



MARC RATINGS BERHAD

P R E S S A N N O U N C E M E N T

FOR IMMEDIATE RELEASE

MARC RATINGS AFFIRMS RATINGS ON SUNWAY GROUP'S ISSUANCES

MARC Ratings has affirmed its ratings on Sunway Group's issuances with a **stable** outlook. The list of issuances is appended at the end of this press release.

Sunway Group's long operating track record and strong market position in key sectors of the economy remain key drivers of the ratings affirmation. This is moderated by increasing borrowings, moderate cash flow metrics and execution risks associated with expansion plans.

MARC Ratings views positively the group's healthy earnings visibility over the medium term from its ongoing property projects' gross development value of RM11.6 billion — RM5.9 billion domestically, RM5.5 billion in Singapore, and RM0.1 billion in China — and unbilled sales of RM4.1 billion as at end-December 2023. The overall take-up rate of 63% reflects the timing of recent launches of sizeable new projects during 2H2023. The rating agency views that the good prospects for an increase in the take-up rate is supported by improving property market sentiments and Sunway Group's delivery track record. For the majority of its domestic projects, their mid-market pricing and matured locations within the group's existing townships would further support demand.

Sunway Group's construction order book of RM7.9 billion as of June 10, 2024, is healthy, higher than the average of RM5.0 billion over the past five years. Its key contracts comprise a data centre project worth RM3.2 billion in Johor, work packages under the Johor-Singapore Rapid Transit System Link worth RM605 million, and additional internal jobs for Sunway Square worth RM607 million. Operating profit margin has broadly remained unchanged at around 13%, despite higher building material costs, reflecting the group's expertise and cost containment initiatives.

Sunway Group's property investment segment has recorded strong performance, attributed to increased visitorship to its theme parks and occupancy of its hotels, along with higher mall and office rental income. Additionally, the group's healthcare division has also performed better than expected, accounting for 7% of domestic private healthcare capacity based on bed capacity. Total bed count will increase from 1,158 licensed hospital beds as at end-March 2024 to about 2,000 in 2025. The rating agency understands that the group could monetise its investment through the public listing of its healthcare division by end-2027.

During 1Q2024, Sunway Group recorded a stronger y-o-y performance with revenue and pre-tax profit of RM1.4 billion and RM226.7 million. Group borrowings rose 11.0% y-o-y to RM10.3 billion with a gross debt-to-equity ratio of 0.67x. The group's rated issuances are as follows:

- Sunway Berhad's RM2.0 billion Commercial Papers/ Medium-Term Notes Programme with a rating of **MARC-1/AA-**
- Sunway Berhad's RM5.0 billion Perpetual Sukuk Programme with a rating of **A1s**
- Sunway Treasury Sukuk Sdn Bhd's RM10.0 billion Islamic Medium-Term Notes Programme with a rating of **AA-1s**; and

- Sunway Treasury Sukuk Sdn Bhd's RM10.0 billion Islamic Commercial Papers/ Islamic Medium-Term Notes Programme with a rating of **MARC-1**_{IS(cg)}/**AA-**_{IS(cg)}.

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