

► SUNWAY HOLDINGS BHD				
	2009	2010F	2011F	2012F
REVENUE (RM mil)	2,639.2	2,030.8	2,948.2	3,074.1
NET PROFIT (RM mil)	109.8	135.7	174.2	198.6
EPS (sen)	20.5	22.9	29.3	33.4
PER (x)	12.0	7.1	5.6	4.9

Sunway benefits from strong momentum in S'pore market

► **Recommendation: Buy**

Target Price: RM2.61

By ECMLibra Investment Research (Sept 6)

Wins Tender at Yishun

SUNWAY Holdings Bhd announced last Friday that the Housing and Development Board of Singapore had on Sept 2 awarded the tender for the lease of State Land Parcel Yishun S5b located at Miltonia Close for a 99-year lease term at RM384 million, which was jointly submitted by Hoi Hup Realty Pte Ltd and Sunway Developments Pte Ltd (SPDL), a wholly-owned subsidiary of the group.

Undertaking the 6.7acre Yishun development venture will be Hoi Hup Sunway Miltonia

Pte Ltd (HHSM), a 60:30:10 incorporated joint venture set up by Hoi Hup, SPDL and Hoi Hup JV Development Pte Ltd on Aug 30, 2010.

The development is expected to generate a GDV of about RM857 million.

Based on initial plans, the launch is scheduled to be in 2HFY2011. Assuming 11% EBIT margin over a construction period of three years, contribution to bottom-line is expected to be marginal in FY2011, but increases our estimates by 4.1% for FY2012.

We are positive on this development as the group's Singaporean property ventures have done remarkably well thus far, and are the main earnings driver for its

property segment.

Reiterate Buy Call

We revise our earnings estimates upwards by 0.3% to 4.1% over FY11-FY12 taking into account the contributions to be generated by the Yishun development. Sunway remains our top 'Buy' for the construction sector.

This is based on strong earnings growth of 67.6% in FY10, undemanding forward P/E valuation of 7.1x, more land-bank acquisition in the pipeline, and strength in securing overseas construction contracts.

Our TP is unchanged at RM2.61, which is derived from 10x P/E on mid FY11 EPS and further supported by sum of parts valuation of RM2.87.