

Sunway Construction Group Bhd (SCGB MK)

Flourishes with Robust Construction Job Flows

- We favored Sunway Construction Group Berhad (“SunCon”) due to its exceptional performance, owing to: (i) its larger than expected orderbook replenishment, (ii) its strategic positioning as a primary beneficiary of the expected surge in construction jobs and infrastructure projects, and (iii) its strong competencies in the newly operational Integrated Construction & Prefabrication Hub (ICPH) in Singapore.
- SunCon’s exhibits a notable RM6.0bn orderbook, which is 2.8x its FY22 revenue and is on track for further expansion in FY23, with RM1.5bn new job secured YTD. Projects such as: (i) RM6bn power plant in Vietnam, (ii) MRT3, Bayan Lepas LRT, and (iii) Sunway’s internal projects (worth RM100mn-300mn each), are expected to further bolster the orderbook.
- We re-initiate coverage on SunCon with a BUY recommendation and TP of RM2.08, based on FY23F EPS of 12.6sen and 5-years mean PER of 16.5x.

Robust Construction Job Flows

SunCon is expected to surpass its internal replenishment target of RM2.0bn in FY23, driven by improving construction job flows and internal job opportunities from the Sunway Group. This growth is further supported by a robust tender book valued at RM22.7bn. The recently operational Integrated Construction & Prefabrication Hub (ICPH) in Singapore is expected to boost the company's earnings, specifically through its engagement with Singapore's Housing and Development Board (HDB) flat launches. With an estimated launch of up to 23,000 Build-To-Operate flats in 2023, SunCon's ICPH is strategically positioned to capitalize on the increasing demand in this market segment.

Impressive Project Portfolio

SunCon currently maintains a commendable orderbook of RM6.0bn, ensuring a steady stream of earnings for the period of 3 years. As of 1Q23, the company has successfully secured new contracts valued at RM1.5bn. Additionally, SunCon's orderbook is poised to expand further upon materialisation of the Song Hau 2 power plant project in Vietnam, which carries an estimated value of MYR6.0bn. Leveraging their demonstrated expertise in comparable projects such as LRT3 and MRT2, SunCon is well-positioned to secure job packages for the upcoming MRT3 and Bayan Lepas LRT projects.

Dividend Payout Exceeds Policy

Despite a dividend policy set at 35% of PATAMI, SunCon consistently delivered a higher payout ratio of more than 50%. We anticipate a DPS of 6sen for FY23F-FY25F, translating to an estimated DY of 4% at current market price.

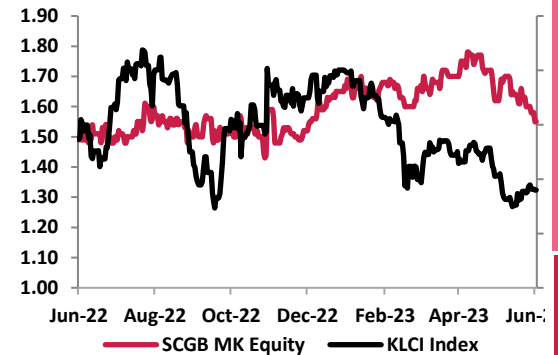
Initiate with a BUY and TP of RM2.08

We initiate coverage on SunCon with a **BUY** recommendation and **TP of RM2.08**. Our valuation is based on SunCon’s FY23F EPS of 12.6sen and its 5-year average PER of 16.5x. We believe this is justifiable given anticipation of improved earnings, owing to: (i) accelerated orderbook expansion, (ii) strong tenderbook in the pipeline, (iii) strong support from parent company, and (iv) beneficiary from healthy precast demand.

BUY

Share Price RM1.65
Target Price RM2.08 +26.0%

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	(2.4)	(1.8)	14.6
vs FBM KLCI	(2.9)	1.1	13.4

Stock Data

Mkt Cap (RM mn)	2,127.4
Free float (%)	25.7
Issued shares (mn)	1,289.4
Adj. Beta	0.79
52w H/L (RM)	1.79 / 1.41
3m avg daily volume	339,215

Major Shareholders (%)

Sunway Holdings Sdn Bhd	54.6
Sungei Way Corp Sdn Bhd	10.1
Employees Provident Fund	9.7

FYE Dec (RM mn)	2021	2022	2023F	2024F	2025F
Turnover	1,729.2	2,155.2	3,098.0	3,128.8	3,340.8
EBITDA	198.9	210.3	243.1	258.6	259.8
Pretax Profit	152.2	184.1	218.5	233.2	233.8
Core Profit	108.9	135.2	162.5	173.7	174.1
EPS (sen)	8.4	10.5	12.6	13.5	13.5
PER (x)	19.6	15.7	13.1	12.2	12.2
DPS (sen)	5.3	5.5	6.0	6.0	6.0
D. Yield (%)	3.2	3.3	3.6	3.6	3.6
P/B (x)	3.1	2.8	2.5	2.2	2.0
Net Gearing (x)	(0.7)	(0.5)	(0.5)	(0.6)	(0.6)
Key Ratios (%)					
ROE	16.6	18.9	20.5	19.6	17.7
EBITDA margin	11.5	9.8	7.8	8.3	7.8
Pretax margin	8.8	8.5	7.1	7.5	7.0
Net margin	6.4	6.4	5.4	5.7	5.3

Source: Bloomberg, BIMB Securities

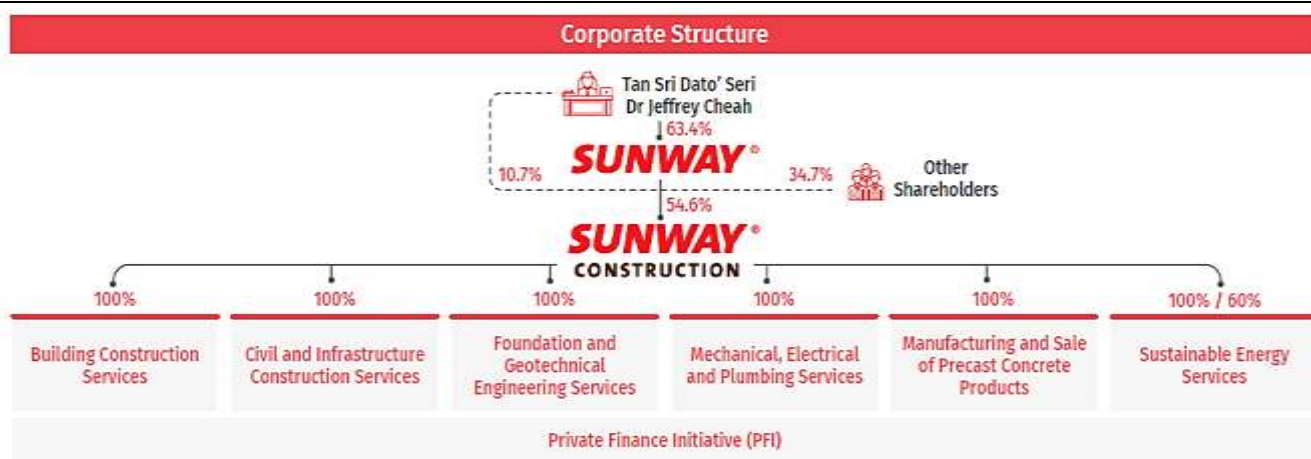
Research Team

aimannawwr@bimbsec.com.my
(603) 2613 1741

Company Background

SunCon operates as a comprehensive turnkey contractor, offering a complete range of integrated services and products, with the support from building information modelling, a substantial asset base, and their best practices. Since its establishment in 1976 and commencement of business in 1981, the company has undergone several changes in its listing status. It was initially listed in 1997, delisted in 2004, and subsequently relisted under the construction sector of the Main Market of Bursa Malaysia on July 28th, 2015. The company has generated cumulative revenue of over RM40bn and currently, its market capitalization stands at approximately RM2.1bn. The company has a fully integrated business model with 6 core operations, including: i) building construction, ii) civil works, iii) foundation and geotechnics, iv) MEP services, v) precast concrete product manufacturing (2 plants located in Johor and a third one in Singapore) and, vi) sustainable energy services.

Chart 1: SunCon’s Corporate Structure



Source: Company

Remarkable Milestones

SunCon accomplished significant milestones in FY22, successfully completing 6 building projects that showcased their capabilities as a leading construction company in Malaysia and the region (Chart 2). Key divisions within SunCon achieved noteworthy progress, namely:

- (i) the Civil and Infrastructure division made substantial advancements in their works for the LRT3 project, demonstrating their proficiency in large-scale infrastructure development;
- (ii) the MEP division successfully concluded projects for MRT Line 2 and IOI City Mall Phase 2;
- (iii) the Geotechnical division finished substructure works at South Quay Square, showcasing their competence in foundational construction;
- (iv) the company's Sustainable Energy division embarked on the construction of a RM40mn District Cooling System (DCS) project, slated for completion by FY24. This initiative marks SunCon's first venture in jointly operating a DCS system. Additionally, the division initiated Large Scale Solar (LSS4) projects in Kampar, Perak, and Klang, Selangor, with an expected completion date of December 2024; and
- (v) the precast division achieved a significant milestone by completing and commissioning the ICPH in Pulau Punggol Barat, Singapore with an annual capacity of 73,500m3 (in addition to an existing capacity of 126,000m3) of precast components, the new plant enables SunCon to cater to a wider range of product mix and expand their capabilities.

Chart 2: SunCon’s six building projects for FY22.



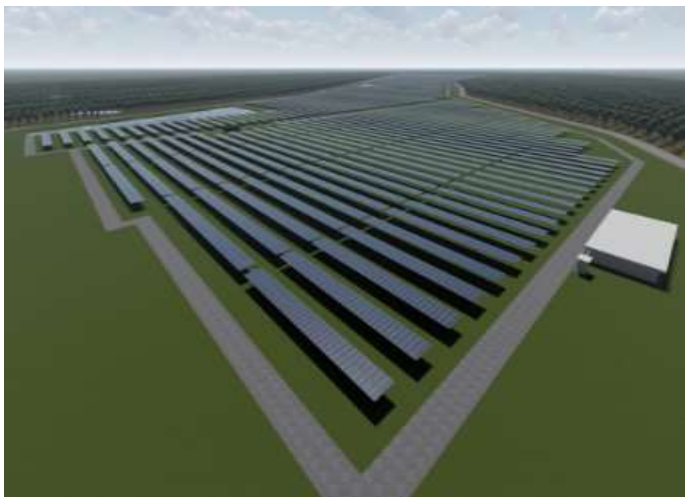
Chart 3: ICPH, Pulau Punggol Barat, Singapore



Chart 4: Foundation works in South Quay Square



Chart 5: Illustration of LSS4 Kapar, Selangor



Source: Company

Business Outlook

• **Sizeable Orderbook in Hand**

SunCon's outstanding orderbook stood at RM6.0bn (Table 1), which implies 2.8x to its FY22 revenue. This include an additional RM1.5bn in new orders secured as at 1Q23 (Table 2), which includes a contract worth RM605mn for Johor Bahru-Singapore Rapid Transit System Link (RTS) packages 1B and 5, as well as Sunway’s South Quay Square Mix Development project that is worth RM606mn. Overall, the majority of the orderbook is made up of building construction services, accounting for 67% of the total. This encompasses orderbook from both external clients (27%) and its parent company, Sunway Group Bhd (40%). Infrastructure projects constitute 11% of the orderbook, while projects from India contribute 8%. Additionally, the precast concrete segment from Singapore and sustainable energy projects each represent 7% of the orderbook. These figures demonstrate SunCon's diversified portfolio across various sectors and geographic locations, highlighting its ability to secure contracts from multiple sources and maintain a balanced orderbook composition. Refer Chart 6.

• **Orderbook May Rise to a Greater Height**

SunCon is positioned for growth in FY23, with a strong orderbook expansion on the horizon. The company has secured RM1.5bn of new jobs, which accounts for c.24% of FY22 contract wins. This positive momentum is further reinforced by a substantial

tenderbook valued at RM22.7bn with ongoing evaluation processes for the MRT3 and Bayan Lepas LRT projects. Additionally, Malaysia's flourishing data center investments present significant opportunities, with an expected capacity of over 800MW to be operational in the next five years. SunCon's recent success in securing a substantial contract for a data center in Sedenak Tech Park (RM1.7bn) further enhances their reputation in this sector, potentially leading to more data center project bids. Furthermore, the company has achieved a significant milestone by finalizing a definitive EPC agreement for the Song Hau 2 thermal power plant in Vietnam, marking a noteworthy accomplishment thus far.

Table 1: SunCon's Outstanding Orderbook

Project	Completion	Contract value (RMm)	Outstanding orderbook (RMm)
Infrastructure			
LRT3: Package GS07-08	2Q23	1,295	29
Jalan Tambun, Ipoh	3Q23	14	4
RTS Link Package 1B and Package 5	2Q25	605	605
RTS Link Package 2A	-	10	3
LRT3: Package GS06	3Q23	191	73
		2,115	714
Building			
Oxley Tower (MEP)	4Q24	68	42
Oxley Tower VO (MEP)	1Q24	9	9
JHB1X0 - Data Centre	3Q24	1,700	1,656
		1,777	1,707
Internal			
Sunway Medical Centre 4+VO	3Q23	612	102
Sunway Belfield	4Q24	403	236
Sunway Velocity 2	2Q24	352	11
South Quay Square - Superstructure	3Q24	557	472
South Quay Square - Superstructure (VO)	4Q25	607	607
Sunway Velocity 2B	4Q23	253	146
Sunway Medical Centre Damansara	1Q24	240	174
Sunway Medical Centre Ipoh+VO	1Q24	217	181
SW International School (SIS)	2Q23	140	19
Sunway Velocity 3C4	2Q23	100	14
Big Box Office	2Q23	51	5
SW Flora	4Q25	278	273
Sunway Carnival Mall	Jun-25	253	253
		4,063	2,493
Singapore			
Precast	Various	693	430
Precast - New orders in 2023	Various	13	13
		706	443
India			
Thorapalli-Jittandahalli (TJ)	4Q23	608	363
Meensurutti - Chidambaran (MC)	3Q23	315	144
		923	507
Sustainable Energy			
Solar - External	Various	69	47
Solar - Internal	Various	12	5
LSS4 Gopeng	4Q23	200	166
LSS4 SHARP Ventures	4Q23	185	158
New Order 2023 - External	Various	45	45
		511	421
Grand total		10,095	6,285

Source: Company, BIMB Securities

Table 2: SunCon’s project awards as at 1Q23

Projects	Completion Date	Value (RM'mn)
Bidadari C17-LP8	Dec-23	3.9
Precast – Watertanks (various projects)	Various	9.4
Heliosel Solar PV System -Package L2	Oct-23	34.0
Heliosel Solar PV System -Package L3	Dec-23	10.5
RTS Package 1B & 5	Jun-25	604.9
South Quay Square Mix Development -2nd SA	Oct-25	606.6
Oxley Tower VO	Feb-24	8.5
Sunway Carnival Mall	Jun-25	253.0
Total		1,530.8

Source: Company, BIMB Securities

Chart 6: Breakdown of orderbook

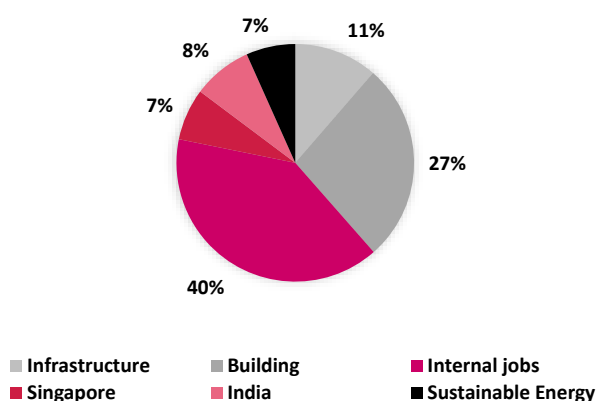
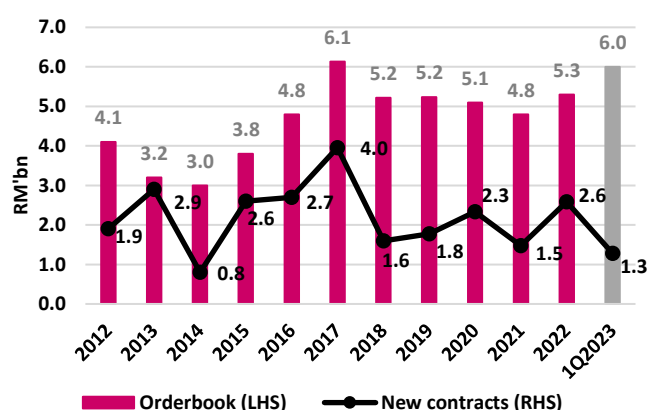


Chart 7: Annual new contracts secured and year-end order book



Source: Company, BIMB Securities

Financial Highlights

- Swift Recovery from Covid-19 Impact.** SunCon, similar to other construction firms, faced adverse effects from Covid-19 and movement restrictions, leading to reduced margins during the pandemic phase (Chart 8). Nevertheless, SunCon demonstrated a rapid recovery, achieving a 2-year revenue and core net profit CAGR of 17.8% and 39.8% respectively, through 2020. Thanks to the: i) successful execution of newly acquired projects, ii) enhanced labor intake, and iii) improved margins as projects neared completion on the construction side.
- Surpasses PATAMI Dividend Policy with Higher Payout.** Although SunCon has a dividend policy of 35% of PATAMI, they exceeded this threshold by providing a higher payout of more than 50% over FY18-22 (Chart 9). In FY22, SunCon distributed dividends amounting to 53% of its PATAMI, resulting in a yield of 3.6%. Looking ahead, we anticipate that SunCon will continue to provide dividends to its shareholders, with an estimated DPS of 6 sen for FY23F/FY24F/FY25F. This projected DPS translates to a payout ratio of approximately 44% to 47% of PATAMI and a yield of around 4% at the current market price.

Chart 8: SunCon's Annual Performance, 2018 - 2022

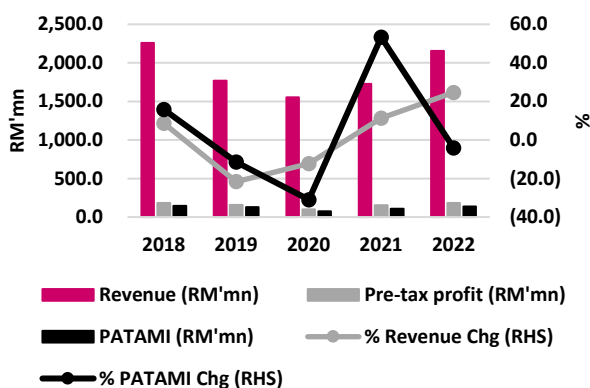
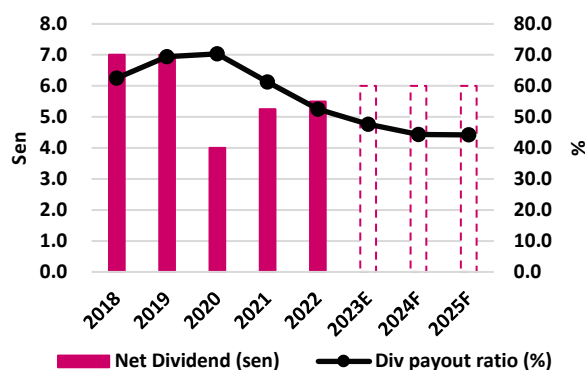


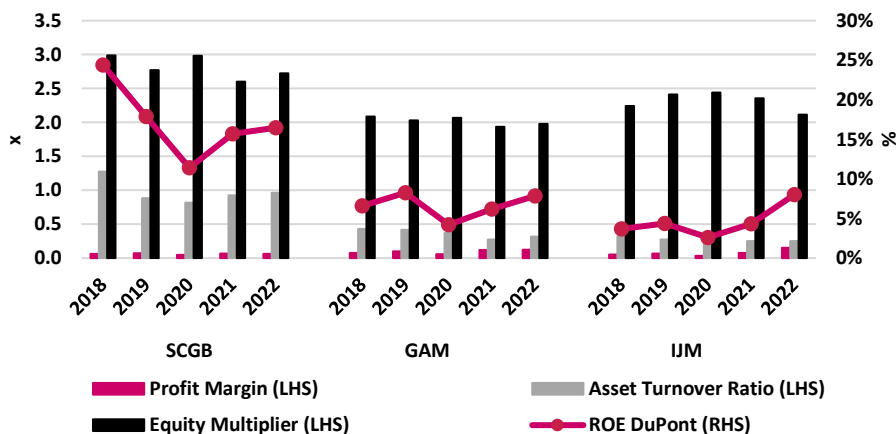
Chart 9: SunCon's Dividend Payout, 2018 - 2022



Source: Company, BIMB Securities

- Deliver Strong ROE.** As a pure-play construction company, SunCon delivered a stronger ROE than other integrated construction counterparts such as Gamuda and IJM (Chart 10). Based on DuPont Analysis, SunCon recorded exceptionally high asset turnover which contributed by efficiency in project deliveries. Owing to that, SunCon has won the highest return on equity (ROE) award for the construction sector in The Edge Billion Ringgit Club (BRC) for the 4th consecutive year in 2022. Despite the pandemic's impact, the company demonstrated resilience and rebounded from a drop in ROE in 2020 of 11.6x to 18.9x in 2022. Thanks to the management's prompt response to mitigate the pandemic's effects. The company's financial metric improved, resulting in an adjusted weighted ROE of 16.5% over 3 years.

Chart 10: Peers comparison



Source: Company, BIMB Securities

- Latest Quarterly Result.** In 1QFY23, SunCon reported a core net profit of RM27.8m, a decrease of 19.4% YoY, primarily driven by lower contribution from the construction segment, as current active projects are still in initial stage, which experienced a 16.4% YoY reduction in revenue to RM522.1m. In contrast, higher revenue recorded in 1QFY22 (RM624.7mn) was attributed by accelerated construction progress for projects nearing completion.

Table 3: Quarterly figures

FYE 31 Dec (RMm)	Quarterly			Change (%)		Cumulative		YTD Chg (%)
	1Q22	4Q22	1Q23	QoQ chg	YoY chg	2022	2023	
Revenue	624.7	503.4	522.1	3.7	(16.4)	624.7	522.1	11.4
EBITDA	49.2	70.2	46.9	(33.1)	(4.5)	49.2	46.9	38.9
PBT	47.2	58.3	37.5	(35.6)	(20.5)	47.2	37.5	50.6
Taxation	(11.5)	(5.0)	(8.9)	78.6	(100.0)	(11.5)	(8.9)	49.4
PAT	35.6	53.3	28.6	(46.3)	(19.6)	35.6	28.6	54.7
Core net profit	34.5	51.6	27.8	(46.0)	(19.4)	34.5	27.8	51.0
EPS (sen)	2.8	4.1	2.2	(46.3)	(19.6)	2.8	2.2	54.8
EBITDA margin (%)	7.9	13.9	9.0	(36)	14	7.9	9.0	
Pre-tax margin (%)	7.6	11.6	7.2	(38)	(5)	7.6	7.2	
Core net profit margin (%)	5.5	10.2	5.3	(48)	(4)	5.5	5.3	
Effective Tax (%)	24.4	8.5	23.7	177	(3)	24.4	23.7	

Source: Company, BIMB Securities

- Earnings forecast.** SunCon's revenue is expected to grow at 3-years CAGR of 15.8% over FY22-25F period to RM3.3bn, with anticipation of higher contribution from the precast segment and acceleration of orderbook replenishment. As such, core PATAMI is forecasted to grow at 3-years CAGR of 8.2% to RM171.2mn in FY25F. This growth reflects the company's ability to capitalize on its strategic focus areas and optimize its operational performance. Overall, these projections indicate a positive outlook for SunCon, demonstrating their potential for sustained revenue growth and improved core profitability in the coming years.

Table 4: SunCon's Earnings Outlook

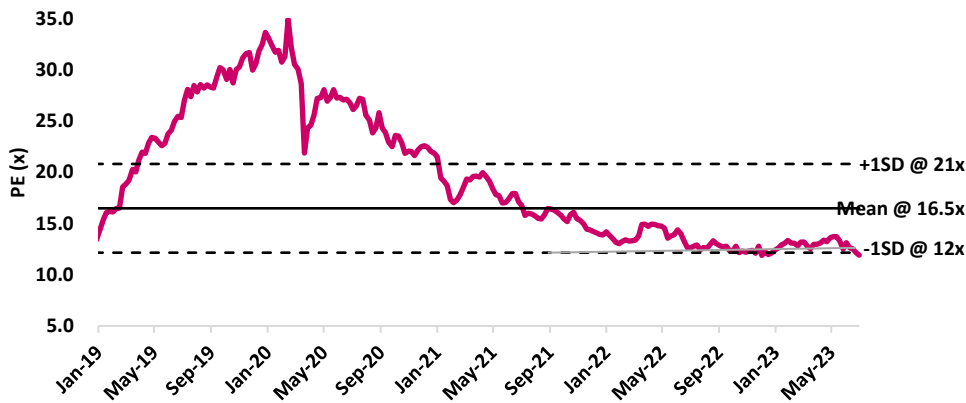
FYE 31 Dec	2021	2022	2023F	2024F	2025F
Revenue (RMm)	1,729.2	2,155.2	3,098.0	3,128.8	3,340.8
EBITDA (RMm)	198.9	210.3	243.1	258.6	259.8
Pretax profit (RMm)	152.2	184.1	218.5	233.2	233.8
Net profit (RMm)	110.8	138.7	166.0	177.3	177.7
PATAMI (RMm)	108.9	135.2	162.5	173.7	174.1

Source: Company, BIMB Securities

Re-Initiate Coverage with a BUY; TP of RM2.14

We initiate coverage on SunCon with a **BUY** recommendation and **TP of RM2.08**, based on SunCon's FY23F EPS of 12.6sen and 5-year mean PER of 16.5x. Anticipating a boost in earnings, SunCon is poised for growth through accelerated orderbook expansion and a robust tenderbook in the pipeline. The company also benefits from strong support from its parent company, ensuring stability and access to additional resources. With a favorable market for precast materials, SunCon is well-positioned to capitalize on the growing demand, further enhancing its revenue potential.

Chart 11: SunCon's 5-Year Historical Forward PE



Source: Bloomberg, BIMB Securities

Table 5: Peer comparisons

Company	Rec.	RM		Mkt cap (RM m)	EPS (sen)		PER (x)		PB (x)		ROE (%)		EBITDA margin (%)		Dividend yield (%)	
		TP	Price [^]		CY22	CY23	CY22	CY23	CY22	CY23	CY22	CY23	CY22	CY23	CY22	CY23
GAMUDA	BUY	5.16	4.38	11,660	29.8	33.4	14.7	13.1	1.1	1.0	7.3	7.7	18.3	17.9	0.0	0.0
SUNCON	BUY	2.08	1.65	2,127	10.5	12.5	15.7	13.2	2.8	2.5	17.6	18.8	9.8	7.8	3.3	3.6
IJM CORP	n.a	n.a	1.47	5,157	8.8	11.4	16.7	12.9	0.5	0.5	3.1	3.8	21.0	20.1	3.9	3.9
WCT	n.a	n.a	0.42	595	9.0	4.6	4.7	9.1	0.2	0.2	4.2	2.1	13.8	11.7	1.2	1.9
KERJAYA	n.a	n.a	1.10	1,387	9.1	11.4	12.1	9.7	1.3	1.1	10.7	11.5	16.0	16.1	1.8	4.4
Sector				4,185	13.4	14.6	12.8	11.6	1.2	1.1	8.6	8.8	15.7	14.7	2.1	2.8

Note: [^] Closing price as at 7 July 2023

Source: Bloomberg, Company, BIMB Securities

Key Risk

- **Project delays or cancellations.** The decline in government infrastructure spending, coupled with a decrease in construction and tender opportunities, has been further exacerbated by delays in project roll-outs.
- **Rising material costs.** The volatility in commodity prices has led to increase in material costs, which can potentially squeeze profit margins for the company.
- **Dependency on Singapore Market.** The precast business of SunCon relies significantly on the Singapore market, and any adverse developments in the Singapore construction industry have the potential to impact the demand for precast materials.

Key Catalyst

- **Data Center Expansion.** The increasing demand for data centres, fueled by the ongoing digital transformation and widespread adoption of cloud computing, presents potential opportunities for SunCon to secure contracts and generate additional revenue streams.
- **Renewable Energy Projects.** The growing emphasis on renewable energy and sustainability creates favourable conditions for SunCon to pursue growth and diversification opportunities. As the demand for renewable energy sources and sustainable practices increases, SunCon can leverage its expertise to contribute to this sector and expand its operations accordingly. This presents an avenue for the company to capitalize on emerging markets and align with global environmental goals.
- **Government Incentives and Policies.** Attractive incentives and policies aimed at promoting solar energy adoption creates a conducive environment for the development of solar projects. SunCon can capitalize on these opportunities by participating in the

development and construction of solar projects, leveraging its expertise in sustainable energy services, and contributing to the expansion of renewable energy sources.

ESG Exposure and Score

We have assessed SunCon ESG’s initiatives based on our framework which evaluate its overall ESG risk. Our final ESG rating score summarizes how well a company’s ESG risks are being managed.

We have assigned SunCon an overall ESG rating of 3.9 out of 5 which falls in the rating band of “Good”.

SunCon’s ESG Rating

	Weighted (%)	ESG Rating
Environmental	33.33	1.08
Social	33.33	1.33
Governance	33.33	1.44
SUM	100.0	3.9

Source: Company, BIMB Securities

BIMB’s ESG Rating Guide

Rating	
4.5 - 5.0	Excellent
4.0 - 4.4	Best
3.0 - 3.9	Good
2.0 - 2.9	Fair
1.0 - 1.9	Poor

Source: Company, BIMB Securities

Income Statement								
FYE 31 Dec (RMm)	2018	2019	2020	2021	2022	2023E	2024F	2025F
Turnover	2,256.7	1,768.7	1,552.7	1,729.2	2,155.2	3,098.0	3,128.8	3,340.8
Operating expenses	(2,031.9)	(1,583.5)	(1,409.5)	(1,530.3)	(1,945.0)	(2,854.9)	(2,870.2)	(3,081.0)
EBITDA	224.9	185.2	143.1	198.9	210.3	243.1	258.6	259.8
Depreciation	(43.7)	(40.3)	(33.4)	(27.4)	(23.8)	(25.5)	(27.0)	(28.5)
EBIT	181.2	144.9	109.7	171.5	186.5	217.6	231.6	231.3
Net int income/(expense)	6.8	12.0	10.5	(0.4)	(4.2)	(0.9)	(0.0)	0.8
Associates' contribution	0.7	4.4	0.1	13.3	1.7	1.7	1.7	1.7
Forex gain/(loss)	0.5	(0.2)	(2.9)	(0.2)	0.0	0.0	0.0	0.0
Exceptional gain/(loss)	(6.5)	(3.7)	(16.3)	(31.9)	0.0	0.0	0.0	0.0
Pretax profit	182.7	157.4	101.1	152.2	184.1	218.5	233.2	233.8
Tax	(38.0)	(27.1)	(27.8)	(41.5)	(45.3)	(52.4)	(56.0)	(56.1)
Minority interest	(0.3)	(1.0)	(0.5)	1.8	3.6	3.6	3.6	3.6
Net profit	144.8	130.3	73.3	110.8	138.7	166.0	177.3	177.7
PATAMI	144.4	129.3	72.8	108.9	135.2	162.5	173.7	174.1
Balance Sheet								
FYE 31 Dec (RMm)	2018	2019	2020	2021	2022	2023E	2024F	2025F
Total non-current assets	230.9	195.2	163.8	252.5	323.8	393.4	456.7	518.5
Total current assets	1,537.1	1,709.8	1,742.3	1,611.7	2,108.7	2,601.4	1,964.1	2,996.5
Total assets	1,768.0	1,905.0	1,906.1	1,864.2	2,432.5	2,994.8	2,420.8	3,514.9
Total current liabilities	1,062.7	1,120.2	1,194.7	992.0	1,493.1	1,966.9	1,292.9	2,286.7
Total non-current liabilities	115.0	161.9	74.4	173.1	173.1	173.1	173.1	173.1
Total liabilities	1,177.8	1,282.1	1,269.2	1,165.1	1,666.2	2,139.9	1,466.0	2,459.8
Total Equity	590.2	623.0	636.9	699.1	766.3	854.9	954.8	1,055.1
Total liabilities & equity	1,768.0	1,905.0	1,906.1	1,864.2	2,432.5	2,994.8	2,420.8	3,514.9
Cash Flow								
FYE 31 Dec (RMm)	2018	2019	2020	2021	2022	2023E	2024F	2025F
Cashflow from operation	192.6	188.1	93.3	238.3	79.5	257.6	271.6	271.0
Cash flow from investing	(74.2)	(51.4)	180.7	(173.4)	(93.8)	(93.8)	(89.0)	(89.0)
Cash flow from financing	(121.7)	71.6	(330.2)	(122.5)	(89.4)	(92.2)	(89.2)	(86.8)
Net cash/(debt)	360.5	397.7	339.2	465.0	379.8	466.2	571.4	360.5

DEFINITION OF RATINGS

BIMB Securities uses the following rating system:

STOCK RECOMMENDATION

BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
HOLD	Share price may fall within the range of +/- 10% over the next 12 months
TAKE PROFIT	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL	Share price may fall by more than 15% in the next 3 months.
SELL	Share price may fall by more than 10% over the next 12 months.
NOT RATED	Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
UNDERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

Disclaimer

This report has been prepared for information and educational purposes only and are not recommendation or endorsement to sell or solicitation to buy any securities, subscription of financial products or otherwise to be taken as investment advice of any form or kind and neither should be relied upon as such. The information herein was obtained or derived from publicly available information, internally developed data and other sources believed to be reliable. Whilst all reasonable care has been taken to ensure that all information and data are accurate and the opinions are fair and reasonable, we do not represent or warrant their accuracy, timeliness, completeness and currentness or applicability of such information for any particular purpose. The investments advice or idea discussed or recommended in this report may not be suitable for all investors. Any recommendation presented in this report is general in nature and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this report. The investors are advised to conduct own research and seek independent professional advice prior to taking any investment or investment related decisions. The directors and employees of BIMB Securities Sdn Bhd and BIMB Group of Company may from time to time have a position in either the securities mentioned or may provide services to any company and affiliates of such companies whose securities are mentioned herein. BIMB Securities Sdn Bhd and BIMB Group of Company accept no liability for any direct, indirect or consequential losses, claims and damages arising from any use of this report. BIMB Securities does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report. Unless stated otherwise, BIMB Securities is not a market maker in the securities or other capital market products of the subject company(ies) covered in this report. BIMB Securities did not receive compensation for corporate finance services from the subject company(ies) in the past 12 months. BIMB Securities did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report. The analyst(s) who prepared this research report is/are prohibited from receiving any compensation, incentive or bonus based on specific transactions or for providing a specific recommendation for, or view of, a particular company.

Printed and published by

BIMB SECURITIES

BIMB SECURITIES SB (290163-X)

A Participating Organisation of Bursa Malaysia Securities Berhad
Level 32, Menara Multi Purpose, Capital
No. 8 Jalan Munshi Abdullah,
50100 Kuala Lumpur
Tel: 03-2613 1600 Fax: 03-2613 1799
<http://www.bimbsec.com.my>

 Square,

Noorhayati Maamor
Head of Research