

▶ SUNWAY CITY BHD				
	2009	2010F	2011F	2012F
<b>REVENUE (RM mil)</b>	1,601.0	1,379.0	1,311.6	1,663.3
<b>ADJ NET PROFIT (RM mil)</b>	212.7	179.0	203.6	252.4
<b>EPS (sen)</b>	45.3	38.1	43.3	53.7
<b>P/E (x)</b>	12.5	9.9	8.7	7.0

## Sunway City expected to record stronger growth in 2H

- ▶ **Recommendation: Buy**  
**Target Price: RM5.70**  
 By ECM Libra Investment Research (Aug 23)

### Above Expectations

SUNWAY City Bhd reported a net profit of RM71.7 million in 2QFY10 or adjusted net profit of RM39.3 million if revaluation gain is excluded.

For 1HFY10, adjusted net profit came in at RM81.2 million (excludes revaluation gain and deferred tax reversal) which achieved 48% and 45% of full-year house and consensus estimates respectively.

However, we deem this set of results to exceed house expectations while in-line with street's as we expect 2HFY10 numbers to be stronger on

the back of sustained property sales and seasonally higher revenue from hospitality and leisure divisions.

### Property Sales Uptrend

During the quarter, it achieved RM285 million property sales (1Q10: RM139 million) which was the strongest over last nine consecutive quarters.

Unbilled sales edged higher QoQ from RM630 million to RM743 million.

Amid strong take-up rates for recent launches, Sunway City will be stepping up its launches in 2HFY10.

These launches will have GDV of RM798 million, which will bring full-year planned launches to RM1.76 billion from RM1.47 billion previ-

ously. Sales target remains unchanged at RM1 billion.

### Reiterate 'Buy'

We revised FY10-FY12 earnings estimates by +6.4%, +9.0% and +6.3% respectively.

Sunway City is undervalued as it currently trades at 41% discount to RNAV of RM6.36. It is expected to have net cash of RM1.08 per share by end-FY10.

With its 36.6% stake in Sunway REIT making up another RM3.45 per share, this implies investors are virtually ascribing no value to its landbank.

We raised our TP to RM5.70 (from RM5.00) as we ascribe 14x P/E to mid CY11 earnings.

This is justifiable given its 21.2% EPS CAGR over the next three years.