

# UEM Sunrise aims to be profitable this year

Company targets higher property sales of RM1.5bil

## PROPERTY

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PETALING JAYA: UEM Sunrise Bhd aims to return to profitability this year after the Covid-19 pandemic widened the group's losses.

The property development company has been loss-making over the last eight quarters.

According to its chief executive officer Sufian Abdullah, the group has set out a three-year strategy that includes disposing of non-core assets, masterplan revisions at some of its major property projects in Johor, and refocusing its revenue stream in property development.

"We expect UEM Sunrise to return to the black by this year driven by a combination of asset monetisation, refocusing of revenue stream, and sizeable unbilled sales for the coming years," he told reporters after the group's results briefing for the fourth quarter ended Dec 31, 2021 (FY21) yesterday.

Sufian said the company has earmarked RM300mil of potential assets for the disposal that include land, car parks as well as some office and residential units.

As at Dec 31, UEM Sunrise's unbilled sales stood at RM2.4bil and it had cash of RM900mil.

It has a total land bank of 10,624 acres of which 90% is in Johor.

When asked about UEM Sunrise's plan for its Johor assets, Sufian said the group is looking to sell some land in the state, but will retain its land bank that has been earmarked for township development.

"We are in the process of revising our master plan in Johor to provide a sustainable revenue stream to the group, as well as to preserve and enhance the land value," he explained.

**"We expect that the momentum will pick up again in the second half of this year."**

Sufian Abdullah

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He reckoned that the property market in the country would remain challenging especially with the end of the home ownership campaign (HOC) and volatile raw material prices.

"We do not anticipate the HOC continuing beyond December 2021. However, we understand that the key to success this year is putting out the right product while communicating the value of our products.

"We expect that the momentum will pick up again in the second half of this year," he added.

Despite the challenges, Sufian said UEM Sunrise has targeted a higher property sales of RM1.5bil, and earmarked new property development projects of RM3.3bil in gross development value (GDV).

For FY21, UEM Sunrise's net loss narrowed to RM214.33mil from RM277.28mil a year ago due to impairment provisions for its inventories and its assets and properties amounting to RM88mil.

Revenue increased to RM1.21bil from RM1.14bil previously on the back of higher property sales of RM1.46bil compared with RM1.13bil

in FY20, which exceeded the company's target of RM1.2bil.

CGS-CIMB Research expected UEM Sunrise to turn in a core net profit in FY22 compared with core net loss in FY20 and FY21, as business operations and ongoing projects' progress normalises post Covid-19 lockdowns.

"We raise our FY22 and FY23 forecast earnings per share by 6% to 24% to reflect the changes in project development timelines and higher new launches," it said in a report yesterday.

The research house pointed out that UEM Sunrise managed to launch RM550mil GDV worth of projects in FY21 compared with RM900mil in FY20 due to the delayed approval processes from the authorities.

On the volatility of raw material prices, Sufian said that UEM Sunrise has rolled out several initiatives to maintain its margin at a healthy level this year to cope with the matter and not raise its selling prices.

"It's not so much about the increase in the raw material prices, but the volatility is the issue," he said.

## Sime Darby Property posts net profit of RM137mil in FY21

KUALA LUMPUR: Sime Darby Property Bhd (SDP) recorded a net profit of RM72.19mil for its fourth quarter (Q4) ended Dec 31, 2021 compared with a net loss of RM56.64mil in the previous corresponding period, driven by strong progress billings during the quarter upon resumption of site progress in the company's property development segment.

In a filing with Bursa Malaysia yesterday, SDP said it achieved RM1bil in sales in Q4, adding that revenue during the period grew to RM739.37mil from RM705.19mil a year earlier.

For its financial year ended Dec 31, 2021, SDP reported a net profit of RM136.9mil from a net loss of RM501.57mil in the previous corresponding period, while revenue grew to RM2.22bil from RM2.06bil a year earlier.

SDP said the property development segment marked a 7.7% year-on-year increase with a revenue of RM2.07bil, contributing 93.2% to the group's total revenue.

"The segment registered an improved pre-tax profit of RM255.3mil compared with 2020's pre-tax loss of RM354.7mil.

"Overall, the segment's achievement is attributed to construction progress and sales of new launches and completed residential and industrial products across its major townships in the Klang Valley and Negri Sembilan."

For the year under review, SDP said the investment and asset management segment contributed RM94.7mil in revenue, indicating a 37.2% year-on-year increase with an improved pre-tax profit of RM27mil.

"The growth in revenue is mainly contributed by the KL East Mall," it said.