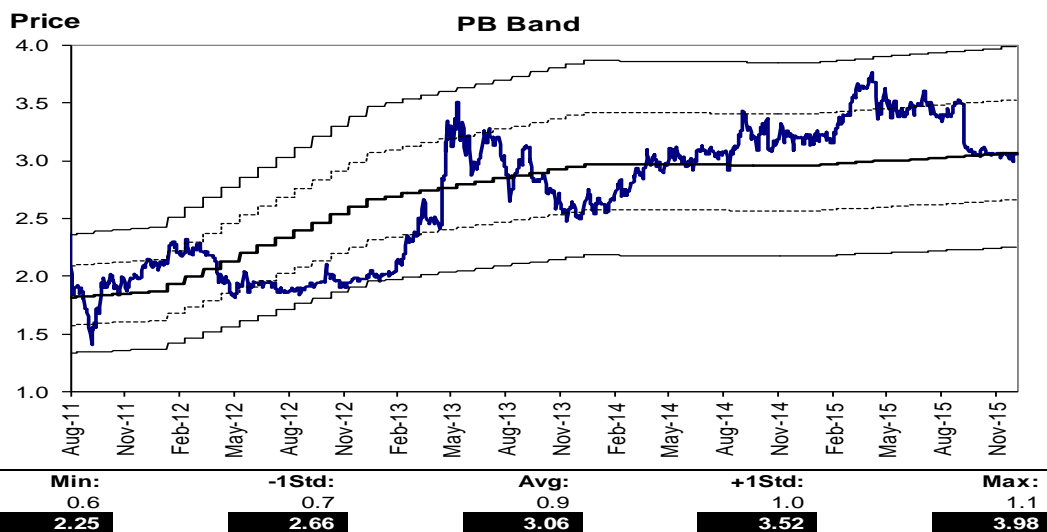
**MATRIX CONCEPTS HOLDINGS BHD**

	Price	PB
MYR	2.47	1.53



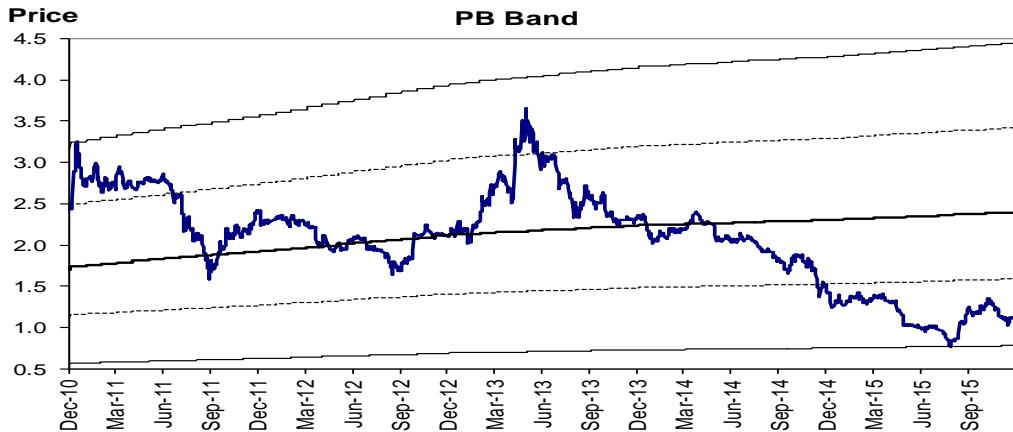
**SUNWAY BHD**

	Price	PB
MYR	3.05	0.86



**UEM SUNRISE BHD**

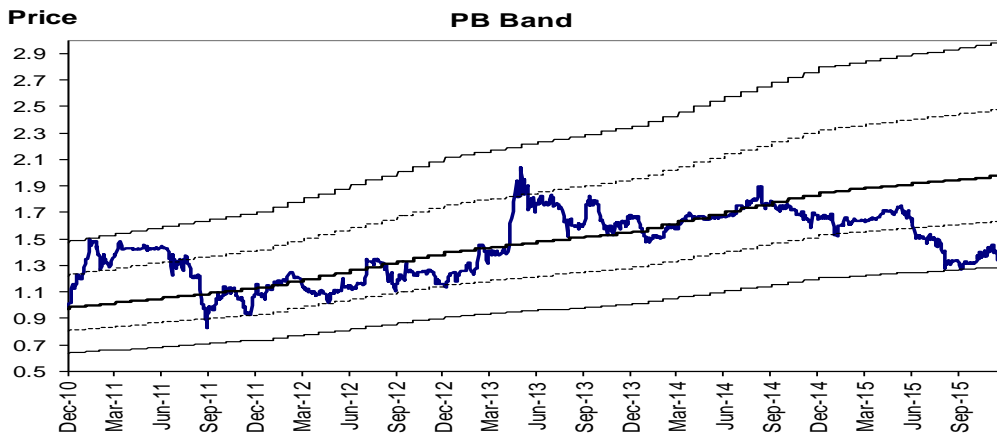
Price	PB	
MYR	1.12	0.75



Min:	-1Std:	Avg:	+1Std:	Max:
0.5	1.1	1.6	2.3	3.0
<b>0.78</b>	<b>1.59</b>	<b>2.39</b>	<b>3.42</b>	<b>4.45</b>

**MAH SING GROUP BHD**

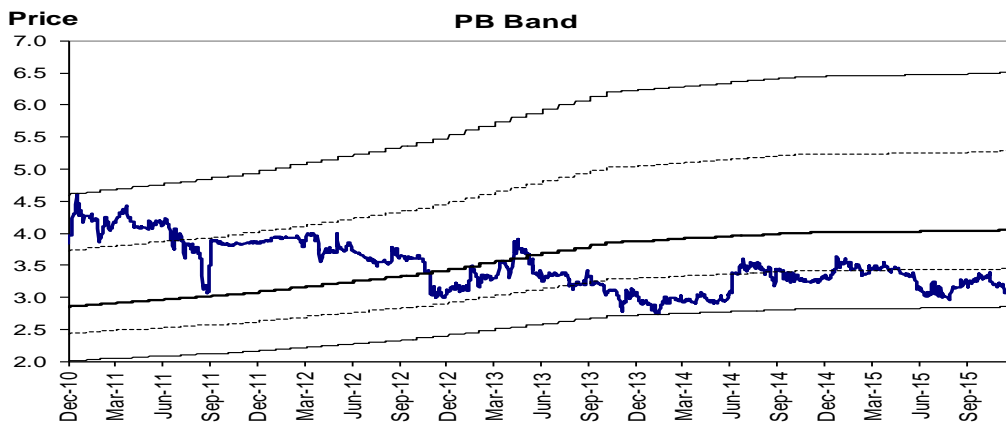
Price	PB	
MYR	1.41	0.99



Min:	-1Std:	Avg:	+1Std:	Max:
0.9	1.1	1.4	1.7	2.1
<b>1.28</b>	<b>1.63</b>	<b>1.98</b>	<b>2.48</b>	<b>2.98</b>

**SP SETIA BHD**

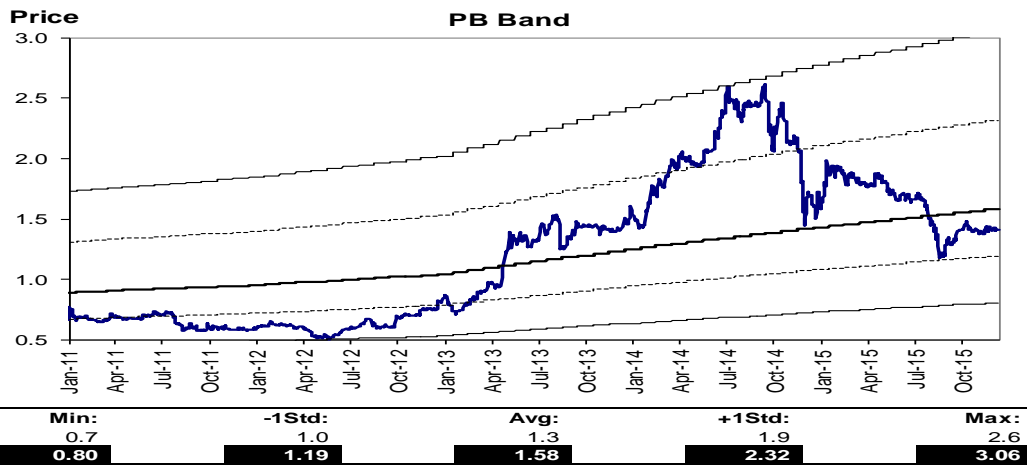
Price	PB	
MYR	3.21	1.20



Min:	-1Std:	Avg:	+1Std:	Max:
1.1	1.3	1.5	2.0	2.4
<b>2.85</b>	<b>3.46</b>	<b>4.06</b>	<b>5.29</b>	<b>6.52</b>

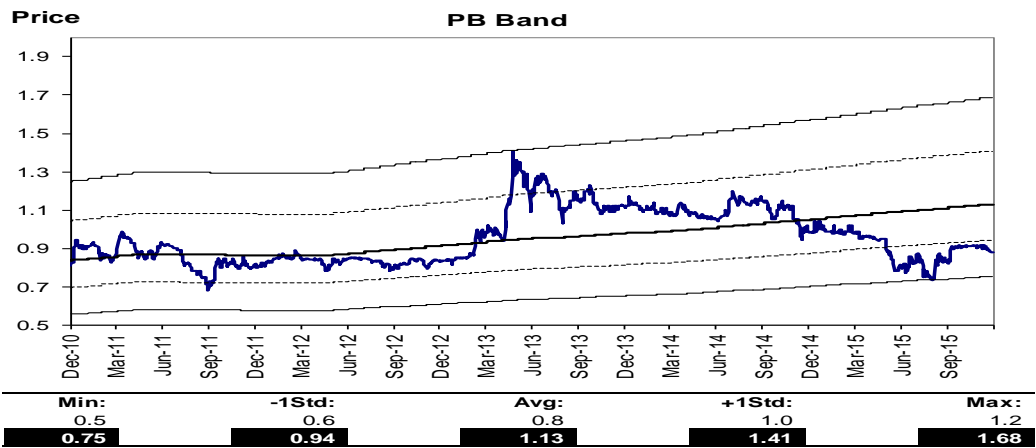
**TAMBUN INDAH LAND BHD**

Price	PB
MYR 1.41	1.18



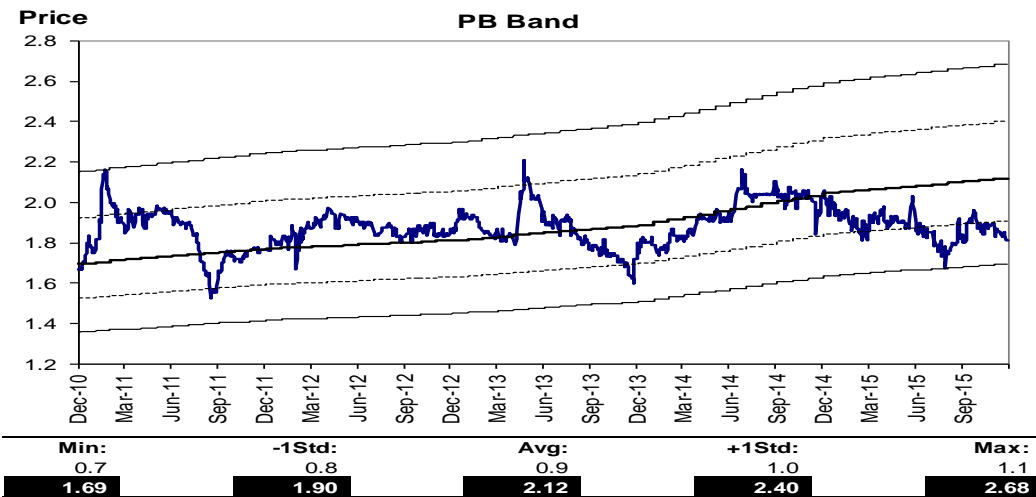
**GLOMAC BHD**

Price	PB
MYR 0.88	0.60



**YNH PROPERTY BHD**

Price	PB
MYR 1.81	0.77



Source: Companies, HLIB

## Risks

**Prolonged weakening in consumer sentiment...** Consumer sentiment which is expected to recover gradually from GST impact could experience a prolonged weakening given the lingering marco outlook (1MDB issue, plunge in oil price) and series of subsidy removals. Coupled with difficulty in securing housing loan from bank will translate into slower sales for developers.

**Tightening of policy by the authorities ...** Any further tightening of policy or cooling measures from the authorities will dampen demand for properties which will negatively affect the take up rate of new project launches.

**Delay in getting APDL...** Timeliness in securing advertising permit and developer licenses is crucial to convert booking to sales. Persistent failure or delay in APDL will adversely impact the developers' profitability.

## Recommendation,

As we expect housing price growth to be moderate amidst tighter bank loan approval, demand will be primarily derived from genuine housing buyers with the focus on affordable price range of below RM600k. Hence, we are sticking to our preference for property developers that are more concentrated towards affordable housings, landed properties and township developments for resilient future sales and earnings.

In term of region exposure, we remain cautious on the Johor region mainly due to the oversupply issue (especially high rise development). Property developments in southern KL and Penang are expected to perform better as majority of the incoming supply in southern KL are township developments or landed properties that cater for the mass market segment. Meanwhile, demand for properties in Penang is still intact given limited land supply with catalyst coming from improving infrastructure such as Penang Master Plan and Penang Second Bridge.

Overall, we are maintaining **NEUTRAL** stance on the sector for 2016 mainly due to absence of near term catalyst. Top picks for the sector would be **IOI Properties (BUY; TP:RM2.77) and Matrix Concepts (Buy; TP:RM2.90)**.

We like **IOI Properties** as it is one of the value stocks in our universe coverage given its attractive FY16 P/B at 0.6x (peer average at 1x). We believe the stock warrants a re-rating given its strong track record in township development and its attractive valuation. We believe the recent land acquisition from Tan Sri Dato's Lee Shin Cheng is a fair and synergistic acquisition as this will expand IOI Prop's landbank in IOI Resort City from existing 50 acres to 450 acres and provide opportunity for IOI Prop to embark on the development of second phase IOI City Mall which has already achieved 92% occupancy rate.

Our prefer pick for small to mid cap is **Matrix Concepts**. We **upgrade our rating from HOLD to BUY with TP raised from RM2.54 to RM2.90 using lower discount to RNAV of 20%**. It is one of the developers that mainly focus on affordable housing with price range below RM600k. Given its cheap land bank cost of RM7 psf, we believe Matrix can continue to sustain its property sales. Kota Gadong Perdana project (GDV: RM1bn) which comprises of 3,200 units of affordable house priced below RM400k is targeted to be launched in 1H16 and this will help to sustain sales. Dividend yield is one of the highest in the sector at 7%.

**NEUTRAL** stance on the sector for 2016. Top picks are **IOI Property (BUY; TP:RM2.77) and Matrix Concepts (Buy; TP:RM2.90)**.

**Some other changes in recommendation:**

**YNH** (HOLD: TP: 1.85 based on 50% discount to RNAV)

We upgrade YNH from SELL to HOLD with TP raised from RM1.48 to RM1.85 after we reduced discount to RNAV from 60% to 50%. Despite disappointing quarter result due to company holding back launches, we believe the negative factors were already reflected in the share price. The company is deep in value and is trading at 50% discount to its RNAV without taking into account the potential value from Menara YNH. Long term investors should look past the weak near term earnings for longer term potential. We believe YNH will eventually unlock the value inside the company through active capital management.

**Upgrading YNH from SELL to HOLD with TP raised from RM1.48 to RM1.85.**

**Figure 14: Peer Comparison**

Company	Current	Recomm	TP	Upside	Mkt Cap (m)	Discount to RNAV	P/E (x)		P/B (x)		Dividend Yield		Unbilled Sales Coverage (x)
	Px						CY15	CY16	CY15	CY16	CY15	CY16	
IOI PROPERTIES	2.29	Buy	2.77	21%	8,625.4	(46.2)	16.6	13.4	0.64	0.61	1.8	2.2	1.0
UEM SUNRISE BHD	1.1	Sell	0.94	-14%	4,991.2	(65.0)	20.7	12.4	0.77	0.74	1.5	2.4	2.4
SP SETIA BHD	3.16	Hold	3.47	10%	8,305.6	(36.3)	10.4	11.6	1.27	1.19	3.8	3.5	2.7
MAH SING GROUP	1.36	Hold	1.44	6%	3,276.8	(38.6)	8.9	8.2	1.05	0.97	4.5	4.9	1.8
SUNWAY BHD	3.05	Buy	3.63	19%	5,427.7	0.0	9.4	9.4	0.87	0.82	15.7	3.9	1.4
MATRIX CONCEPTS	2.49	Buy	2.90	17%	1,370.8	(31.4)	6.6	5.7	1.71	1.45	6.1	7.0	1.1
TAMBUN	1.39	Hold	1.39	0%	589.6	(40.2)	6.1	7.0	1.47	1.42	6.6	5.7	0.8
YNH PROPERTY BHD	1.81	Hold	1.85	2%	727.7	(51.2)	29.8	18.8	0.83	0.82	0.7	1.1	0.0
GLOMAC BHD	0.88	Hold	0.89	1%	638.0	(50.5)	8.0	7.1	0.65	0.61	4.8	5.0	1.5
ECO WORLD DEVELO	1.44	NR			3,404.5	(37.4)	62.6	24.0	0.95	0.92	-	-	2.5
<b>Average</b>						<b>(39.7)</b>	<b>17.9</b>	<b>11.7</b>	<b>1.02</b>	<b>0.96</b>	<b>4.5</b>	<b>3.6</b>	<b>1.5</b>

Source: HLIB



## Financial Projections for Matrix Concepts

### Income statement

FYE 31 Dec (RM m)	2013A	2014A	2015E	2016E	2017E
<b>Revenue</b>	<b>574</b>	<b>599</b>	<b>669</b>	<b>768</b>	<b>808</b>
Operating cost	-369	-352	-389	-453	-496
<b>EBITDA</b>	<b>206</b>	<b>247</b>	<b>279</b>	<b>314</b>	<b>312</b>
D&A	-3	-3	-4	-4	-3
Net Interest	2	0	-2	-1	-1
Associates	-	-	-	-	-
Jointly controlled entities	-	-	-	-	-
Exceptionals	-	-	-	-	-
<b>Pretax profit</b>	<b>205</b>	<b>245</b>	<b>274</b>	<b>309</b>	<b>307</b>
Taxation	(53)	(62)	(68)	(74)	(74)
Minority Interest	-	-	-	-	-
PATMI	152	182	205	235	234
<b>Core Earning</b>	<b>152</b>	<b>182</b>	<b>205</b>	<b>235</b>	<b>234</b>
Basic shares (m)	456	456	541	541	541
<b>Basic EPS (sen)</b>	<b>33.3</b>	<b>40.0</b>	<b>37.9</b>	<b>43.4</b>	<b>43.2</b>

### Balance sheet

FYE 31 Dec (RM m)	2013A	2014A	2015E	2016E	2017E
Fixed assets	80	192	188	185	181
Other long-term assets	22	7	7	7	7
Other short-term assets	0	0	0	0	0
<b>Working capital</b>	<b>425</b>	<b>411</b>	<b>460</b>	<b>527</b>	<b>555</b>
Receivables	147	135	151	173	183
Payables	277	274	306	351	370
Inventory	1	2	2	3	3
<b>Net cash / (debt)</b>	<b>50</b>	<b>19</b>	<b>91</b>	<b>158</b>	<b>270</b>
Cash	101	97	169	237	349
ST debt	40	50	50	50	50
LT debt	11	28	28	28	28
<b>Shareholders' funds</b>	<b>529</b>	<b>664</b>	<b>787</b>	<b>928</b>	<b>1,068</b>
Share capital	301	457	457	457	457
Reserves	228	207	330	471	611
Minorities	-	-	-	-	-
Other liabilities	47	-35	-41	-51	-54

### Summary Earnings Table

<b>Revenue</b>	574	599	669	768	808
EBITDA	206	247	279	314	312
Net profit	152	182	205	235	234
P/E (x)	7.4	6.2	6.5	5.7	5.7
BV / share	1.2	1.5	1.5	1.7	2.0
P/BV (x)	2.0	1.7	1.7	1.4	1.2
ROA (%)	43.3	42.1	39.7	38.9	32.3
ROE (%)	28.6	27.5	26.1	25.3	21.9

### Cashflow

FYE 31 Dec (RM m)	2013A	2014A	2015E	2016E	2017E
EBIT	203	244	276	311	308
D&A	3	3	4	4	3
Working capital changes	(120)	(56)	(54)	(77)	(32)
Taxation	(53)	(62)	(68)	(74)	(74)
Others	4	8	(3)	(3)	(3)
<b>Operating cashflow</b>	<b>40</b>	<b>136</b>	<b>153</b>	<b>160</b>	<b>203</b>
Capex & acquisitions	-69	-116	0	0	0
<b>Free cashflow</b>	<b>-30</b>	<b>20</b>	<b>153</b>	<b>160</b>	<b>203</b>
Others	-15	17	1	2	3
<b>Investing cashflow</b>	<b>-84</b>	<b>-100</b>	<b>1</b>	<b>2</b>	<b>3</b>
Equity Raised	140	10	0	0	0
Others	0	0	0	0	0
Net Borrowing	-3	21	0	0	0
<b>Financing cashflow</b>	<b>83</b>	<b>-47</b>	<b>-82</b>	<b>-94</b>	<b>-93</b>
<b>Net cashflow</b>	<b>38</b>	<b>(10)</b>	<b>72</b>	<b>68</b>	<b>112</b>

### Valuation ratios

Net DPS (sen)	0.00	0.00	0.00	1.00	1.00
FCF/ share (sen)	-6.49	4.35	28.28	29.47	37.48
FCF yield (%)	-2.6%	1.8%	11.5%	12.0%	15.2%
Market capitalization (m)	1,121	1,121	1,121	1,121	1,121
Net cash (m)	50	19	91	158	270
Enterprise value	1,071	1,103	1,030	963	851
EV/ EBITDA (x)	5.2	4.5	3.7	3.1	2.7

### Growth margins ratios

Growth (%)					
Sales Growth		4.3	11.7	14.8	5.3
Operating expenses		-4.5	10.7	16.4	9.5
EBITDA Growth		20.2	13.1	12.5	-0.8
PBT Growth		19.3	11.9	13.0	-0.6
PATMI		20.2	12.7	14.5	-0.6
Basic EPS Growth		20.2	-5.1	14.5	-0.6

### Margins (%)

EBITDA Margin	35.8	41.2	41.8	40.9	38.6
PBT Margin	35.7	40.8	40.9	40.3	38.0
PATMI	26.4	30.4	30.7	30.6	28.9

## Financial Projections for IOI Prop

### Income statement

FYE 30 June (RM m)	2013A	2014A	2015A	2016E	2017E
Revenue	1,151	1,454	1,906	2,635	3,587
Operating cost	-508	-371	-901	-1,818	-2,519
<b>EBITDA</b>	<b>644</b>	<b>1,083</b>	<b>1,006</b>	<b>817</b>	<b>1,068</b>
D&A	-6	-14	0	0	0
Net Interest	1	-12	51	-66	-83
Associates	103	64	74	-	16
Jointly controlled entities	-	-	-	-	-
Exceptionals	-	-	-	-	-
<b>Pretax profit</b>	<b>742</b>	<b>1,120</b>	<b>1,130</b>	<b>752</b>	<b>1,001</b>
Taxation	(167)	(217)	(230)	(188)	(250)
Minority Interest	20	14	10	10	10
PATAMI	494	380	487	554	741
<b>Core Earning</b>	<b>494</b>	<b>380</b>	<b>487</b>	<b>554</b>	<b>741</b>
Basic shares (m)	2,791	2,791	3,779	3,779	3,779
<b>Basic EPS (sen)</b>	<b>17.7</b>	<b>13.6</b>	<b>12.9</b>	<b>14.7</b>	<b>19.6</b>

### Balance sheet

FYE 30 June (RM m)	2013A	2014A	2015A	2016E	2017E
Fixed assets	3,410	6,825	7,402	7,902	8,402
Other long-term assets	2,395	4,088	4,457	4,457	4,473
Other short-term assets	94	94	94	94	94
<b>Working capital</b>	<b>877</b>	<b>1,724</b>	<b>2,871</b>	<b>3,125</b>	<b>4,253</b>
Receivables	416	492	907	892	1,214
Payables	341	1,041	1,662	1,886	2,567
Inventory	120	192	302	347	472
<b>Net cash / (debt)</b>	<b>-186</b>	<b>-1,664</b>	<b>-1,596</b>	<b>-1,277</b>	<b>-2,416</b>
Cash	317	393	1,203	1,522	383
ST debt	0	750	560	560	560
LT debt	502	1,307	2,239	2,239	2,239
<b>Shareholders' funds</b>	<b>5,678</b>	<b>11,301</b>	<b>13,538</b>	<b>13,936</b>	<b>14,465</b>
Share capital	406	3,239	3,779	3,779	3,779
Reserves	5,171	7,964	9,648	10,036	10,555
Minorities	100	99	111	121	131
Other liabilities	913	-235	-309	366	343

### Summary Earnings Table

Revenue	1,151	1,454	1,906	2,635	3,587
EBITDA	644	1,083	1,006	817	1,068
Net profit	494	380	487	554	741
P/E (x)	12.5	16.2	17.2	15.1	11.3
BV / share	2.6	4.0	3.6	3.7	3.8
P/BV (x)	0.9	0.6	0.6	0.6	0.6
ROA (%)	7.3	3.1	3.4	3.6	4.9
ROE (%)	8.7	3.4	3.6	4.0	5.1

### Cashflow

FYE 30 June (RM m)	2013A	2014A	2015A	2016E	2017E
EBIT	638	1,069	1,006	817	1,068
D&A	6	14	-	-	-
Working capital changes	11	490	(759)	(285)	(1,151)
Taxation	(167)	(217)	(230)	(188)	(250)
Others	(43)	(472)	(530)	(106)	(106)
<b>Operating cashflow</b>	<b>448</b>	<b>852</b>	<b>334</b>	<b>238</b>	<b>-440</b>
Capex & acquisitions	-1,538	-1,318	-921	-500	-500
<b>Free cashflow</b>	<b>-1,091</b>	<b>-467</b>	<b>-587</b>	<b>-262</b>	<b>-940</b>
Others	-324	-272	509	41	24
<b>Investing cashflow</b>	<b>-1862</b>	<b>-1590</b>	<b>-412</b>	<b>-459</b>	<b>-476</b>
Equity Raised	0	0	1,025	0	0
Others	0	0	0	0	0
Net Borrowing	0	1,543	695	0	0
<b>Financing cashflow</b>	<b>1,216</b>	<b>979</b>	<b>1,344</b>	<b>-166</b>	<b>-222</b>
<b>Net cashflow</b>	<b>(199)</b>	<b>240</b>	<b>1,266</b>	<b>(387)</b>	<b>(1,139)</b>

### Valuation ratios

Net DPS (sen)	0.00	0.00	0.00	1.00	1.00
FCF / share (sen)	-39.08	-16.72	-15.53	-6.94	-24.88
FCF yield (%)	-17.7%	-7.6%	-7.0%	-3.1%	-11.3%
Market capitalization (m)	6,168	6,168	6,168	6,168	6,168
Net cash (m)	-186	-1,664	-1,596	-1,277	-2,416
Enterprise value	6,354	7,832	7,764	7,445	8,584
EV / EBITDA (x)	9.9	7.2	7.7	9.1	8.0

### Growth margins ratios

Growth (%)					
Sales Growth		26.3	31.1	38.2	36.1
Operating expenses		-26.8	142.4	101.9	38.6
EBITDA Growth		68.3	-7.1	-18.7	30.6
PBT Growth		51.1	0.9	-33.5	33.2
PATMI		-23.0	28.0	13.8	33.8
Basic EPS Growth		-23.0	-5.4	13.8	33.8

### Margins (%)

EBITDA Margin	55.9	74.5	52.8	31.0	29.8
PBT Margin	64.4	77.0	59.3	28.5	27.9
PATMI	42.9	26.1	25.5	21.0	20.7

## Financial Projections for Tambun Indah

### Income statement

FYE 31 Dec (RM m)	2013A	2014A	2015E	2016E	2017E
<b>Revenue</b>	<b>376</b>	<b>467</b>	<b>420</b>	<b>363</b>	<b>404</b>
Operating cost	-260	-327	-285	-246	-274
<b>EBITDA</b>	<b>116</b>	<b>140</b>	<b>135</b>	<b>117</b>	<b>130</b>
D&A	0	-1	-1	-1	-1
Net Interest	0	-2	-5	-4	-4
Associates	2	1	1	1	1
Jointly controlled entities	-	-	-	-	-
Exceptionals	-	-	-	-	-
<b>Pretax profit</b>	<b>118</b>	<b>138</b>	<b>130</b>	<b>113</b>	<b>126</b>
Taxation	(30)	(35)	(33)	(28)	(32)
Minority Interest	23	1	1	1	1
PATMI	65	102	97	84	94
<b>Core Earning</b>	<b>65</b>	<b>102</b>	<b>97</b>	<b>84</b>	<b>94</b>
Basic shares (m)	405	405	421	421	421
<b>Basic EPS (sen)</b>	<b>16.0</b>	<b>25.2</b>	<b>22.9</b>	<b>19.9</b>	<b>22.2</b>

### Balance sheet

FYE 31 Dec (RM m)	2013A	2014A	2015E	2016E	2017E
Fixed assets	146	298	83	83	83
Other long-term assets	11	27	29	30	31
Other short-term assets	5	5	5	5	5
<b>Working capital</b>	<b>168</b>	<b>224</b>	<b>202</b>	<b>174</b>	<b>194</b>
Receivables	87	118	106	92	102
Payables	81	104	94	81	90
Inventory	0	2	2	2	2
<b>Net cash / (debt)</b>	<b>13</b>	<b>-38</b>	<b>74</b>	<b>161</b>	<b>190</b>
Cash	111	115	226	314	343
ST debt	25	35	35	35	35
LT debt	73	118	118	118	118
<b>Shareholders' funds</b>	<b>314</b>	<b>399</b>	<b>459</b>	<b>510</b>	<b>567</b>
Share capital	197	210	210	210	210
Reserves	113	187	245	295	351
Minorities	4	2	4	5	6
Other liabilities	30	118	-66	-56	-63

### Summary Earnings Table

<b>Revenue</b>	376	467	420	363	404
EBITDA	116	140	135	117	130
Net profit	65	102	97	84	94
P/E (x)	8.7	5.6	6.1	7.0	6.3
BV / share	0.9	1.0	1.1	1.2	1.3
P/BV (x)	1.5	1.4	1.3	1.2	1.1
ROA (%)	18.0	18.0	21.4	15.9	16.5
ROE (%)	20.7	25.6	21.1	16.4	16.5

### Cashflow

FYE 31 Dec (RM m)	2013A	2014A	2015E	2016E	2017E
EBIT	116	139	134	116	129
D&A	0	1	1	1	1
Working capital changes	(27)	(99)	30	37	(27)
Taxation	(30)	(35)	(33)	(28)	(32)
Others	1	3	(7)	(7)	(7)
<b>Operating cashflow</b>	<b>54</b>	<b>-5</b>	<b>126</b>	<b>119</b>	<b>65</b>
Capex & acquisitions	0	0	-1	-1	-1
<b>Free cashflow</b>	<b>54</b>	<b>-6</b>	<b>125</b>	<b>118</b>	<b>64</b>
Others	-26	-12	2	3	3
<b>Investing cashflow</b>	<b>-26</b>	<b>-13</b>	<b>1</b>	<b>2</b>	<b>2</b>
Equity Raised	27	0	0	0	0
Others	0	0	0	0	0
Net Borrowing	14	55	0	0	0
<b>Financing cashflow</b>	<b>-4</b>	<b>36</b>	<b>-39</b>	<b>-33</b>	<b>-37</b>
<b>Net cashflow</b>	<b>24</b>	<b>18</b>	<b>88</b>	<b>87</b>	<b>30</b>

### Valuation ratios

Net DPS (sen)	6.60	9.70	9.18	7.95	8.89
FCF/ share (sen)	13.24	-1.48	29.73	28.03	15.22
FCF yield (%)	9.5%	-1.1%	21.2%	20.0%	10.9%
Market capitalization (m)	567	567	567	567	567
Net cash (m)	13	-38	74	161	190
Enterprise value	554	605	494	407	377
EV/ EBITDA (x)	4.8	4.3	3.7	3.5	2.9

### Growth margins ratios

Growth (%)					
Sales Growth	26.9	24.0	-10.0	-13.6	11.3
Operating expenses	19.8	25.6	-12.8	-13.6	11.3
EBITDA Growth	46.0	20.5	-3.5	-13.5	11.2
PBT Growth	49.0	17.4	-5.6	-13.2	11.7
PATMI	59.2	57.2	-5.4	-13.4	11.9
Basic EPS Growth	59.2	57.2	-8.9	-13.4	11.9

### Margins (%)

EBITDA Margin	30.9	30.0	32.1	32.2	32.1
PBT Margin	31.3	29.6	31.0	31.2	31.3
PATMI	17.3	21.9	23.0	23.0	23.2

## Financial Projections for YNH

### Income statement

FYE 30 June (RM m)	2013A	2014A	2015E	2016E	2017E
<b>Revenue</b>	<b>303</b>	<b>391</b>	<b>288</b>	<b>413</b>	<b>517</b>
Operating cost	-217	-287	-219	-324	-373
<b>EBITDA</b>	<b>86</b>	<b>103</b>	<b>69</b>	<b>89</b>	<b>144</b>
D&A	-3	-3	-3	-3	-3
Net Interest	-23	-31	-30	-29	-30
Associates	-	-	-	-	-
Jointly controlled entities	-	-	-	-	-
Exceptionals	-	-	-	-	-
<b>Pretax profit</b>	<b>61</b>	<b>70</b>	<b>37</b>	<b>57</b>	<b>110</b>
Taxation	(18)	(23)	(12)	(18)	(34)
Minority Interest	-	-	-	-	-
PATAMI	43	73	25	40	76
<b>Core Earning</b>	<b>43</b>	<b>73</b>	<b>25</b>	<b>40</b>	<b>76</b>
Basic shares (m)	412	412	411	411	411
<b>Basic EPS (sen)</b>	<b>10.4</b>	<b>17.8</b>	<b>6.1</b>	<b>9.6</b>	<b>18.6</b>

### Balance sheet

FYE 30 June (RM m)	2013A	2014A	2015E	2016E	2017E
Fixed assets	567	621	618	615	612
Other long-term assets	329	307	307	307	307
Other short-term assets	6	6	6	6	6
<b>Working capital</b>	<b>444</b>	<b>510</b>	<b>355</b>	<b>509</b>	<b>637</b>
Receivables	108	136	79	113	142
Payables	104	90	66	95	119
Inventory	231	285	210	301	377
<b>Net cash / (debt)</b>	<b>-561</b>	<b>-653</b>	<b>-445</b>	<b>-600</b>	<b>-694</b>
Cash	21	22	229	74	-20
ST debt	361	460	460	460	460
LT debt	221	214	214	214	214
<b>Shareholders' funds</b>	<b>868</b>	<b>875</b>	<b>895</b>	<b>926</b>	<b>987</b>
Share capital	426	441	441	441	441
Reserves	442	433	453	485	546
Minorities	-	-	-	-	-
Other liabilities	-83	-82	-53	-89	-119

### Summary Earnings Table

<b>Revenue</b>	303	391	288	413	517
EBITDA	86	103	69	89	144
Net profit	43	73	25	40	76
P/E (x)	17.6	10.2	29.9	18.9	9.8
BV / share	2.0	2.1	2.2	2.3	2.4
P/BV (x)	0.9	0.9	0.8	0.8	0.8
ROA (%)	3.4	5.3	1.7	2.8	5.3
ROE (%)	4.9	8.4	2.8	4.3	7.7

### Cashflow

FYE 30 June (RM m)	2013A	2014A	2015E	2016E	2017E
EBIT	83	101	66	86	141
D&A	3	3	3	3	3
Working capital changes	(48)	(31)	184	(190)	(158)
Taxation	(18)	(23)	(12)	(18)	(34)
Others	(29)	(4)	(34)	(34)	(34)
<b>Operating cashflow</b>	<b>-11</b>	<b>48</b>	<b>208</b>	<b>-152</b>	<b>-82</b>
Capex & acquisitions	-117	-98	0	0	0
<b>Free cashflow</b>	<b>-129</b>	<b>-50</b>	<b>208</b>	<b>-152</b>	<b>-82</b>
Others	-53	0	4	5	3
<b>Investing cashflow</b>	<b>-170</b>	<b>-98</b>	<b>4</b>	<b>5</b>	<b>3</b>
Equity Raised	18	21	0	0	0
Others	0	0	0	0	0
Net Borrowing	120	116	0	0	0
<b>Financing cashflow</b>	<b>113</b>	<b>75</b>	<b>-5</b>	<b>-8</b>	<b>-15</b>
<b>Net cashflow</b>	<b>(69)</b>	<b>25</b>	<b>207</b>	<b>(155)</b>	<b>(94)</b>

### Valuation ratios

Net DPS (sen)	0.00	0.00	0.00	1.00	1.00
FCF/ share (sen)	-31.20	-12.09	50.67	-36.98	-20.03
FCF yield (%)	-17.1%	-6.6%	27.8%	-20.3%	-11.0%
Market capitalization (m)	750	750	750	750	750
Net cash (m)	-561	-653	-445	-600	-694
Enterprise value	1,311	1,403	1,196	1,350	1,445
EV/ EBITDA (x)	15.2	13.6	17.2	15.1	10.1

### Growth margins ratios

Growth (%)					
Sales Growth		28.8	-26.2	43.2	25.2
Operating expenses		32.5	-23.7	47.9	15.2
EBITDA Growth		19.7	-32.9	28.5	61.2
PBT Growth		15.5	-47.5	56.3	92.4
PATMI		72.0	-66.0	58.6	92.4
Basic EPS Growth		72.0	-65.9	58.6	92.4

### Margins (%)

EBITDA Margin	28.5	26.5	24.1	21.6	27.8
PBT Margin	20.0	17.9	12.7	13.9	21.4
PATMI	14.1	18.8	8.7	9.6	14.7

## Financial Projections for Glomac

### Income statement

FYE 30 Apr (RM m)	2014A	2015A	2016E	2017E	2018E
Revenue	677	472	588	585	672
Operating cost	-526	-324	-462	-452	-515
<b>EBITDA</b>	<b>151</b>	<b>148</b>	<b>126</b>	<b>133</b>	<b>156</b>
D&A	-4	-4	0	0	0
Net Interest	-7	-6	-8	-6	-6
Associates	17	6	6	6	6
Jointly controlled entities	-	-	-	-	-
Exceptionals	-	-	-	-	-
<b>Pretax profit</b>	<b>157</b>	<b>144</b>	<b>124</b>	<b>133</b>	<b>156</b>
Taxation	(44)	(49)	(31)	(33)	(39)
Minority Interest	5	8	8	8	-
PATMI	108	67	85	91	117
<b>Core Earning</b>	<b>108</b>	<b>67</b>	<b>85</b>	<b>91</b>	<b>117</b>
Basic shares (m)	724	724	721	721	721
<b>Basic EPS (sen)</b>	<b>15.0</b>	<b>9.3</b>	<b>11.8</b>	<b>12.7</b>	<b>16.2</b>

### Balance sheet

FYE 30 Apr (RM m)	2014A	2015A	2016E	2017E	2018E
Fixed assets	639	920	920	940	960
Other long-term assets	84	75	80	86	91
Other short-term assets	9	9	9	9	9
<b>Working capital</b>	<b>429</b>	<b>446</b>	<b>484</b>	<b>482</b>	<b>553</b>
Receivables	181	187	161	160	184
Payables	159	157	195	194	223
Inventory	90	103	128	127	146
<b>Net cash / (debt)</b>	<b>-199</b>	<b>-357</b>	<b>-300</b>	<b>-257</b>	<b>-250</b>
Cash	333	275	332	374	381
ST debt	218	208	208	208	208
LT debt	314	424	424	424	424
<b>Shareholders' funds</b>	<b>936</b>	<b>996</b>	<b>1,059</b>	<b>1,126</b>	<b>1,201</b>
Share capital	364	364	364	364	364
Reserves	523	575	630	689	764
Minorities	49	58	66	74	74
Other liabilities	26	97	135	134	162

### Summary Earnings Table

Revenue	677	472	588	585	672
EBITDA	151	148	126	133	156
Net profit	108	67	85	91	117
P/E (x)	5.9	9.5	7.4	6.9	5.4
BV / share	1.2	1.3	1.4	1.5	1.6
P/BV (x)	0.7	0.7	0.6	0.6	0.6
ROA (%)	8.1	4.3	5.2	5.4	6.6
ROE (%)	11.6	6.7	8.1	8.1	9.7

### Cashflow

FYE 30 Apr (RM m)	2014A	2015A	2016E	2016E	2017E
EBIT	147	145	126	133	156
D&A	4	4	-	-	-
Working capital changes	(97)	(185)	(0)	1	(43)
Taxation	(44)	(49)	(31)	(33)	(39)
Others	11	(26)	(15)	(15)	(15)
<b>Operating cashflow</b>	<b>13</b>	<b>-113</b>	<b>80</b>	<b>86</b>	<b>59</b>
Capex & acquisitions	-1	-24	0	-20	-20
<b>Free cashflow</b>	<b>12</b>	<b>-137</b>	<b>80</b>	<b>66</b>	<b>39</b>
Others	8	22	8	9	9
<b>Investing cashflow</b>	<b>7</b>	<b>-1</b>	<b>8</b>	<b>-11</b>	<b>-11</b>
Equity Raised	0	0	0	0	0
Others	0	0	0	0	0
Net Borrowing	21	101	0	0	0
<b>Financing cashflow</b>	<b>8</b>	<b>55</b>	<b>-30</b>	<b>-32</b>	<b>-41</b>
<b>Net cashflow</b>	<b>28</b>	<b>(60)</b>	<b>57</b>	<b>43</b>	<b>6</b>

### Valuation ratios

Net DPS (sen)	0.00	0.00	0.00	1.00	1.00
FCF/ share (sen)	1.67	-18.93	11.03	9.19	5.38
FCF yield (%)	1.9%	-21.5%	12.5%	10.4%	6.1%
Market capitalization (m)	637	637	637	637	637
Net cash (m)	-199	-357	-300	-257	-250
Enterprise value	836	994	937	894	888
EV/ EBITDA (x)	5.5	6.7	7.4	6.7	5.7

### Growth margins ratios

Growth (%)					
Sales Growth		-30.2	24.5	-0.5	14.8
Operating expenses		-38.4	42.4	-2.1	14.1
EBITDA Growth		-1.9	-14.6	5.5	17.3
PBT Growth		-8.6	-13.4	6.6	17.4
PATMI		-38.2	27.2	7.2	27.7
Basic EPS Growth		-38.2	27.9	7.2	27.7

### Margins (%)

EBITDA Margin	22.3	31.4	21.5	22.8	23.3
PBT Margin	23.2	30.4	21.2	22.7	23.2
PATMI	16.0	14.2	14.5	15.6	17.4

## Financial Projections for Spsetia

### Income statement

FYE 31 Dec (RM m)	2013#	2014#	2015*	2016E	2017E
<b>Revenue</b>	<b>3,261</b>	<b>3,810</b>	<b>6,017</b>	<b>4,464</b>	<b>3,845</b>
Operating cost	-2,518	-2,961	-4,612	-3,407	-2,941
<b>EBITDA</b>	<b>744</b>	<b>849</b>	<b>1,405</b>	<b>1,057</b>	<b>904</b>
D&A	-21	-28	-46	-77	-101
Net Interest	-35	-20	-30	-20	-11
Associates	(30)	(78)	(90)	157	236
Jointly controlled entities	-	-	-	-	-
Exceptionals	-	-	-	-	-
<b>Pretax profit</b>	<b>658</b>	<b>722</b>	<b>1,238</b>	<b>1,118</b>	<b>1,028</b>
Taxation	(174)	(206)	(359)	(313)	(288)
Minority Interest	66	79	79	79	79
PATAMI	418	406	768	694	629
<b>Core Earning</b>	<b>418</b>	<b>406</b>	<b>768</b>	<b>694</b>	<b>629</b>
Basic shares (m)	2,489	2,489	2,539	2,539	2,539
<b>Basic EPS (sen)</b>	<b>16.8</b>	<b>16.3</b>	<b>30.3</b>	<b>27.3</b>	<b>24.8</b>

### Balance sheet

FYE 31 Dec (RM m)	2013#	2014#	2015*	2016E	2017E
Fixed assets	5,357	5,479	989	1,112	1,211
Other long-term assets	715	939	849	1,006	1,242
Other short-term assets	76	76	76	76	76
<b>Working capital</b>	<b>3,106</b>	<b>2,729</b>	<b>4,310</b>	<b>3,198</b>	<b>2,754</b>
Receivables	922	759	1,198	889	766
Payables	2,160	1,924	3,039	2,255	1,942
Inventory	24	46	73	54	46
<b>Net cash / (debt)</b>	<b>-1,808</b>	<b>-1,907</b>	<b>-3,015</b>	<b>-672</b>	<b>317</b>
Cash	2,171	2,412	1,304	3,647	4,636
ST debt	642	931	931	931	931
LT debt	3,336	3,388	3,388	3,388	3,388
<b>Shareholders' funds</b>	<b>5,731</b>	<b>6,792</b>	<b>7,364</b>	<b>7,891</b>	<b>8,380</b>
Share capital	1,844	1,904	1,904	1,904	1,904
Reserves	3,632	3,955	4,416	4,832	5,210
Minorities	255	310	389	468	547
Other liabilities	1,715	524	-4,156	-3,172	-2,779

### Summary Earnings Table

Revenue	3,261	3,810	6,017	4,464	3,845
EBITDA	744	849	1,405	1,057	904
Net profit	418	406	768	694	629
P/E (x)	19.0	19.6	10.6	11.7	12.9
BV / share	2.3	2.4	2.5	2.7	2.8
P/BV (x)	1.4	1.4	1.3	1.2	1.1
ROA (%)	4.5	4.2	17.1	10.2	7.9
ROE (%)	7.3	6.0	10.4	8.8	7.5

# Financial year end Oct

\*14M of financial result.

### Cashflow

FYE 31 Dec (RM m)	2013#	2014#	2015*	2016E	2017E
EBIT	723	821	1,359	981	803
D&A	21	28	46	77	101
Working capital changes	481	100	(1,617)	2,096	836
Taxation	(174)	(206)	(359)	(313)	(288)
Others	(163)	(238)	(62)	(62)	(62)
<b>Operating cashflow</b>	<b>799</b>	<b>448</b>	<b>-633</b>	<b>2,778</b>	<b>1,390</b>
Capex & acquisitions	-1,618	-674	-200	-200	-200
<b>Free cashflow</b>	<b>-819</b>	<b>-226</b>	<b>-833</b>	<b>2,578</b>	<b>1,190</b>
Others	-107	-418	32	43	51
<b>Investing cashflow</b>	<b>-1724</b>	<b>-1092</b>	<b>-168</b>	<b>-157</b>	<b>-149</b>
Equity Raised	1,339	0	0	0	0
Others	0	0	0	0	0
Net Borrowing	556	945	0	0	0
<b>Financing cashflow</b>	<b>1,656</b>	<b>885</b>	<b>-307</b>	<b>-278</b>	<b>-252</b>
<b>Net cashflow</b>	<b>730</b>	<b>242</b>	<b>(1,108)</b>	<b>2,343</b>	<b>989</b>

### Valuation ratios

Net DPS (sen)	0.00	0.00	0.00	1.00	1.00
FCF/ share (sen)	-32.90	-9.07	-32.83	101.55	46.86
FCF yield (%)	-10.3%	-2.8%	-10.3%	31.7%	14.6%
Market capitalization (m)	7,965	7,965	7,965	7,965	7,965
Net cash (m)	-1,808	-1,907	-3,015	-672	317
Enterprise value	9,773	9,872	10,980	8,637	7,648
EV/ EBITDA (x)	13.1	11.6	7.8	8.2	8.5

### Growth margins ratios

Growth (%)					
Sales Growth		16.8	57.9	-25.8	-13.9
Operating expenses		17.6	55.7	-26.1	-13.7
EBITDA Growth		14.2	65.5	-24.7	-14.5
PBT Growth		9.7	71.4	-9.7	-8.1
PATMI		-3.0	89.4	-9.6	-9.4
Basic EPS Growth		-3.0	85.7	-9.6	-9.4

### Margins (%)

EBITDA Margin	22.8	22.3	23.4	23.7	23.5
PBT Margin	20.2	19.0	20.6	25.1	26.7
PATMI	12.8	10.6	12.8	15.6	16.4

## Financial Projections for UEMSunrise

### Income statement

FYE 31 Oct (RM m)	2013A	2014A	2015E	2016E	2017E
<b>Revenue</b>	<b>2,425</b>	<b>2,662</b>	<b>1,427</b>	<b>2,551</b>	<b>3,744</b>
Operating cost	-1,836	-2,143	-1,198	-2,139	-3,129
<b>EBITDA</b>	<b>590</b>	<b>519</b>	<b>228</b>	<b>412</b>	<b>614</b>
D&A	-20	-21	0	0	0
Net Interest	-11	-23	8	28	7
Associates	<b>128</b>	<b>134</b>	<b>70</b>	<b>49</b>	<b>73</b>
Jointly controlled entities	-	-	-	-	-
Exceptionals	-	-	-	-	-
<b>Pretax profit</b>	<b>686</b>	<b>609</b>	<b>306</b>	<b>489</b>	<b>695</b>
Taxation	(100)	(120)	(65)	(104)	(148)
Minority Interest	(0)	(0)	(0)	(17)	(28)
PATAMI	<b>579</b>	<b>480</b>	<b>241</b>	<b>402</b>	<b>575</b>
<b>Core Earning</b>	<b>579</b>	<b>480</b>	<b>241</b>	<b>402</b>	<b>575</b>
Basic shares (m)	4,537	4,537	4,537	4,537	4,537
<b>Basic EPS (sen)</b>	<b>12.8</b>	<b>10.6</b>	<b>5.3</b>	<b>8.8</b>	<b>12.7</b>

### Balance sheet

FYE 31 Oct (RM m)	2013A	2014A	2015E	2016E	2017E
Fixed assets	3,555	3,420	788	788	788
Other long-term assets	1,011	1,369	1,439	1,488	1,561
Other short-term assets	0	0	0	0	0
<b>Working capital</b>	<b>2,537</b>	<b>3,523</b>	<b>1,509</b>	<b>2,698</b>	<b>3,960</b>
Receivables	1,806	2,762	1,063	1,900	2,788
Payables	624	585	352	629	923
Inventory	106	177	95	169	248
<b>Net cash / (debt)</b>	<b>-578</b>	<b>-1,619</b>	<b>2,284</b>	<b>325</b>	<b>-1,682</b>
Cash	1,362	739	4,642	2,683	676
ST debt	218	238	238	238	238
LT debt	1,722	2,120	2,120	2,120	2,120
<b>Shareholders' funds</b>	<b>6,470</b>	<b>6,819</b>	<b>6,987</b>	<b>7,251</b>	<b>7,626</b>
Share capital	2,269	2,269	2,269	2,269	2,269
Reserves	3,750	4,064	4,233	4,514	4,917
Minorities	<b>451</b>	<b>486</b>	<b>485</b>	<b>469</b>	<b>440</b>
Other liabilities	55	-125	-967	-1,952	-2,998

### Summary Earnings Table

<b>Revenue</b>	2,425	2,662	1,427	2,551	3,744
EBITDA	590	519	228	412	614
Net profit	579	480	241	402	575
P/E (x)	8.9	10.8	21.4	12.9	9.0
BV / share	1.4	1.4	1.4	1.5	1.6
P/BV (x)	0.8	0.8	0.8	0.8	0.7
ROA (%)	7.4	5.7	3.0	5.7	9.5
ROE (%)	9.0	7.0	3.5	5.5	7.5

### Cashflow

FYE 31 Oct (RM m)	2013A	2014A	2015E	2016E	2017E
EBIT	569	498	228	412	614
D&A	20	21	-	-	-
Working capital changes	-	(1,357)	3,804	(2,174)	(2,308)
Taxation	(100)	(120)	(65)	(104)	(148)
Others	187	945	(50)	(50)	(50)
<b>Operating cashflow</b>	<b>601</b>	<b>-103</b>	<b>3,917</b>	<b>-1,917</b>	<b>-1,891</b>
Capex & acquisitions	-234	-327	0	0	0
<b>Free cashflow</b>	<b>367</b>	<b>-430</b>	<b>3,917</b>	<b>-1,917</b>	<b>-1,891</b>
Others	123	-344	58	79	57
<b>Investing cashflow</b>	<b>-111</b>	<b>-671</b>	<b>58</b>	<b>79</b>	<b>57</b>
Equity Raised	0	0	0	0	0
Others	0	0	0	0	0
Net Borrowing	-6	416	0	0	0
<b>Financing cashflow</b>	<b>-169</b>	<b>152</b>	<b>-72</b>	<b>-120</b>	<b>-173</b>
<b>Net cashflow</b>	<b>321</b>	<b>(621)</b>	<b>3,902</b>	<b>(1,959)</b>	<b>(2,007)</b>

### Valuation ratios

Net DPS (sen)	0.00	0.00	0.00	1.00	1.00
FCF/ share (sen)	8.08	-9.47	86.33	-42.25	-41.68
FCF yield (%)	7.1%	-8.3%	75.7%	-37.1%	-36.6%
Market capitalization (m)	5,173	5,173	5,173	5,173	5,173
Net cash (m)	-578	-1,619	2,284	325	-1,682
Enterprise value	5,751	6,791	2,889	4,848	6,854
EV/ EBITDA (x)	9.8	13.1	12.7	11.8	11.2

### Growth margins ratios

Growth (%)					
Sales Growth		9.7	-46.4	78.8	46.8
Operating expenses		16.7	-44.1	78.5	46.3
EBITDA Growth		-12.1	-56.0	80.2	49.3
PBT Growth		-11.2	-49.8	59.8	42.1
PATMI		-17.1	-49.7	66.4	43.3
Basic EPS Growth		-17.1	-49.7	66.4	43.3

### Margins (%)

EBITDA Margin	24.3	19.5	16.0	16.1	16.4
PBT Margin	28.3	22.9	21.4	19.2	18.6
PATMI	23.9	18.0	16.9	15.7	15.4

## Financial Projections for MahSing

### Income statement

FYE 31 Oct (RM m)	2013A	2014A	2015E	2016E	2017E
<b>Revenue</b>	<b>2,006</b>	<b>2,905</b>	<b>3,336</b>	<b>3,676</b>	<b>4,375</b>
Operating cost	-1,620	-2,434	-2,792	-3,076	-3,650
<b>EBITDA</b>	<b>385</b>	<b>471</b>	<b>545</b>	<b>600</b>	<b>725</b>
D&A	-16	-17	-19	-23	-27
Net Interest	3	2	4	8	6
Associates	-	-	-	-	-
Jointly controlled entities	-	-	-	-	-
Exceptionals	-	-	-	-	-
<b>Pretax profit</b>	<b>372</b>	<b>455</b>	<b>530</b>	<b>584</b>	<b>704</b>
Taxation	(92)	(117)	(137)	(151)	(182)
Minority Interest	(1)	(2)	(2)	(2)	(2)
PATAMI	281	339	367	398	487
<b>Core Earning</b>	<b>281</b>	<b>339</b>	<b>367</b>	<b>398</b>	<b>487</b>
Basic shares (m)	1,447	1,447	2,401	2,401	2,401
<b>Basic EPS (sen)</b>	<b>19.4</b>	<b>23.4</b>	<b>15.3</b>	<b>16.6</b>	<b>20.3</b>

### Balance sheet

FYE 31 Oct (RM m)	2013A	2014A	2015E	2016E	2017E
Fixed assets	744	1,159	262	289	313
Other long-term assets	83	75	75	75	75
Other short-term assets	2	2	2	2	2
<b>Working capital</b>	<b>2,028</b>	<b>2,482</b>	<b>2,850</b>	<b>3,140</b>	<b>3,738</b>
Receivables	582	818	940	1,036	1,233
Payables	1,370	1,508	1,733	1,909	2,272
Inventory	76	155	178	196	233
<b>Net cash / (debt)</b>	<b>-18</b>	<b>-520</b>	<b>410</b>	<b>289</b>	<b>-128</b>
Cash	822	639	1,570	1,448	1,031
ST debt	84	69	69	69	69
LT debt	756	1,090	1,090	1,090	1,090
<b>Shareholders' funds</b>	<b>1,963</b>	<b>2,278</b>	<b>3,662</b>	<b>3,899</b>	<b>4,190</b>
Share capital	707	738	960	960	960
Reserves	1,245	1,531	2,154	2,393	2,685
Minorities	11	10	8	7	5
Other liabilities	875	920	-61	-103	-190

### Summary Earnings Table

<b>Revenue</b>	2,006	2,905	3,336	3,676	4,375
EBITDA	385	471	545	600	725
Net profit	281	339	367	398	487
P/E (x)	7.2	6.0	9.2	8.4	6.9
BV / share	1.5	1.6	1.3	1.4	1.5
P/BV (x)	0.9	0.9	1.1	1.0	0.9
ROA (%)	12.2	11.9	12.1	13.1	16.9
ROE (%)	14.3	14.9	10.0	10.2	11.6

### Cashflow

FYE 31 Oct (RM m)	2013A	2014A	2015E	2016E	2017E
EBIT	369	453	526	577	698
D&A	16	17	19	23	27
Working capital changes	(81)	(40)	(422)	(333)	(684)
Taxation	(92)	(117)	(137)	(151)	(182)
Others	(2)	5	(33)	(42)	(42)
<b>Operating cashflow</b>	<b>178</b>	<b>316</b>	<b>-47</b>	<b>75</b>	<b>-183</b>
Capex & acquisitions	-561	-782	-50	-50	-50
<b>Free cashflow</b>	<b>-383</b>	<b>-465</b>	<b>-97</b>	<b>25</b>	<b>-233</b>
Others	1	6	9	13	11
<b>Investing cashflow</b>	<b>-560</b>	<b>-776</b>	<b>-41</b>	<b>-37</b>	<b>-39</b>
Equity Raised	526	91	625	0	0
Others	0	0	0	0	0
Net Borrowing	207	315	540	0	0
<b>Financing cashflow</b>	<b>646</b>	<b>265</b>	<b>1,018</b>	<b>-159</b>	<b>-195</b>
<b>Net cashflow</b>	<b>265</b>	<b>(195)</b>	<b>930</b>	<b>(122)</b>	<b>(416)</b>

### Valuation ratios

Net DPS (sen)	8.00	6.50	6.12	6.64	8.12
FCF/ share (sen)	-26.48	-32.17	-4.04	1.02	-9.69
FCF yield (%)	-18.9%	-23.0%	-2.9%	0.7%	-6.9%
Market capitalization (m)	2,026	2,026	2,026	2,026	2,026
Net cash (m)	-18	-520	410	289	-128
Enterprise value	2,044	2,546	1,615	1,737	2,153
EV/ EBITDA (x)	5.3	5.4	3.0	2.9	3.0

### Growth margins ratios

Growth (%)					
Sales Growth		44.8	14.9	10.2	19.0
Operating expenses		50.2	14.7	10.2	18.7
EBITDA Growth		22.2	15.7	10.1	20.8
PBT Growth		22.5	16.4	10.3	20.5
PATMI		20.9	8.2	8.5	22.3
Basic EPS Growth		20.9	-34.8	8.5	22.3

### Margins (%)

EBITDA Margin	19.2	16.2	16.3	16.3	16.6
PBT Margin	18.5	15.7	15.9	15.9	16.1
PATMI	14.0	11.7	11.0	10.8	11.1



## Financial Projections for Sunway

### Income Statement

FYE 31 Dec (RM m)	2012A	2013A	2014A	2015E	2016E
<b>Revenue</b>	<b>3,876.8</b>	<b>4,733.7</b>	<b>4,730.7</b>	<b>4,758.7</b>	<b>4,676.4</b>
EBITDA	594.5	1,960.5	723.0	748.4	779.1
D&A	(89.9)	(136.9)	(99.3)	(116.3)	(131.9)
<b>EBIT</b>	<b>504.5</b>	<b>1,823.6</b>	<b>623.6</b>	<b>632.0</b>	<b>647.2</b>
Interest Income	27.1	35.6	36.1	26.2	26.7
Finance Costs	(104.6)	(138.1)	(118.3)	(107.1)	(102.3)
Associates/JCE	301.2	172.5	178.7	190.9	207.9
<b>Profit Before Tax</b>	<b>728.2</b>	<b>1,893.6</b>	<b>720.2</b>	<b>742.1</b>	<b>779.5</b>
Tax	(128.5)	(120.9)	(134.9)	(137.2)	(142.7)
<b>Net Profit</b>	<b>599.7</b>	<b>1,772.7</b>	<b>585.3</b>	<b>604.8</b>	<b>636.8</b>
Minority Interests	(67.4)	(273.0)	(40.9)	(46.4)	(74.9)
<b>PATAMI</b>	<b>532.3</b>	<b>1,499.8</b>	<b>544.4</b>	<b>558.4</b>	<b>561.9</b>
Exceptionals	181.8	1,017.8	-	-	-
<b>Core Earnings</b>	<b>350.6</b>	<b>482.0</b>	<b>544.4</b>	<b>558.4</b>	<b>561.9</b>
Basic Shares (m)	1,292.5	1,723.4	1,723.4	1,723.4	1,723.4
Core EPS (sen)	27.1	28.0	31.6	32.4	32.6
FD Core EPS (sen)	22.6	24.0	27.0	27.7	24.4

### Quarterly Financial Summary

FYE 31 Dec (RM m)	2013Q4	2013Q1	2014Q2	2014Q3	2014Q4
Revenue	1,025.7	1,204.6	1,134.0	1,477.5	1,060.0
Expenses	(932.6)	(1,086.8)	(1,002.4)	(1,315.9)	(939.9)
Other Income	16.4	16.2	20.4	211.5	49.8
EBIT	109.6	134.0	151.9	373.2	169.9
Derivatives	(0.0)	0.2	(0.1)	(2.8)	(3.2)
Net Interest Expense	(7.8)	(10.2)	(5.1)	(7.2)	(11.4)
Associates & JCE	40.4	109.6	38.5	44.7	38.1
Profit Before Tax	142.2	233.6	185.2	407.8	193.5
Tax	(30.4)	(44.9)	(21.8)	(50.8)	(36.1)
Net Profit	111.8	188.7	163.4	357.0	157.4
Minority Interests	(7.8)	(6.2)	(19.7)	(44.0)	(10.9)
<b>PATAMI</b>	<b>104.0</b>	<b>182.5</b>	<b>143.7</b>	<b>313.0</b>	<b>146.5</b>
Exceptionals	31.3	(981.3)	6.3	(56.6)	5.6
<b>Core Earnings</b>	<b>124.4</b>	<b>157.5</b>	<b>110.3</b>	<b>126.0</b>	<b>149.3</b>
Core EPS (sen)	6.40	7.31	8.66	11.93	7.68
FD Core EPS (sen)	6.27	7.03	8.24	11.32	7.23
W. Ave. Shares (m)	1,723.5	1,723.7	1,724.0	1,727.9	1,733.2

### Balance Sheet

FYE 31 Dec (RM m)	2012A	2013A	2014A	2015E	2016E
Cash	1,140	1,519	890	858	921
Trade Receivables	1,404	1,405	1,166	1,173	1,153
Inventories	626	623	713	717	705
Development Costs	600	1,276	994	1,006	1,085
Associates/JCE	1,553	2,284	2,371	2,458	2,551
PPE	3,008	3,548	3,749	3,933	4,101
Goodwill	319	320	320	320	320
Others	95	137	130	130	130
<b>Total Assets</b>	<b>8,745</b>	<b>11,112</b>	<b>10,333</b>	<b>10,594</b>	<b>10,965</b>
Trade Payables	1,605	2,154	1,296	1,304	1,281
Total Debt	2,747	2,795	2,461	2,299	2,246
Others	524	511	511	511	511
<b>Total Liabilities</b>	<b>4,876</b>	<b>5,460</b>	<b>4,267</b>	<b>4,114</b>	<b>4,038</b>
Shareholders' Funds	3,558	5,335	5,707	6,076	6,448
Minority Interests	310	317	358	405	480
<b>Total Capital</b>	<b>3,868</b>	<b>5,652</b>	<b>6,065</b>	<b>6,480</b>	<b>6,928</b>

### Rates and Ratios

FYE 31 Dec (RM m)	2012A	2013A	2014A	2015E	2016E
Core PER (x)	11.3	10.9	9.7	9.4	9.4
FD Core PER (x)	13.5	12.8	11.3	11.0	12.5
Net DPS (sen)	6.0	10.0	11.0	11.0	12.0
Net DY (%)	2.0	3.3	3.6	3.6	3.9
BVPS (RM)	2.8	3.1	3.3	3.5	3.7
P/B (x)	1.1	1.0	0.9	0.9	0.8
NTA/Share (RM)	2.5	2.9	3.1	3.3	3.6
EBITDA Margin (%)	15.3	41.4	15.3	15.7	16.7
EBIT Margin (%)	13.0	38.5	13.2	13.3	13.8
PBT Margin (%)	26.6	43.6	19.0	19.6	21.1
PATAMI Margin (%)	9.0	10.2	11.5	11.7	12.0
ROE (%)	10.7	10.8	9.9	9.5	9.0
ROA (%)	4.2	4.9	5.1	5.3	5.2
Net Gearing (%)	49.1	28.7	28.5	24.5	21.2

### Cashflow Analysis

FYE 31 Dec (RM m)	2012A	2013A	2014A	2015E	2016E
EBITDA	594.5	1,960.5	723.0	748.4	779.1
Working Capital	(154.1)	(124.7)	(427.4)	(15.0)	(69.5)
Interest Received	27.1	39.9	36.1	26.2	26.7
Dividends fr Assoc	151.8	83.1	91.6	104.2	114.6
Others	(233.2)	(865.8)	(127.4)	(137.2)	(142.7)
<b>CFO</b>	<b>386.1</b>	<b>1,092.9</b>	<b>295.9</b>	<b>726.6</b>	<b>708.3</b>
Capex	(465.5)	(657.9)	(300.0)	(300.0)	(300.0)
Purchase/Disposal	317.4	38.2	-	-	-
Others	(209.7)	(215.0)	-	-	-
<b>CFI</b>	<b>(357.7)</b>	<b>(834.7)</b>	<b>(300.0)</b>	<b>(300.0)</b>	<b>(300.0)</b>
Financing	493.2	48.6	(334.8)	(161.5)	(53.4)
Shares Issued	-	732.9	-	-	-
Dividends	-	(344.3)	(172.3)	(189.6)	(189.6)
Interest Paid	(104.6)	(117.5)	(118.3)	(107.1)	(102.3)
Others	(141.7)	(184.3)	-	-	-
<b>CFF</b>	<b>246.9</b>	<b>135.4</b>	<b>(625.4)</b>	<b>(458.2)</b>	<b>(345.2)</b>
<b>Net Cashflow</b>	<b>275.2</b>	<b>393.5</b>	<b>(629.5)</b>	<b>(31.6)</b>	<b>63.0</b>

### Assumption Metrics

FYE 31 Dec (RM m)	2012A	2013A	2014A	2015E	2016E
<b>Revenue</b>	<b>3,877</b>	<b>4,734</b>	<b>4,731</b>	<b>4,759</b>	<b>4,676</b>
Property	923	1,167	1,209	1,223	1,320
Property Investment	591	816	840	865	891
Construction	1,275	1,591	1,463	1,391	1,122
Trading/Manufacture	559	587	616	647	679
Quarry	197	198	208	218	229
Others	332	375	394	414	435
EBIT Margins (%)	13.0	38.5	13.2	13.3	13.8

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<b>BUY</b>	Positive recommendation of stock under coverage. Expected absolute return of more than +10% over 12-months, with low risk of sustained downside.
<b>TRADING BUY</b>	Positive recommendation of stock not under coverage. Expected absolute return of more than +10% over 6-months. Situational or arbitrage trading opportunity.
<b>HOLD</b>	Neutral recommendation of stock under coverage. Expected absolute return between -10% and +10% over 12-months, with low risk of sustained downside.
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