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26 May 2022

Malaysia Infrastructure

Reuters SCOG.KL
Bloomberg SCGB MK

Priced on 23 May 2022
KLSE Comp @ 1,542.5

12M hi/lo RM1.76/1.45

12M price target RM1.80
±% potential +13%

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

Market cap US\$467m

3M ADV US\$0.2m

Foreign s'holding 1.0%

Major shareholders

Sunway Berhad 54.4%
Sungei Way Corp Sdn Bhd 10.1%

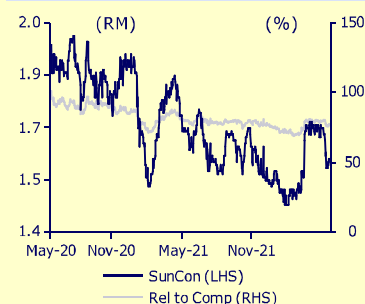
Blended ESG Score (%)*

Overall	75.9
Country average	71.0
GEM sector average	74.6

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

Stock performance (%)

	1M	3M	12M
Absolute	(6.5)	7.4	(2.5)
Relative	(2.9)	10.5	(1.2)
Abs (US\$)	(7.8)	2.5	(8.0)



Source: Bloomberg

Catching up

Revenue picking up pace and India turns in a profit

Revenue for SunCon picked up pace during the seasonally slower 1Q, delivering core Patmi of RM35.5m (up 75% YoY), in-line at 23%/26% of our/consensus full-year FY22 forecasts. Operationally, we were encouraged to see the ramp-up of pre-cast orders ahead of the new plant opening, while both its India projects underway now also saw a return to profit in 1Q22. Its margin may be competitive for building work due to cost pressure. We prefer contractors with a good infrastructure track record such as SunCon. As a YTD laggard of GAM and IJM, SunCon's narrower PE multiple relative to peers offers a continued accumulating opportunity. We maintain our BUY rating.

Revenue run-rate at a higher clip to complete projects and India turns-in a profit

While the 40% YoY jump in construction revenue was flattered by disruptions in 1Q21 (worker accommodation), a high revenue clip is expected as 11 sizeable remaining jobs (RM725m combined, or 16% of its outstanding order-book of RM4.4bn) are scheduled for completion this year. These may give rise to margin revision opportunities on account finalisation, which earlier boosted 4Q21 (pre-tax margin: 16%) before easing to a normalised 7.9% in 1Q22. Of note, both its India projects have commenced, with the pre-tax margin (India) at 12.4% in 1Q22.

Order-book ramp-up in pre-cast encouraging for utilisation of new plant

Ramp-up of pre-cast orders (+128m YTD, with outstanding at RM555m) is encouraging to fulfil utilisation at the automated pre-cast plant commencing in August. While its pre-cast margin (1Q22: 2.7%) remains challenged by steel prices, and could drag down our overall SunCon pre-tax margin assumption of 8% in 2022 if prolonged. The Singapore housing development board is cushioning the impact via steel price protection for some projects (news), which may benefit SunCon.

Clinched work for RTS & infrastructure project roll-out plays to SunCon's strength

Amid high material prices, building awards may be slower and we do not expect high internal jobs for FY22 (YTD: negligible). SunCon has an infrastructure track record, nevertheless, and has clinched piling work for the Rapid Transit System (RTS) in Johor for RM112m, taking its YTD wins to RM265m (22CL: RM2bn). We see SunCon as among the usual names for MRT3 (we assume it as a subcontractor).

Maintain BUY

Our RM1.80 target price is pegged to FY23 earnings at a 15.2x multiple, ie its pre-Covid-19 average (since listing), given expectations of a return of infrastructure-related jobs. SunCon also can count on typically strategic projects from its parent, from a property angle.

Financials

Year to 31 December	20A	21A	22CL	23CL	24CL
Revenue (RMm)	1,553	1,729	2,575	2,614	2,478
Net profit (RMm)	73	113	154	156	159
EPS (sen)	5.6	8.7	11.9	12.0	12.3
CL/consensus (12) (EPS%)	-	-	118	109	104
EPS growth (% YoY)	(43.7)	54.7	37.1	0.8	1.9
PE (x)	28.2	18.2	13.3	13.2	13.0
Dividend yield (%)	2.5	3.3	4.4	4.4	4.7
FCF yield (%)	3.5	8.9	(6.4)	(1.3)	8.6
PB (x)	3.2	2.9	2.7	2.5	2.3
ROE (%)	11.6	16.9	21.0	19.4	18.2
Net debt/equity (%)	(53.1)	(63.9)	(27.6)	(10.8)	(17.7)

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	2,575	48.9	2,614	2,478
Cogs (ex-D&A)	(1,429)	(1,566)	(2,318)		(2,344)	(2,205)
Gross Profit (ex-D&A)	124	164	257	57.3	270	273
SG&A and other expenses	-	-	-		-	-
Op Ebitda	124	164	257	57.3	270	273
Depreciation/amortisation	(33)	(27)	(55)		(60)	(65)
Op Ebit	91	136	203	48.8	210	208
Net interest inc/(exp)	10	11	2	(83.6)	(6)	(12)
Other non-Op items	0	5	5	7	5	5
Profit before tax	101	152	209	37.6	209	202
Taxation	(28)	(41)	(42)		(42)	(40)
Profit after tax	73	111	168	51.3	167	162
Minority interest	(1)	2	(13)		(12)	(3)
Net profit	73	113	154	37.1	156	159
Adjusted profit	73	113	154	37.1	156	159
Cashflow (RMm)						
Operating profit	91	136	203	48.8	210	208
Depreciation/amortisation	33	27	55	99.7	60	65
Working capital changes	(29)	83	(298)		(205)	(5)
Other items	(23)	(29)	(42)		(42)	(40)
Net operating cashflow	72	218	(82)		23	227
Capital expenditure	0	(35)	(50)		(50)	(50)
Free cashflow	72	183	(132)		(27)	177
M&A/Others	17	(19)	17		15	16
Net investing cashflow	17	(54)	(33)		(35)	(34)
Increase in loans	(85)	(71)	150		150	150
Dividends	(62)	(52)	(98)		(97)	(99)
Net equity raised/other	-	-	-		-	-
Net financing cashflow	(147)	(122)	52		53	51
Incr/(decr) in net cash	(58)	42	(63)		41	245
Exch rate movements	4	14	(24)		(16)	(22)
Balance sheet (RMm)						
Cash & equivalents	640	696	609	(12.5)	633	856
Accounts receivable	1,048	850	1,399	64.6	1,618	1,554
Other current assets	54	66	98	48.5	115	123
Fixed assets	104	125	115	(8.1)	100	80
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	2,348	26	2,593	2,740
Short-term debt	234	93	93	0	93	93
Accounts payable	955	891	1,143	28.2	1,156	1,087
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	769	9.9	839	902
Minorities/other equity	2	18	31	74.7	43	45
Total liabs & equity	1,906	1,864	2,348	26	2,593	2,740
Ratio analysis						
Revenue growth (% YoY)	(12.2)	11.4	48.9		1.5	(5.2)
Ebitda margin (%)	8.0	9.5	10.0		10.3	11.0
Ebit margin (%)	5.8	7.9	7.9		8.0	8.4
Net profit growth (%)	(43.7)	54.7	37.1		0.8	1.9
Op cashflow growth (% YoY)	(54.3)	201.1	(137.8)		nm	887.0
Capex/sales (%)	0.0	2.0	1.9		1.9	2.0
Net debt/equity (%)	(53.1)	(63.9)	(27.6)		(10.8)	(17.7)
Net debt/Ebitda (x)	-	-	-		-	-
ROE (%)	11.6	16.9	21.0		19.4	18.2
ROIC (%)	24.6	49.8	53.7		29.8	25.0

Source: www.clsa.com

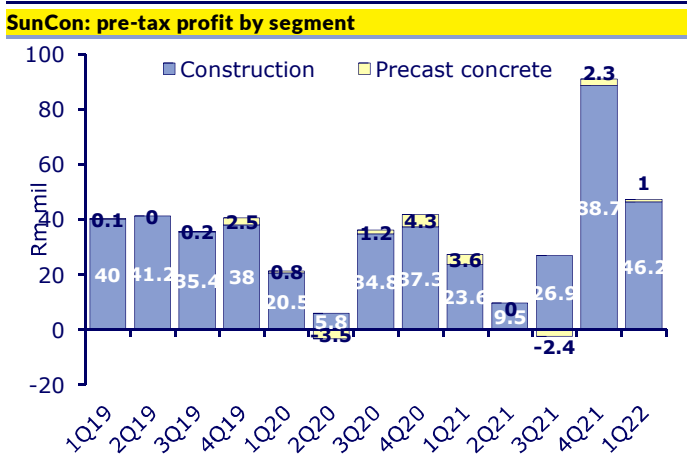
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Figure 1

SunCon: financials					
FYE 31 Dec (RM m)	1Q22	1Q21	YoY % Chg	4Q21	QoQ % Chg
Revenue	624.7	455.2	37%	626.6	0%
Operating expenses	(583.1)	(432.3)	35%	(556.0)	5%
Other income	1.4	3.2	(56%)	14.3	(90%)
EBITDA	49.2	34.2	44%	91.6	(46%)
Depreciation	(6.2)	(8.1)	(23%)	(6.6)	(6%)
EBIT	42.9	26.1	n.m.	84.9	(49%)
Interest income	2.2	0.8	194%	1.0	127%
Interest expense	(1.2)	(1.6)	(27%)	(1.1)	6%
JV/Associate	3.2	2.0	n.m.	6.2	(49%)
Pre-tax profit	47.2	27.2	73%	91.0	(48%)
Tax	(11.5)	(6.9)	66%	(26.0)	(56%)
Effective tax rate	24.4%	25.5%	n.m.	28.6%	n.m.
Minority interest	1.12	0.07	1436%	0.26	326%
Net profit	34.5	20.2	71%	64.7	(47%)
EPS (sen)	2.68	1.57	71%	5.01	(47%)
EBIT margin	6.9%	5.7%		13.6%	
PBT margin	7.6%	6.0%		14.5%	

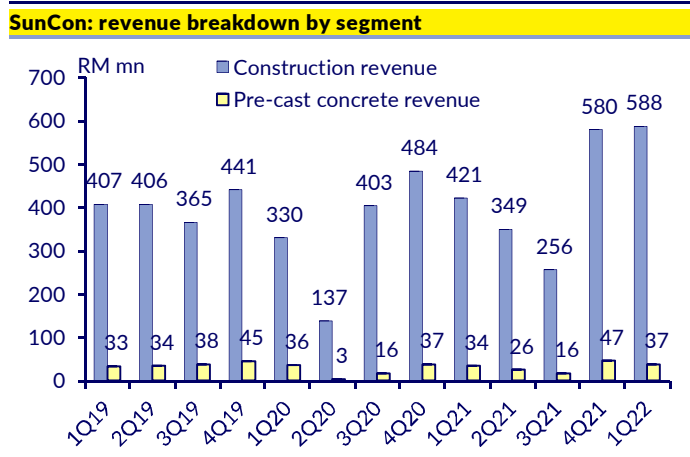
Source: CLSA, SunCon

Figure 2



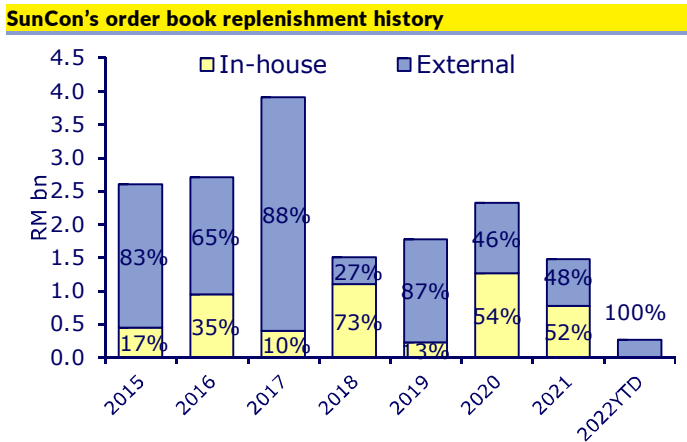
Source: CLSA, SunCon

Figure 3



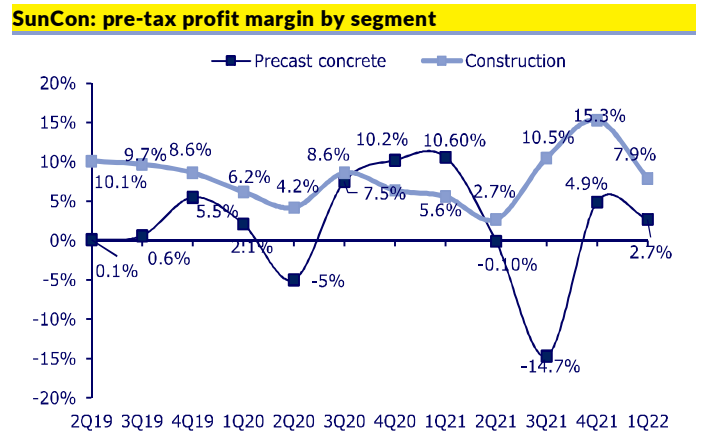
Source: CLSA, SunCon

Figure 4



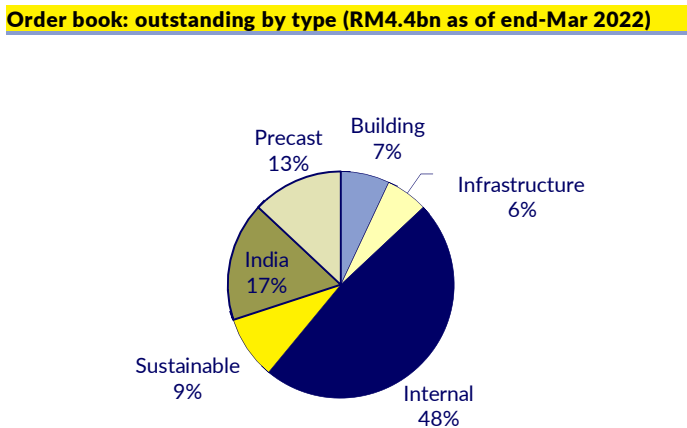
Source: CLSA, SunCon

Figure 5



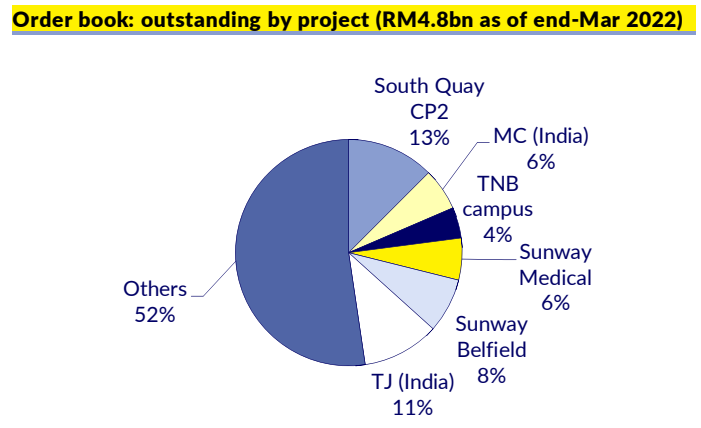
Source: CLSA, SunCon

Figure 6



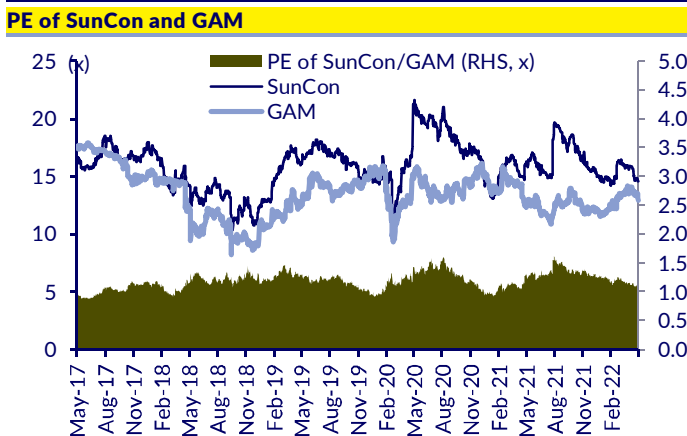
Source: CLSA, SunCon

Figure 7



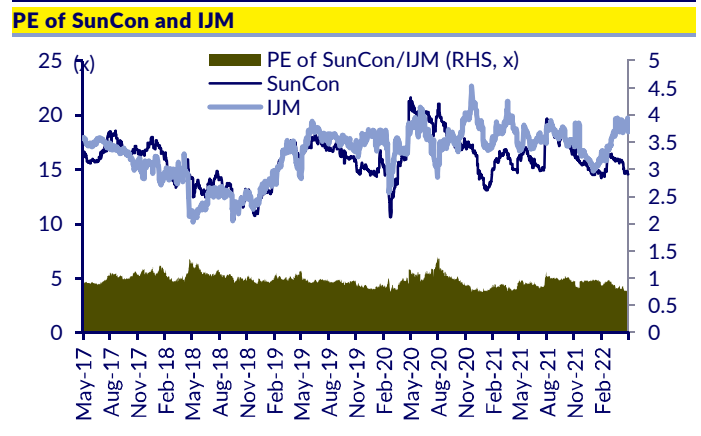
Source: CLSA, SunCon, MC = Meensurutti-Chidambaran whereas TJ refers to Thorapalli-Jittandahalli

Figure 8



Source: CLSA, Bloomberg

Figure 9



Source: CLSA, Bloomberg

Figure 10

SunCon: valuations		
PE method of valuation	Remarks	Rm mn
Earnings (23CL)		155.7
Multiple applied	15.2x, i.e. PE multiple at 1 sd above 5-year KLCON sector mean of 13.7x	15.2
Total		2,366.3
Number of shares (unit million)		1,293
Value per share (RM)		1.80 Rounded

Source: CLSA

Figure 11

Peer Comparison											
	Price	Mkt cap	ADT	PE	PB		ROE		Yield		
	(RM)	(US\$m)	(US\$m)	CY21	CY22	CY21	CY22	CY21	CY22	CY21	CY22
				(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)
KLCI-listed peers											
IJM	1.75	1,502	1.49	23.0	18.7	0.6	0.6	3.0	3.3	2.2	2.3
Gamuda	3.48	2,104	2.90	14.8	13.1	1.4	1.3	6.7	7.2	1.4	3.5
SunCon	1.58	466	0.16	18.1	13.2	2.9	2.7	16.9	21.0	3.3	4.4
AQRS	0.33	43	0.12	11.9	4.5	0.4	0.3	3.5	8.6	0.0	0.0
MGB	0.62	83	0.01	13.7	8.9	0.6	0.6	5.2	6.9	1.8	2.8
Hock Seng Lee	1.35	169	0.07	20.1	15.2	0.9	0.8	4.6	5.7	0.6	1.8
Kim Lun	0.76	61	0.02	18.1	6.9	0.4	0.4	2.0	5.2	1.2	3.2
GDB	0.36	76	0.06	11.1	8.7	2.2	1.9	20.0	22.5	4.2	4.2
Econpile	0.23	74	0.21	20.8	20.4	0.7	0.7	3.7	4.0	1.1	1.3
Advancecon	0.27	30	0.01	27.0	6.8	0.6	0.5	1.7	9.0	n.a.	3.7
WCT	0.51	164	0.22	56.7	10.9	0.2	0.2	0.8	2.1	0.6	1.4
Gadang	0.38	62	0.17	12.4	7.2	-	-	3.3	4.2	2.4	2.7
Kerjaya Prospek	1.14	321	0.06	14.4	10.0	-	-	8.3	12.3	2.7	3.9
Weighted average				19.1	14.3	1.1	1.0	6.3	7.6	1.9	3.1
Weighted average ex. IJM & GAM				21.0	11.6	1.2	1.1	9.1	12.2	2.2	3.2

Source: CLSA, Bloomberg

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	2,575	2,614	2,478
Cogs (ex-D&A)	(2,042)	(1,587)	(1,429)	(1,566)	(2,318)	(2,344)	(2,205)
Gross Profit (ex-D&A)	215	181	124	164	257	270	273
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	-	-	-	-	-	-	-
Other SG&A	-	-	-	-	-	-	-
Other Op Expenses ex-D&A	-	-	-	-	-	-	-
Op Ebitda	215	181	124	164	257	270	273
Depreciation/amortisation	(53)	(40)	(33)	(27)	(55)	(60)	(65)
Op Ebit	162	141	91	136	203	210	208
Interest income	16	25	17	16	17	15	16
Interest expense	(8)	(13)	(7)	(5)	(16)	(22)	(28)
Net interest inc/(exp)	8	12	10	11	2	(6)	(12)
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	209	209	202
Taxation	(38)	(27)	(28)	(41)	(42)	(42)	(40)
Profit after tax	132	130	73	111	168	167	162
Preference dividends	-	-	-	-	-	-	-
Profit for period	132	130	73	111	168	167	162
Minority interest	0	(1)	(1)	2	(13)	(12)	(3)
Net profit	131	129	73	113	154	156	159
Extraordinaries/others	0	0	0	0	0	0	0
Profit available to ordinary shares	131	129	73	113	154	156	159
Dividends	(90)	(90)	(52)	(68)	(90)	(90)	(97)
Retained profit	41	39	21	45	64	65	62
Adjusted profit	131	129	73	113	154	156	159
EPS (sen)	10.2	10.0	5.6	8.7	11.9	12.0	12.3
Adj EPS [pre excep] (sen)	10.2	10.0	5.6	8.7	11.9	12.0	12.3
Core EPS (sen)	10.2	10.0	5.6	8.7	11.9	12.0	12.3
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	48.9	1.5	(5.2)
Ebitda growth (% YoY)	6.0	(15.5)	(31.6)	32.0	57.3	4.9	1.1
Ebit growth (% YoY)	(1.9)	(12.9)	(35.8)	50.5	48.8	3.8	(1.0)
Net profit growth (%)	(3.5)	(1.5)	(43.7)	54.7	37.1	0.8	1.9
EPS growth (% YoY)	(3.5)	(1.5)	(43.7)	54.7	37.1	0.8	1.9
Adj EPS growth (% YoY)	(3.5)	(1.5)	(43.7)	54.7	37.1	0.8	1.9
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	37.1	0.8	1.9
Margins (%)							
Gross margin (%)	9.5	10.2	8.0	9.5	10.0	10.3	11.0
Ebitda margin (%)	9.5	10.2	8.0	9.5	10.0	10.3	11.0
Ebit margin (%)	7.2	8.0	5.8	7.9	7.9	8.0	8.4
Net profit margin (%)	5.8	7.3	4.7	6.5	6.0	6.0	6.4
Core profit margin	5.8	7.3	4.7	6.5	6.0	6.0	6.4
Op cashflow margin	7.1	9.0	4.7	12.6	(3.2)	0.9	9.2
Returns (%)							
ROE (%)	22.9	21.3	11.6	16.9	21.0	19.4	18.2
ROA (%)	6.8	6.3	3.4	5.3	7.7	6.8	6.2
ROIC (%)	52.1	42.4	24.6	49.8	53.7	29.8	25.0
ROCE (%)	76.4	64.1	35.0	48.8	48.4	30.8	26.6
Other key ratios (%)							
Effective tax rate (%)	22.4	17.2	27.5	27.3	20.0	20.0	20.0
Ebitda/net int exp (x)	-	-	-	-	-	42.9	23.4
Exceptional or extraord. inc/PBT (%)	0.0	0.0	-	-	-	-	-
Dividend payout (%)	68.9	70.0	71.0	60.3	58.6	58.1	61.1

Source: www.clsa.com

Balance sheet (RMm)

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Cash & equivalents	485	693	640	696	609	633	856
Accounts receivable	885	818	1,048	850	1,399	1,618	1,554
Inventories	30	25	34	46	46	46	46
Other current assets	198	174	20	20	52	68	76
Current assets	1,597	1,710	1,742	1,612	2,106	2,366	2,533
Fixed assets	164	139	104	125	115	100	80
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	2,348	2,593	2,740
Short term loans/OD	114	233	234	93	93	93	93
Accounts payable	995	885	955	891	1,143	1,156	1,087
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	1,243	1,257	1,188
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	1,549	1,712	1,793
Share capital	259	259	259	259	259	259	259
Retained earnings	361	399	410	471	540	610	673
Reserves/others	(28)	(35)	(31)	(30)	(30)	(30)	(30)
Shareholder funds	591	623	637	699	769	839	902
Minorities/other equity	1	2	2	18	31	43	45
Total equity	593	625	639	717	799	881	947
Total liabs & equity	1,812	1,905	1,906	1,864	2,348	2,593	2,740
Total debt	114	286	301	238	388	538	688
Net debt	(371)	(407)	(339)	(458)	(221)	(96)	(168)
Adjusted EV	1,640	1,602	1,669	1,488	1,738	1,875	1,806
BVPS (sen)	45.7	48.2	49.3	54.1	59.5	64.9	69.7

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	1.9	2.1
Growth in total assets (% YoY)	(3.9)	5.1	0.1	(2.2)	26.0	10.4	5.7
Growth in capital employed (% YoY)	9.4	(1.2)	37.0	(13.5)	123.4	35.8	(0.8)
Net debt to operating cashflow (x)	-	-	-	-	-	-	-
Gross debt to operating cashflow (x)	0.7	1.8	4.2	1.1	(4.7)	23.3	3.0
Gross debt to Ebitda (x)	0.5	1.6	2.4	1.5	1.5	2.0	2.5
Net debt/Ebitda (x)	-	-	-	-	-	-	-
Gearing							
Net debt/equity (%)	(62.7)	(65.0)	(53.1)	(63.9)	(27.6)	(10.8)	(17.7)
Gross debt/equity (%)	19.2	45.8	47.1	33.2	48.5	61.0	72.6
Interest cover (x)	21.4	12.6	15.6	33.2	14.2	10.5	8.1
Debt cover (x)	1.4	0.6	0.2	0.9	(0.2)	0.0	0.3
Net cash per share (sen)	28.7	31.5	26.2	35.4	17.1	7.4	13.0
Working capital analysis							
Inventory days	4.9	6.3	7.6	9.4	7.3	7.2	7.6
Debtor days	157.7	175.7	219.4	200.4	159.4	210.6	233.6
Creditor days	194.7	216.1	235.1	215.3	160.2	179.0	185.7
Working capital/Sales (%)	4.6	7.4	9.1	1.0	13.4	21.7	23.5
Capital employed analysis							
Sales/Capital employed (%)	1,019.8	809.4	518.5	667.8	445.1	332.8	318.1
EV/Capital employed (%)	741.3	733.1	557.2	574.7	300.5	238.7	231.8
Working capital/Capital employed (%)	46.5	59.7	47.2	6.4	59.8	72.3	74.6
Fixed capital/Capital employed (%)	74.0	63.5	34.7	48.2	19.8	12.7	10.3
Other ratios (%)							
PB (x)	3.5	3.3	3.2	2.9	2.7	2.5	2.3
EV/Ebitda (x)	7.6	8.8	13.5	9.1	6.8	6.9	6.6
EV/OCF (x)	10.3	10.1	23.1	6.8	(21.1)	81.4	7.9
EV/FCF (x)	15.9	10.4	23.1	8.1	(13.1)	(69.6)	10.2
EV/Sales (x)	0.7	0.9	1.1	0.9	0.7	0.7	0.7
Capex/depreciation (%)	106.6	11.7	0.0	127.0	91.3	83.7	77.2

Source: www.clsa.com

Cashflow (RMm)

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Operating profit	162	141	91	136	203	210	208
Operating adjustments	0	0	12	0	0	0	0
Depreciation/amortisation	53	40	33	27	55	60	65
Working capital changes	(11)	28	(29)	83	(298)	(205)	(5)
Interest paid / other financial expenses	(8)	(13)	(6)	(4)	0	0	0
Tax paid	(37)	(38)	(29)	(29)	(42)	(42)	(40)
Other non-cash operating items	1	1	0	4	0	0	0
Net operating cashflow	159	158	72	218	(82)	23	227
Capital expenditure	(56)	(5)	0	(35)	(50)	(50)	(50)
Free cashflow	103	154	72	183	(132)	(27)	177
Acq/inv/disposals	26	(47)	-	(53)	-	-	-
Int, invt & associate div	(28)	25	17	34	17	15	16
Net investing cashflow	(58)	(26)	17	(54)	(33)	(35)	(34)
Increase in loans	(21)	162	(85)	(71)	150	150	150
Dividends	(97)	(91)	(62)	(52)	(98)	(97)	(99)
Net equity raised/others	-	-	-	-	-	-	-
Net financing cashflow	(118)	72	(147)	(122)	52	53	51
Incr/(decr) in net cash	(16)	204	(58)	42	(63)	41	245
Exch rate movements	13	6	4	14	(24)	(16)	(22)
Opening cash	487	484	693	640	696	609	633
Closing cash	484	693	640	696	609	633	856
OCF PS (sen)	12.3	12.3	5.6	16.8	(6.4)	1.8	17.6
FCF PS (sen)	8.0	11.9	5.6	14.2	(10.2)	(2.1)	13.7

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	(137.8)	nm	887.0
FCF growth (% YoY)	-	48.8	(52.9)	152.9	(172.3)	-	-
Capex growth (%)	2.7	(91.6)	(100.0)	-	43.6	0.0	0.0
Other key ratios (%)							
Capex/sales (%)	2.5	0.3	0.0	2.0	1.9	1.9	2.0
Capex/op cashflow (%)	35.2	3.0	0.0	16.0	(60.8)	217.0	22.0
Operating cashflow payout ratio (%)	56.7	57.1	71.5	31.2	-	392.6	42.6
Cashflow payout ratio (%)	56.7	57.1	71.5	31.2	-	392.6	42.6
Free cashflow payout ratio (%)	87.6	58.9	71.5	37.1	-	-	54.6

DuPont analysis

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Ebit margin (%)	7.2	8.0	5.8	7.9	7.9	8.0	8.4
Asset turnover (x)	1.2	1.0	0.8	0.9	1.2	1.1	0.9
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	0.8	0.8	0.8
Return on assets (%)	6.8	6.3	3.4	5.3	7.7	6.8	6.2
Leverage (x)	3.2	3.1	3.0	2.8	2.8	2.9	2.9
ROE (%)	22.9	21.3	11.6	16.9	21.0	19.4	18.2

EVA® analysis

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Ebit adj for tax	126	117	66	99	162	168	167
Average invested capital	241	275	266	199	302	565	665
ROIC (%)	52.1	42.4	24.6	49.8	53.7	29.8	25.0
Cost of equity (%)	12.1	12.1	12.1	12.1	12.1	12.1	12.1
Cost of debt (adj for tax)	3.9	4.1	3.6	3.6	4.0	4.0	4.0
Weighted average cost of capital (%)	12.1	12.1	12.1	12.1	12.1	12.1	12.1
EVA/IC (%)	40.0	30.3	12.5	37.7	41.6	17.7	12.9
EVA (RMm)	96	83	33	75	126	100	86

Source: www.clsa.com



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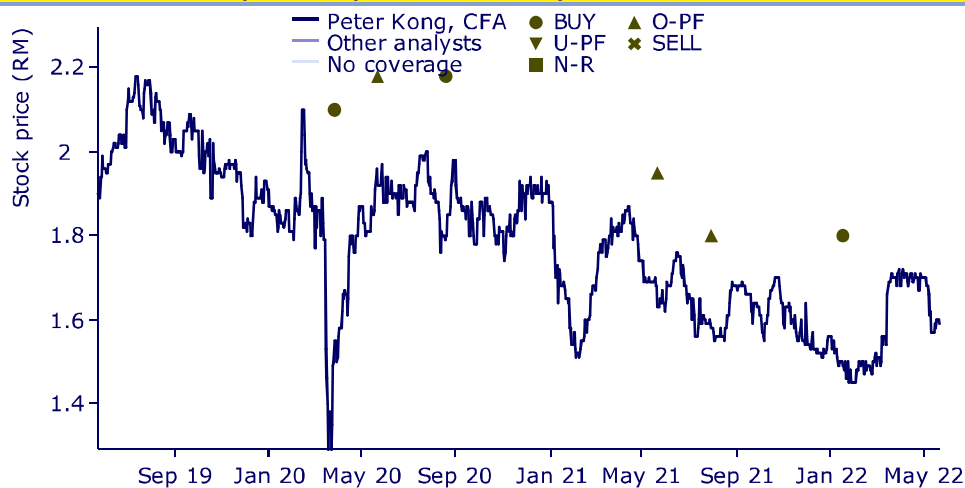
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 Advancecon (N-R)
 AQRS (AQRS MK - RM0.33 - O-PF)
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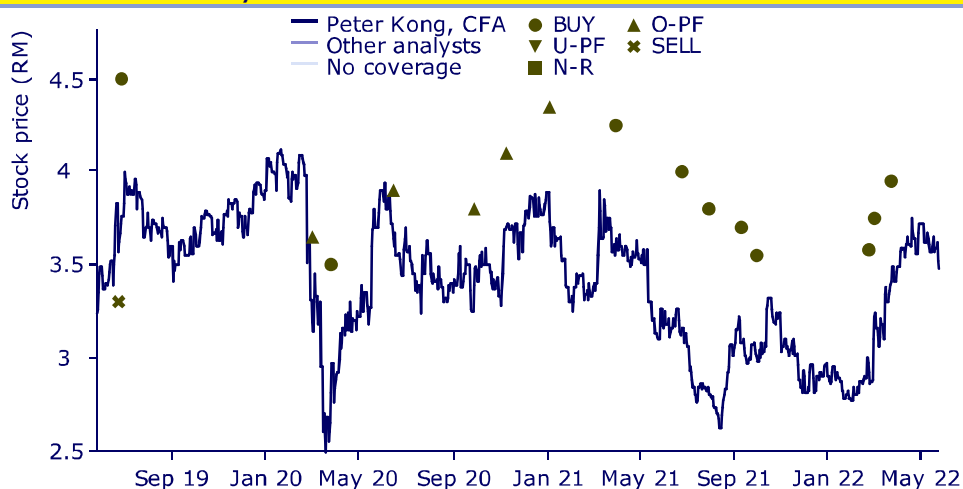
Recommendation history of Sunway Construction Group Bhd SCGB MK



Date	Rec	Target	Date	Rec	Target
17 Jan 2022	BUY	1.80	19 Aug 2020	BUY	2.18
30 Jul 2021	O-PF	1.80	22 May 2020	O-PF	2.18
21 May 2021	O-PF	1.95	27 Mar 2020	BUY	2.10

Source: CLSA

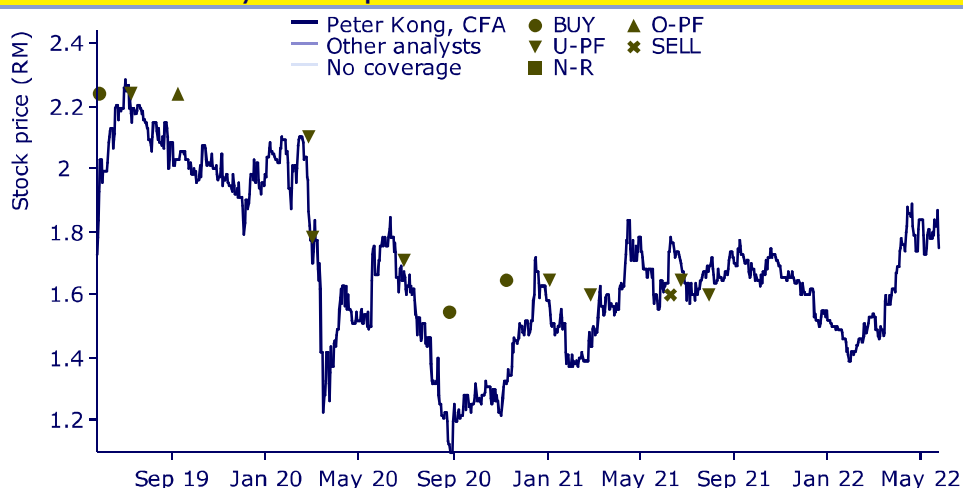
Recommendation history of Gamuda Bhd GAM MK



Date	Rec	Target	Date	Rec	Target
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
25 Jun 2021	BUY	4.00	28 Jun 2019	BUY	4.50
31 Mar 2021	BUY	4.25	24 Jun 2019	SELL	3.30

Source: CLSA

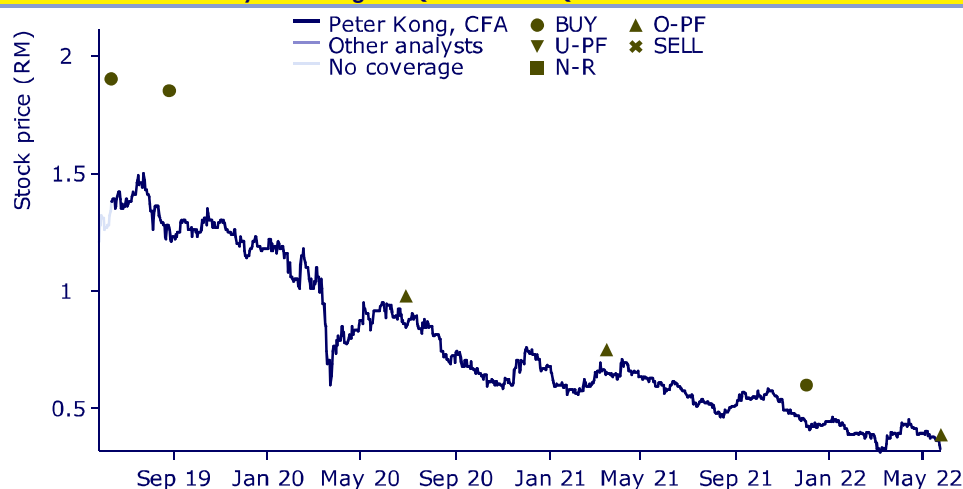
Recommendation history of IJM Corp Bhd IJM MK



Date	Rec	Target	Date	Rec	Target
30 Jul 2021	U-PF	1.60*	29 Jun 2020	U-PF	1.71*
24 Jun 2021	U-PF	1.65*	02 Mar 2020	U-PF	1.78*
10 Jun 2021	SELL	1.60*	26 Feb 2020	U-PF	2.10*
26 Feb 2021	U-PF	1.60*	09 Sep 2019	O-PF	2.24*
04 Jan 2021	U-PF	1.65*	10 Jul 2019	U-PF	2.24*
09 Nov 2020	BUY	1.65*	30 May 2019	BUY	2.24*
27 Aug 2020	BUY	1.55*			

Source: CLSA; * Adjusted for corporate action

Recommendation history of Gabungan AQRs Berhad AQRs MK



Date	Rec	Target	Date	Rec	Target
26 May 2022	O-PF	0.39	29 Jun 2020	O-PF	0.98
02 Dec 2021	BUY	0.60	26 Aug 2019	BUY	1.85
17 Mar 2021	O-PF	0.75	12 Jun 2019	BUY	1.90

Source: CLSA

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