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23 November 2022

Malaysia Infrastructure

Reuters SCOG.KL
Bloomberg SCGB MK

Priced on 22 November 2022
KLSE Comp @ 1,441.3

12M hi/lo RM1.72/1.43

12M price target RM1.72
±% potential +20%

Shares in issue 1,292.9m
Free float (est.) 45.6%

Market cap US\$403m

3M ADV US\$0.0m

Foreign s'holding 1.0%

Major shareholders

Sunway Berhad 54.4%
Sungei Way Corp Sdn Bhd 10.1%

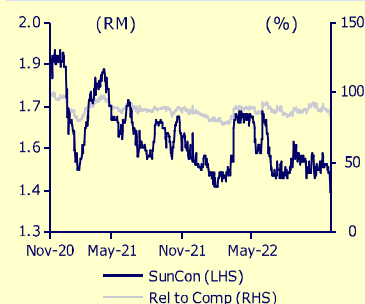
Blended ESG Score (%)*

Overall 75.9
Country average 71.0
GEM sector average 74.7

*Click to visit company page on cls.com for details

Stock performance (%)

	1M	3M	12M
Absolute	(5.3)	(8.9)	(8.9)
Relative	(5.0)	(6.0)	(3.5)
Abs (US\$)	(2.2)	(11.0)	(16.7)



Source: Bloomberg

Automation dawns

Construction activity cooled QoQ but new pre-cast plant start imminent

After speeding up work in 1H22 to meet delivery timelines, the construction top line softened in 3Q22. However, the reverse was true for the pre-cast segment with stronger revenue welcome as it prepares to commence a new automated plant. Also dragged down by a high tax rate this quarter, 9M22 core PATMI of RM98m was up 68% YoY, but only at 65% of our more-aggressive full-year forecast (ie. a miss). Adjusting for the above, we lower our target price from RM1.80 to RM1.72 (-4%), though we maintain our BUY rating.

Core margin remains at higher end of guidance though revenue off the boil

After speeding up in 1H22 toward job completions, such as the TNB campus, revenue cooled 16% QoQ to RM469m. Its top line sees a rebound in the typically-strong 4Q22, also for the fact it has welcomed 400 additional foreign workers. In India, its two jobs in aggregate delivered an 8% margin in 3Q22 (13% in 9M22), but the TJ highway progress is sluggish. As we view some time extension could be granted, this leads to earnings changes, in addition to a higher tax rate for 2022 (36% effective tax rate in 3Q22). Excluding impairments, the construction pre-tax margin was a solid 9.4% in 3Q22 (9M22: 8.7%; guidance of 5%-8% typically). We see this slightly moderating (7.5% in 2023) as some lower-margin contracts, such as solar jobs, have yet to start.

Utilisation of new plant is key; we welcome the ramp-up of pre-cast revenue

Versus end-2020, SunCon doubled its pre-cast concrete orders outstanding to RM535m (YTD replenished RM168m). This has borne fruit in revenue, with RM50m logged in 3Q22 (versus the past two quarters at c.RM30m). The margin was 5% in 3Q22, which we retain in our forecast for 2023 assuming utilisation is high (offsetting depreciation) and amid more favourable steel prices. This facility, we understand, has entered the testing phase after obtaining a temporary operational permit.

Sizeable tender book at this juncture to underpin visibility, aside from internal work

Of the RM881m replenishment YTD, SunCon enjoyed RM350m from internal work. As of end-3Q22, half of its outstanding order book of RM4.0bn were internal jobs. Job prospects are anchored by RM17.7bn in its tender book, featuring data centres and MRT main civil package awards; SunCon bagging the latter is likely to be a positive surprise to our numbers (22CL: RM2bn replenishment).

BUY is retained as YTD laggard to peers Gamuda and IJM Corp

Our new RM1.72 target is derived from 23CL earnings on a 15.2x PE multiple. This is at its pre-Covid (2015-2020) mean PE, and a narrow premium to KLCON (Figure 6), and fair given MRT3 job win potential and somewhat past peak material cost pressure.

Financials

Year to 31 December	20A	21A	22CL	23CL	24CL
Revenue (RMm)	1,553	1,729	2,281	2,597	2,645
Rev forecast change (%)	-	-	(11.4)	(0.7)	6.7
Net profit (RMm)	73	113	137	146	164
NP forecast change (%)	-	-	(11.4)	(6.0)	3.5
EPS (sen)	5.6	8.7	10.6	11.3	12.7
CL/consensus (12) (EPS%)	-	-	103	99	106
EPS growth (% YoY)	(43.7)	54.7	21.5	7.0	12.2
PE (x)	25.4	16.4	13.5	12.6	11.2
Dividend yield (%)	2.8	3.7	4.9	4.9	5.2
ROE (%)	11.6	16.9	18.9	18.8	19.5
Net debt/equity (%)	(53.1)	(63.9)	(24.5)	1.0	0.2

Source: www.cls.com

Financials at a glance

Year to 31 December	2020A	2021A	2022CL	(% YoY)	2023CL	2024CL
Profit & Loss (RMm)						
Revenue	1,553	1,729	2,281	31.9	2,597	2,645
Cogs (ex-D&A)	(1,429)	(1,566)	(2,059)		(2,354)	(2,369)
Gross Profit (ex-D&A)	124	164	222	35.6	243	275
SG&A and other expenses	-	-	-		-	-
Op Ebitda	124	164	222	35.6	243	275
Depreciation/amortisation	(33)	(27)	(35)		(43)	(51)
Op Ebit	91	136	187	37.5	200	225
Net interest inc/(exp)	10	11	2	(83.6)	(7)	(14)
Other non-Op items	0	5	5	7	5	5
Profit before tax	101	152	194	27.5	198	216
Taxation	(28)	(41)	(49)		(40)	(43)
Profit after tax	73	111	146	31.4	159	173
Minority interest	(1)	2	(9)		(12)	(9)
Net profit	73	113	137	21.5	146	164
Adjusted profit	73	113	137	21.5	146	164
Cashflow (RMm)						
Operating profit	91	136	187	37.5	200	225
Depreciation/amortisation	33	27	35	26.3	43	51
Working capital changes	(29)	83	(288)		(202)	(15)
Other items	(23)	(29)	(49)		(40)	(43)
Net operating cashflow	72	218	(115)		1	217
Capital expenditure	0	(35)	(50)		(100)	(100)
Free cashflow	72	183	(165)		(99)	117
M&A/Others	17	(19)	17		14	13
Net investing cashflow	17	(54)	(33)		(86)	(87)
Increase in loans	(85)	(71)	150		150	150
Dividends	(62)	(52)	(96)		(98)	(102)
Net equity raised/other	-	-	-		-	-
Net financing cashflow	(147)	(122)	54		52	48
Incr/(decr) in net cash	(58)	42	(94)		(32)	179
Exch rate movements	4	14	(24)		(16)	(22)
Balance sheet (RMm)						
Cash & equivalents	640	696	578	(16.9)	530	686
Accounts receivable	1,048	850	1,262	48.5	1,610	1,632
Other current assets	54	66	88	33.8	100	109
Fixed assets	104	125	140	12.3	197	247
Investments	49	127	127	0	127	127
Intangible assets	4	0	0		0	0
Other non-current assets	7	1	1	0	1	1
Total assets	1,906	1,864	2,196	17.8	2,565	2,802
Short-term debt	234	93	93	0	93	93
Accounts payable	955	891	1,015	13.9	1,161	1,169
Other current liabs	6	8	8	0	8	8
Long-term debt/CBs	67	145	295	103.2	445	595
Provisions/other LT liabs	6	10	10	0	10	10
Shareholder funds	637	699	748	7.1	809	880
Minorities/other equity	2	18	26	49.5	39	47
Total liabs & equity	1,906	1,864	2,196	17.8	2,565	2,802
Ratio analysis						
Revenue growth (% YoY)	(12.2)	11.4	31.9		13.9	1.8
Ebitda margin (%)	8.0	9.5	9.7		9.3	10.4
Ebit margin (%)	5.8	7.9	8.2		7.7	8.5
Net profit growth (%)	(43.7)	54.7	21.5		7.0	12.2
Op cashflow growth (% YoY)	(54.3)	201.1	(152.8)		nm	14,936.8
Capex/sales (%)	0.0	2.0	2.2		3.9	3.8
Net debt/equity (%)	(53.1)	(63.9)	(24.5)		1.0	0.2
Net debt/Ebitda (x)	-	-	-		0.0	0.0
ROE (%)	11.6	16.9	18.9		18.8	19.5
ROIC (%)	24.6	49.8	46.0		26.5	23.2

Source: www.clsa.com

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Figure 1

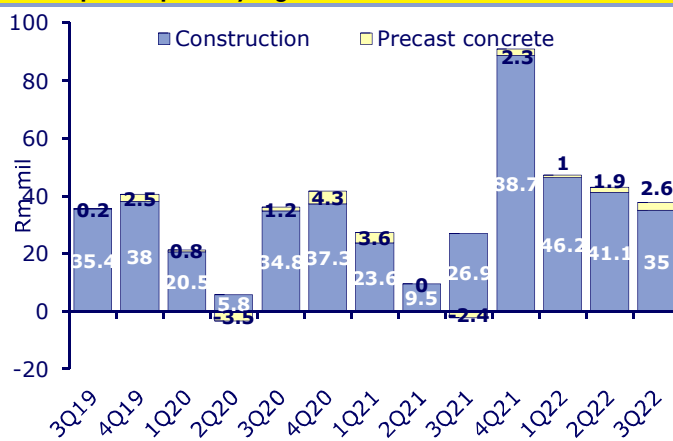
SunCon: financials

FYE 31 Dec (RM m)	3Q22	3Q21	YoY % Chg	2Q22	QoQ % Chg	9M22	9M21	YoY % Chg
Revenue	469.3	272.1	72%	557.9	(16%)	1,651.8	1,102.5	50%
Operating expenses	(440.8)	(258.7)	70%	(517.6)	(15%)	(1,541.5)	(1,055.7)	46%
Other income	8.5	3.3	156%	2.1	311%	11.9	7.7	54%
EBITDA	42.7	28.9	48%	48.5	(12%)	140.4	75.3	86%
Depreciation	(5.8)	(6.9)	(15%)	(6.1)	(4%)	(18.2)	(20.8)	(13%)
EBIT	36.9	22.1	67%	42.4	(13%)	122.2	54.5	124%
Interest income	4.1	1.0	316%	3.2	28%	9.5	3.1	205%
Interest expense	(3.2)	(0.9)	249%	(3.2)	1%	(7.6)	(3.5)	116%
JV/Associate	(0.1)	2.4	(105%)	0.6	(121%)	3.7	7.1	(48%)
Pre-tax profit	37.6	24.5	54%	43.0	(13%)	127.8	61.2	109%
Tax	(13.6)	(5.0)	175%	(9.3)	46%	(34.5)	(15.5)	123%
Effective tax rate	36%	20%	n.m.	21.7%	n.m.	27.0%	25.3%	n.m.
Minority interest	(1.2)	(0.2)	458%	(1.3)	(6%)	(3.7)	(2.1)	76%
Net profit	22.72	19.30	18%	32.3	(30%)	89.5	47.9	87%
EPS (sen)	1.76	1.50	17%	2.51	(30%)	6.95	3.71	87%
EBIT margin	7.9%	8.1%		7.6%		7.4%	4.9%	
PBT margin	8.0%	9.0%		7.7%		7.7%	5.6%	

Source: CLSA

Figure 2

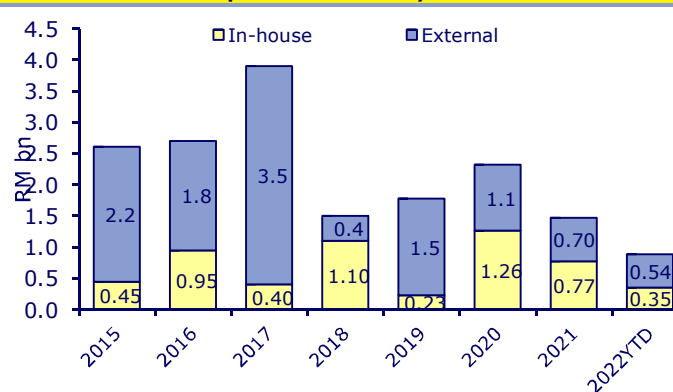
SunCon: pre-tax profit by segment



Source: CLSA, SunCon

Figure 4

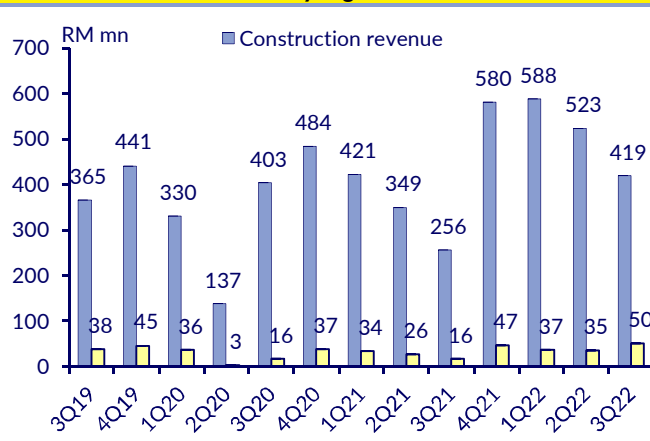
SunCon's order book replenishment history



Source: CLSA, SunCon

Figure 3

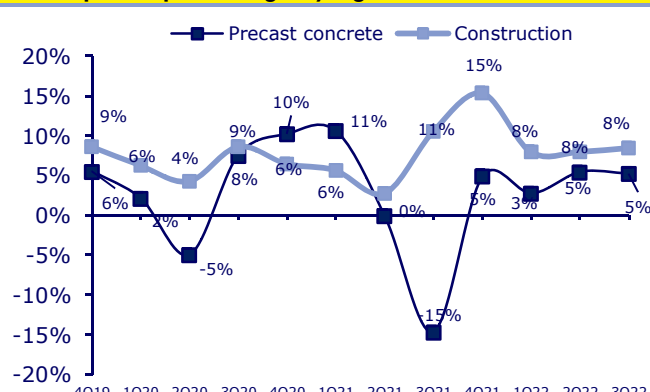
SunCon: revenue breakdown by segment



Source: CLSA, SunCon

Figure 5

SunCon: pre-tax profit margin by segment



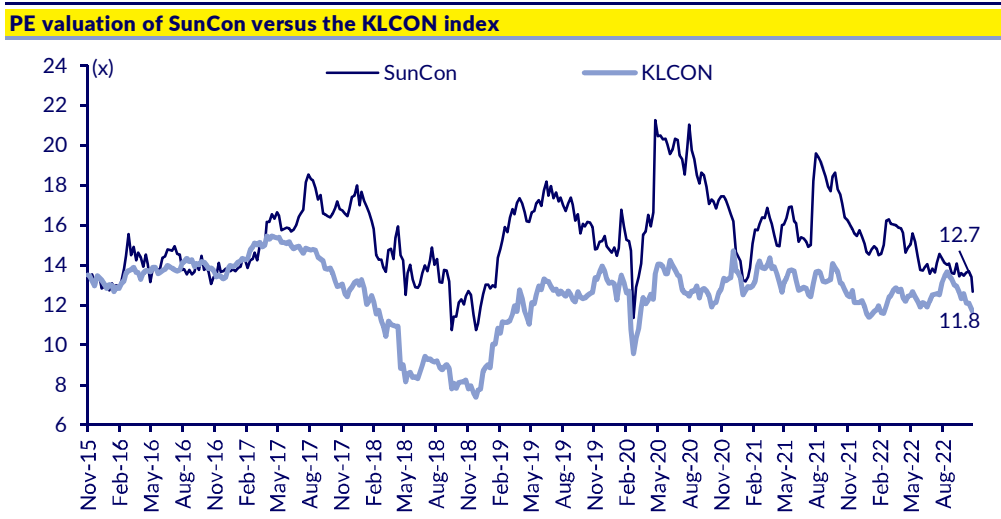
Source: CLSA, SunCon

Click to rate this research
Great
Solid
OK

The narrowing gap with KLCON likely reflects an improvement in Gamuda's share price YTD, which is a heavyweight in that index

Aside from the higher effective tax rate in 2022, changes mainly involve shifting the timing of recognition of an India highway project

Figure 6



Source: CLSA, Bloomberg (based on 12month blended forward earnings)

Figure 7

Earnings changes

		2020	2021	22CL	23CL	24CL
Revenue (RM m)	Original	1,553	1,729	2,575	2,614	2,478
	Revised	1,553	1,729	2,281	2,597	2,645
	Change			(11%)	(1%)	7%
Net profit (RM m)	Original	73	113	154	156	159
	Revised	72.7	112.6	136.8	146.4	164.3
	Change			(11%)	(6%)	3%

Source: CLSA

Figure 8

SunCon: valuations

PE method of valuation	Remarks	
Earnings (23CL) RM mn	15.2x, i.e. PE multiple at 1 sd above 3-year sector mean of 13x	146.37
Multiple applied (x)		15.2
Total (RM mn)		2,224.85
Number of shares (unit million)		1,293
Value per share (RM)		1.72

Source: CLSA

Valuation details

Our target price is derived from 15.2x 23CL earnings, one standard deviation above the 10-year mean PE for the KL Construction index. We accord an above-sector average PE, given the company's flow of internal jobs and strong balance sheet.

Investment risks

The main concern is construction risk. Specific risks include lower-than-expected margins (below 5-8%) or if the amount of projects secured falls below our expectation, either due to an inability to secure projects or project rollout delays. Higher-than-expected steel price increases could cut into margins as SunCon hedges steel needs for a future six-month period. On the precast segment, another risk is margin recovery timing, currently in the doldrums due to competition. Prolonged Covid-19 could also reduce operating efficiency.

Detailed financials

Profit & Loss (RMm)

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Revenue	2,257	1,769	1,553	1,729	2,281	2,597	2,645
Cogs (ex-D&A)	(2,042)	(1,587)	(1,429)	(1,566)	(2,059)	(2,354)	(2,369)
Gross Profit (ex-D&A)	215	181	124	164	222	243	275
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	-	-	-	-	-	-	-
Other SG&A	-	-	-	-	-	-	-
Other Op Expenses ex-D&A	-	-	-	-	-	-	-
Op Ebitda	215	181	124	164	222	243	275
Depreciation/amortisation	(53)	(40)	(33)	(27)	(35)	(43)	(51)
Op Ebit	162	141	91	136	187	200	225
Interest income	16	25	17	16	17	14	13
Interest expense	(8)	(13)	(7)	(5)	(16)	(22)	(28)
Net interest inc/(exp)	8	12	10	11	2	(7)	(14)
Associates/investments	-	4	0	5	5	5	5
Forex/other income	-	-	-	-	-	-	-
Asset sales/other cash items	-	-	-	-	-	-	-
Provisions/other non-cash items	-	-	-	-	-	-	-
Asset revaluation/Exceptional items	-	-	-	-	-	-	-
Profit before tax	170	157	101	152	194	198	216
Taxation	(38)	(27)	(28)	(41)	(49)	(40)	(43)
Profit after tax	132	130	73	111	146	159	173
Preference dividends	-	-	-	-	-	-	-
Profit for period	132	130	73	111	146	159	173
Minority interest	0	(1)	(1)	2	(9)	(12)	(9)
Net profit	131	129	73	113	137	146	164
Extraordinaries/others	0	0	0	0	0	0	0
Profit available to ordinary shares	131	129	73	113	137	146	164
Dividends	(90)	(90)	(52)	(68)	(90)	(90)	(97)
Retained profit	41	39	21	45	46	56	67
Adjusted profit	131	129	73	113	137	146	164
EPS (sen)	10.2	10.0	5.6	8.7	10.6	11.3	12.7
Adj EPS [pre excep] (sen)	10.2	10.0	5.6	8.7	10.6	11.3	12.7
Core EPS (sen)	10.2	10.0	5.6	8.7	10.6	11.3	12.7
DPS (sen)	7.0	7.0	4.0	5.3	7.0	7.0	7.5

Profit & loss ratios

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Growth (%)							
Revenue growth (% YoY)	8.7	(21.6)	(12.2)	11.4	31.9	13.9	1.8
Ebitda growth (% YoY)	6.0	(15.5)	(31.6)	32.0	35.6	9.4	13.5
Ebit growth (% YoY)	(1.9)	(12.9)	(35.8)	50.5	37.5	6.9	12.3
Net profit growth (%)	(3.5)	(1.5)	(43.7)	54.7	21.5	7.0	12.2
EPS growth (% YoY)	(3.5)	(1.5)	(43.7)	54.7	21.5	7.0	12.2
Adj EPS growth (% YoY)	(3.5)	(1.5)	(43.7)	54.7	21.5	7.0	12.2
DPS growth (% YoY)	0.0	0.0	(42.9)	31.3	33.3	0.0	7.1
Core EPS growth (% YoY)	(3.5)	(1.5)	(43.7)	54.7	21.5	7.0	12.2
Margins (%)							
Gross margin (%)	9.5	10.2	8.0	9.5	9.7	9.3	10.4
Ebitda margin (%)	9.5	10.2	8.0	9.5	9.7	9.3	10.4
Ebit margin (%)	7.2	8.0	5.8	7.9	8.2	7.7	8.5
Net profit margin (%)	5.8	7.3	4.7	6.5	6.0	5.6	6.2
Core profit margin	5.8	7.3	4.7	6.5	6.0	5.6	6.2
Op cashflow margin	7.1	9.0	4.7	12.6	(5.0)	0.1	8.2
Returns (%)							
ROE (%)	22.9	21.3	11.6	16.9	18.9	18.8	19.5
ROA (%)	6.8	6.3	3.4	5.3	6.9	6.7	6.7
ROIC (%)	52.1	42.4	24.6	49.8	46.0	26.5	23.2
ROCE (%)	76.4	64.1	35.0	48.8	44.4	27.8	25.2
Other key ratios (%)							
Effective tax rate (%)	22.4	17.2	27.5	27.3	25.0	20.0	20.0
Ebitda/net int exp (x)	-	-	-	-	-	34.4	19.3
Exceptional or extraord. inc/PBT (%)	0.0	0.0	-	-	-	-	-
Dividend payout (%)	68.9	70.0	71.0	60.3	66.1	61.8	59.0

Source: www.clsa.com



Balance sheet (RMm)

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Cash & equivalents	485	693	640	696	578	530	686
Accounts receivable	885	818	1,048	850	1,262	1,610	1,632
Inventories	30	25	34	46	46	46	46
Other current assets	198	174	20	20	42	54	63
Current assets	1,597	1,710	1,742	1,612	1,928	2,239	2,427
Fixed assets	164	139	104	125	140	197	247
Investments	45	49	49	127	127	127	127
Goodwill	4	4	4	0	0	0	0
Other intangible assets	0	0	0	0	0	0	0
Other non-current assets	3	4	7	1	1	1	1
Total assets	1,812	1,905	1,906	1,864	2,196	2,565	2,802
Short term loans/OD	114	233	234	93	93	93	93
Accounts payable	995	885	955	891	1,015	1,161	1,169
Accrued expenses	-	-	-	-	-	-	-
Taxes payable	14	1	4	7	7	7	7
Other current liabs	0	0	2	1	1	1	1
Current liabilities	1,123	1,120	1,195	992	1,116	1,262	1,269
Long-term debt/leases/other	-	53	67	145	295	445	595
Convertible bonds	-	-	-	-	-	-	-
Provisions/other LT liabs	97	107	6	10	10	10	10
Total liabilities	1,220	1,280	1,267	1,147	1,421	1,717	1,875
Share capital	259	259	259	259	259	259	259
Retained earnings	361	399	410	471	520	581	652
Reserves/others	(28)	(35)	(31)	(30)	(30)	(30)	(30)
Shareholder funds	591	623	637	699	748	809	880
Minorities/other equity	1	2	2	18	26	39	47
Total equity	593	625	639	717	775	848	927
Total liabs & equity	1,812	1,905	1,906	1,864	2,196	2,565	2,802
Total debt	114	286	301	238	388	538	688
Net debt	(371)	(407)	(339)	(458)	(190)	8	2
Adjusted EV	1,434	1,395	1,462	1,281	1,558	1,768	1,770
BVPS (sen)	45.7	48.2	49.3	54.1	57.9	62.6	68.1

Balance sheet ratios

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Key ratios							
Current ratio (x)	1.4	1.5	1.5	1.6	1.7	1.8	1.9
Growth in total assets (% YoY)	(3.9)	5.1	0.1	(2.2)	17.8	16.8	9.2
Growth in capital employed (% YoY)	9.4	(1.2)	37.0	(13.6)	125.9	46.4	8.5
Net debt to operating cashflow (x)	-	-	-	-	-	5.8	0.0
Gross debt to operating cashflow (x)	0.7	1.8	4.2	1.1	(3.4)	372.0	3.2
Gross debt to Ebitda (x)	0.5	1.6	2.4	1.5	1.7	2.2	2.5
Net debt/Ebitda (x)	-	-	-	-	-	0.0	0.0
Gearing							
Net debt/equity (%)	(62.7)	(65.0)	(53.1)	(63.9)	(24.5)	1.0	0.2
Gross debt/equity (%)	19.2	45.8	47.1	33.2	50.1	63.5	74.2
Interest cover (x)	21.4	12.6	15.6	33.2	13.2	10.0	8.7
Debt cover (x)	1.4	0.6	0.2	0.9	(0.3)	0.0	0.3
Net cash per share (sen)	28.7	31.5	26.2	35.4	14.7	(0.6)	(0.1)
Working capital analysis							
Inventory days	4.9	6.3	7.6	9.4	8.2	7.2	7.1
Debtor days	157.7	175.7	219.4	200.4	169.0	201.8	223.7
Creditor days	194.7	216.1	235.1	215.3	169.0	168.7	179.4
Working capital/Sales (%)	4.6	7.4	9.1	1.0	14.3	20.8	21.3
Capital employed analysis							
Sales/Capital employed (%)	1,019.8	809.4	518.5	668.0	390.0	303.4	284.8
EV/Capital employed (%)	647.8	638.5	488.2	495.0	266.4	206.6	190.6
Working capital/Capital employed (%)	46.5	59.7	47.2	6.4	55.9	63.2	60.8
Fixed capital/Capital employed (%)	74.0	63.5	34.7	48.2	24.0	23.1	26.6
Other ratios (%)							
PB (x)	3.1	3.0	2.9	2.6	2.5	2.3	2.1
EV/Ebitda (x)	6.7	7.7	11.8	7.8	7.0	7.3	6.4
EV/OCF (x)	9.0	8.8	20.2	5.9	(13.6)	1,223.0	8.1
EV/FCF (x)	13.9	9.1	20.2	7.0	(9.4)	(17.9)	15.1
EV/Sales (x)	0.6	0.8	0.9	0.7	0.7	0.7	0.7
Capex/depreciation (%)	106.6	11.7	0.0	127.0	144.4	234.6	197.6

Source: www.clsa.com

Cashflow (RMm)

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Operating profit	162	141	91	136	187	200	225
Operating adjustments	0	0	12	0	0	0	0
Depreciation/amortisation	53	40	33	27	35	43	51
Working capital changes	(11)	28	(29)	83	(288)	(202)	(15)
Interest paid / other financial expenses	(8)	(13)	(6)	(4)	0	0	0
Tax paid	(37)	(38)	(29)	(29)	(49)	(40)	(43)
Other non-cash operating items	1	1	0	4	0	0	0
Net operating cashflow	159	158	72	218	(115)	1	217
Capital expenditure	(56)	(5)	0	(35)	(50)	(100)	(100)
Free cashflow	103	154	72	183	(165)	(99)	117
Acq/inv/disposals	26	(47)	-	(53)	-	-	-
Int, invt & associate div	(28)	25	17	34	17	14	13
Net investing cashflow	(58)	(26)	17	(54)	(33)	(86)	(87)
Increase in loans	(21)	162	(85)	(71)	150	150	150
Dividends	(97)	(91)	(62)	(52)	(96)	(98)	(102)
Net equity raised/others	-	-	-	-	-	-	-
Net financing cashflow	(118)	72	(147)	(122)	54	52	48
Incr/(decr) in net cash	(16)	204	(58)	42	(94)	(32)	179
Exch rate movements	13	6	4	14	(24)	(16)	(22)
Opening cash	487	484	693	640	696	578	530
Closing cash	484	693	640	696	578	530	686
OCF PS (sen)	12.3	12.3	5.6	16.8	(8.9)	0.1	16.8
FCF PS (sen)	8.0	11.9	5.6	14.2	(12.8)	(7.6)	9.1

Cashflow ratio analysis

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Growth (%)							
Op cashflow growth (% YoY)	238.7	(0.7)	(54.3)	201.1	(152.8)	nm	14,936.8
FCF growth (% YoY)	-	48.8	(52.9)	152.9	(190.2)	-	-
Capex growth (%)	2.7	(91.6)	(100.0)	-	43.6	100.0	0.0
Other key ratios (%)							
Capex/sales (%)	2.5	0.3	0.0	2.0	2.2	3.9	3.8
Capex/op cashflow (%)	35.2	3.0	0.0	16.0	(43.5)	6,915.3	46.0
Operating cashflow payout ratio (%)	56.7	57.1	71.5	31.2	-	6,255.2	44.6
Cashflow payout ratio (%)	56.7	57.1	71.5	31.2	-	6,255.2	44.6
Free cashflow payout ratio (%)	87.6	58.9	71.5	37.1	-	-	82.5

DuPont analysis

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Ebit margin (%)	7.2	8.0	5.8	7.9	8.2	7.7	8.5
Asset turnover (x)	1.2	1.0	0.8	0.9	1.1	1.1	1.0
Interest burden (x)	1.0	1.1	1.1	1.1	1.0	1.0	1.0
Tax burden (x)	0.8	0.8	0.7	0.7	0.7	0.8	0.8
Return on assets (%)	6.8	6.3	3.4	5.3	6.9	6.7	6.7
Leverage (x)	3.2	3.1	3.0	2.8	2.7	2.9	3.0
ROE (%)	22.9	21.3	11.6	16.9	18.9	18.8	19.5

EVA® analysis

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Ebit adj for tax	126	117	66	99	140	160	180
Average invested capital	241	275	266	199	305	604	776
ROIC (%)	52.1	42.4	24.6	49.8	46.0	26.5	23.2
Cost of equity (%)	10.9	10.9	10.9	10.9	10.9	10.9	10.9
Cost of debt (adj for tax)	3.9	4.1	3.6	3.6	3.8	4.0	4.0
Weighted average cost of capital (%)	10.9	10.9	10.9	10.9	10.9	10.9	10.9
EVA/IC (%)	41.2	31.5	13.7	38.9	35.1	15.6	12.3
EVA (RMm)	99	87	37	77	107	94	95

Source: www.clsa.com



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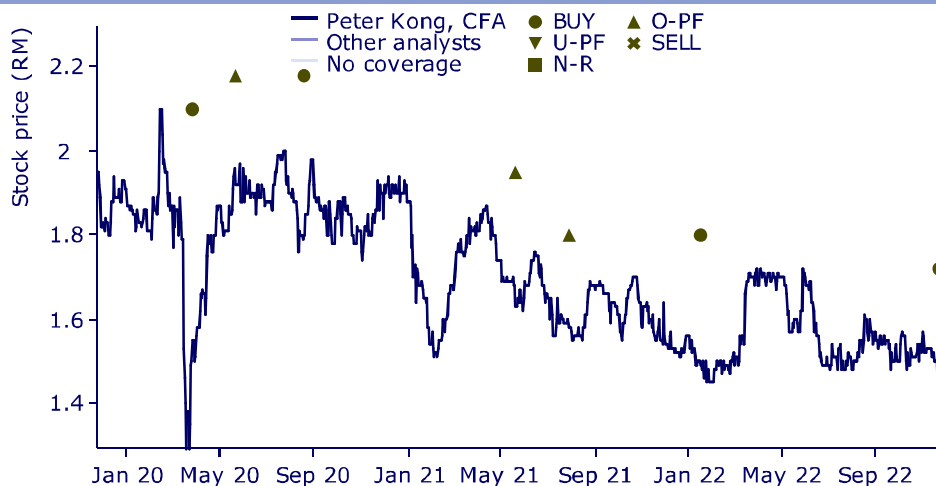
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- Gamuda (GAM MK - RM3.68 - O-PF)
- IJM (IJM MK - RM1.48 - O-PF)
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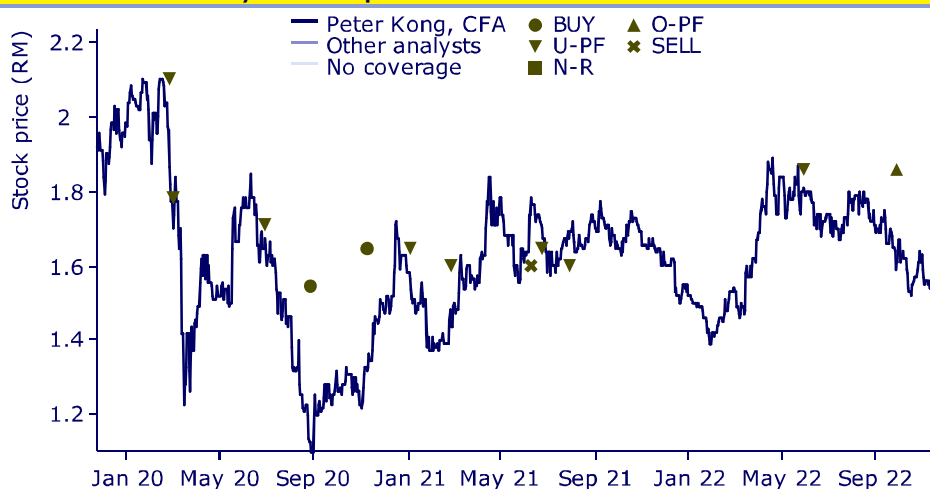
Date	Rec	Target	Date	Rec	Target
LATEST	BUY	1.72	19 Aug 2020	BUY	2.18
17 Jan 2022	BUY	1.80	22 May 2020	O-PF	2.18
30 Jul 2021	O-PF	1.80	27 Mar 2020	BUY	2.10
21 May 2021	O-PF	1.95			

Source: CLSA

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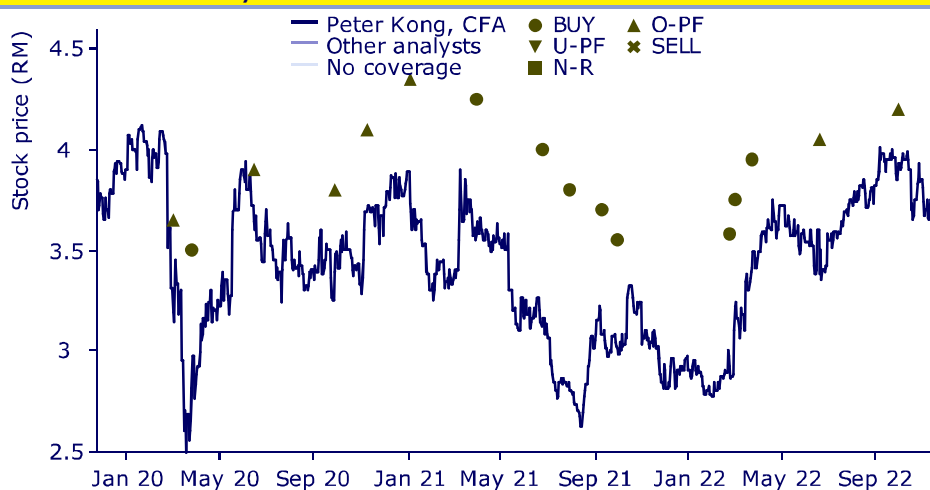
Recommendation history of IJM Corp Bhd IJM MK



Date	Rec	Target	Date	Rec	Target
28 Sep 2022	O-PF	1.86	04 Jan 2021	U-PF	1.65*
30 May 2022	U-PF	1.86	09 Nov 2020	BUY	1.65*
30 Jul 2021	U-PF	1.60*	27 Aug 2020	BUY	1.55*
24 Jun 2021	U-PF	1.65*	29 Jun 2020	U-PF	1.71*
10 Jun 2021	SELL	1.60*	02 Mar 2020	U-PF	1.78*
26 Feb 2021	U-PF	1.60*	26 Feb 2020	U-PF	2.10*

Source: CLSA; * Adjusted for corporate action

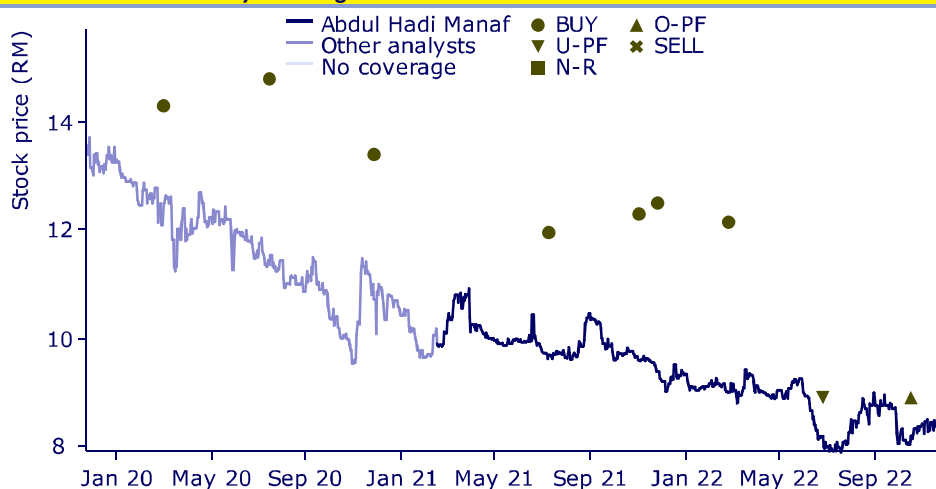
Recommendation history of Gamuda Bhd GAM MK



Date	Rec	Target	Date	Rec	Target
30 Sep 2022	O-PF	4.20	25 Jun 2021	BUY	4.00
20 Jun 2022	O-PF	4.05	31 Mar 2021	BUY	4.25
24 Mar 2022	BUY	3.95	04 Jan 2021	O-PF	4.35
02 Mar 2022	BUY	3.75	09 Nov 2020	O-PF	4.10
23 Feb 2022	BUY	3.58	28 Sep 2020	O-PF	3.80
30 Sep 2021	BUY	3.55	15 Jun 2020	O-PF	3.90
10 Sep 2021	BUY	3.70	26 Mar 2020	BUY	3.50
30 Jul 2021	BUY	3.80	02 Mar 2020	O-PF	3.65

Source: CLSA

Recommendation history of Tenaga Nasional Bhd TNB MK



Date	Rec	Target	Date	Rec	Target
17 Oct 2022	O-PF	8.90	09 Jul 2021	BUY	11.95
26 Jun 2022	U-PF	8.90	27 Nov 2020	BUY	13.40
25 Feb 2022	BUY	12.15	16 Jul 2020	BUY	14.80
26 Nov 2021	BUY	12.50	02 Mar 2020	BUY	14.30
02 Nov 2021	BUY	12.30			

Source: CLSA

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