

“Rosy job prospects for the year”

Share price performance



	1M	3M	12M
Absolute (%)	30.1	48.9	144.1
Rel KLCI (%)	29.5	42.2	109.3

	BUY	HOLD	SELL
Consensus	10	1	3

Source: Bloomberg

Stock Data

Sector	Construction
Issued shares (m)	1,289.4
Mkt cap (RMm)/(US\$m)	5067.2/1076.6
Avg daily vol - 6mth (m)	3.3
52-wk range (RM)	1.53-4.04
Est free float	20.4%
Stock Beta	0.90
Net cash/(debt) (RMm)	(483.9)
ROE (2024E)	19.1%
Derivatives	Yes
Shariah Compliant	Yes
FTSE4Good	No
Constituent	
FBM EMAS (Top 200)	NA
ESG Rank	
ESG Risk Rating*	27.9 (+1.5 yoy)

Key Shareholders

Sunway Holdings	54.6%
Sungei Way Corp	10.1%
EPF	6.4%
ASN	3.3%

Source: Bloomberg, Affin Hwang, Bursa Malaysia, ESG Risk Rating Powered by Sustainalytics

* Full ESG commentary inside

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Sunway Construction (SCGB MK)

BUY (maintain)

Up/Downside: +25%

Price Target: RM4.90

Previous Target (Rating): RM3.90 (BUY)

Let the good times roll

- We recently hosted Sunway Construction's (SunCon) Group CFO Ms Elaine Lai and Senior Finance Manager Ms Angelynn Low, and Sunway Bhd's Head of Investor Relations Ms Crystal Teh for a meeting with institutional investors
- Post-meeting, we remain positive on SunCon's prospects underpinned by the bonanza of data centre contracts, and the potential Song Hau 2 (SH2) thermal power plant project in Vietnam
- We raise our RNAV-based TP to RM4.90 after lifting our 2024-26E earnings by 3-35%; remains a top mid-cap sector pick

Data centre bonanza fueling order book expansion

Following the upsize of its JHB1X0 contract worth RM1.5bn, outstanding order book ballooned to RM7.9bn with 5 data centres making up about 50% of total. We gather that the NTP 4 is for additional scope of works adjacent to the current NTPs, which we opine to be in conjuncture with positive developments on the patron side. We understand that the Group is exploring several new data centre contracts, with undetermined contract values at the moment. Both ECI jobs are proceeding smoothly, with a targeted completion by 3Q24 – following which a conversion to a full contract is possible.

Song Hau 2 inching towards reaching financial close

While full financial close has not been achieved by project owner Toyo Ventures Holdings (Not Rated), positive developments are: i) US\$980m secured for 70% of equipment procurement; and ii) inked a Grid Connection Agreement with Vietnam Electricity for connection to the Vietnam National Power System. The project remains a key re-rating catalyst for SunCon, with its 55% stake in the EPCC JV indicating potential share of works of RM6.3bn. Our “blue-sky” valuation is RM6.00 if the project comes to fruition, assuming a construction period of 5-6 years and higher PBT margin of 10% (5-8% for local projects). We are now cautiously optimistic of the project going through, given: i) 40% of financing has been secured; ii) the importance of the thermal power plant to support Vietnam's influx of manufacturing FDIs.

Lifting our TP to RM4.90; remains a top mid-cap sector pick

We remain positive on SunCon's prospects and lift our 2024-26E EPS by 3-35% after factoring in: i) higher new contract wins assumption of RM5bn in 2024E (RM4.5bn previously), ii) acceleration in revenue recognition given typical fast-track 20-month construction period for data centres. Despite currently trading at 2025E PER of 17.7x, 3% premium to domestic peers' weighted-average PER of 17.1x, we believe it is reasonable given its best-in-class ROE, and ability to secure new data centre jobs given its first-mover advantage, which generate better profit margin and shorter turnaround time.

Earnings & Valuation Summary

FYE 31 Dec	2022	2023	2024E	2025E	2026E
Revenue (RMm)	2,155.2	2,671.2	3,290.5	5,128.0	5,157.2
EBITDA (RMm)	218.9	252.4	285.1	438.3	468.1
Pretax profit (RMm)	184.1	188.6	228.8	377.8	409.2
Net profit (RMm)	135.2	145.1	173.1	286.4	310.3
EPS (sen)	10.5	11.3	13.4	22.2	24.1
PER (x)	32.0	29.8	29.3	17.7	16.3
Core net profit (RMm)	143.8	152.2	173.1	286.4	310.3
Core EPS (sen)	11.1	11.8	13.4	22.2	24.1
Core EPS growth (%)	(0.6)	5.9	13.8	65.4	8.3
Core PER (x)	30.1	28.4	29.3	17.7	16.3
Net DPS (sen)	5.5	6.0	7.0	11.0	12.0
Dividend Yield (%)	1.6	1.8	1.8	2.8	3.1
EV/EBITDA	19.5	18.7	19.2	12.7	11.4
Chg in EPS (%)			3.4	35.3	29.9
Affin/Consensus (x)			1.0	1.2	1.3

Source: Company, Bloomberg, Affin Hwang forecasts

Raise our new contract wins assumption to RM5bn on optimistic job prospects

Currently working on 5 DCs worth 50% of outstanding order book

Delivered strong YTD new contract wins – likely more to come

With the announcement of the upsizing of its JHB1X0 Sedenak data centre contract on 10 June 2024, SunCon's new contract wins for the year stands at RM3.3bn – surpassing its RM3bn assumption at the start of the year. Active tender book stands at RM9.4bn, which includes the Song Hau 2 project, and a blend of precast concrete, warehouse and data centre projects. Given the precedence of the upsizing of the JHB1X0 project, we opine that there may be room for upside to the tender book value in a similar fashion.

Up our new contract wins assumption to RM5bn

The group's outstanding order book balloons to RM7.9bn post-upsize, and we lift our new contract wins assumption to RM5bn in 2024E (RM4.5bn previously) as 73% of our old assumption has been achieved with YTD wins. Overall, we are optimistic on SunCon's job prospects for the rest of the year, underpinned by: i) a mixture of internal and external contract awards; ii) potential upsize of existing projects; and iii) potential Song Hau 2 power plant project.

Data centre investments are not losing steam

SunCon is currently working on 5 data centres for 4 clients, respectively being: i) K2 Data Centre, ii) Early Contractor Involvement (ECI) works – package A & B, iii) a project service request (PSR) for a multinational technology company, and iv) JHB1X0 for Yellowwood. We estimate the remaining works for these contracts are RM3.9bn as at June 2024, or 50% of its total remaining orderbook. We understand that the group is now exploring several new data centre contracts, with an undetermined total contract values, as SunCon is still in the design and discussion phase.

From our meeting, we gather that the notice to proceed (NTP) 4 works worth RM1.5bn relates to additional scope of works adjacent to the current NTPs, which we opine to be in conjuncture with positive developments on the patron side. We also note that the two ECI works are going well, with a targeted completion of 3Q24 – after which a conversion to a full contract is possible. We gather that the contract value of each package is at least RM0.5bn, assuming a similar scale to the PSR works won recently.

On the ground, competition among the data centre operators is heating up, with some contending for the same off-takers. This has led to land grab for suitable data centre sites and securing of power and water supply allocations by operators and developers of new data centres to capture the market. SunCon's expertise in data centre construction, given its first-mover advantage compared to other local contractors, allows the company to meet the rigorous turnaround time requirements (typically 20-month construction period) with a competitive price point.

Fig 1: SunCon's outstanding order book

AS AT MAR-24 (RM MIL)	COMPLETION	CONTRACT SUM	ORDERBOOK	O/S	AS AT MAR-24 (RM MIL)	COMPLETION	CONTRACT SUM	ORDERBOOK	O/S
BUILDING			2,767	44%	INTERNAL - SUNWAY GROUP			2,181	34%
OXLEY TOWER (MEP) + VO	4Q 2024	76	31		SUNWAY BELFIELD	4Q 2024	403	77	
JHB1X0 - DATA CENTRE	3Q 2024	1,700	1,453		SUNWAY SQUARE - SUPERSTRUCTURE + (VO)	4Q 2025	1,164	744	
K2 - DATA CENTRE	4Q 2024	190	104		SW CARNIVAL MALL - REFURBISHMENT	2Q 2025	253	154	
DAISO	2Q 2026	298	282		SUNWAY VELOCITY 2B	4Q 2024	253	54	
K2 DC (CIMC)	4Q 2024	99	93		SMC DAMANSARA	3Q 2024	240	71	
ECI & Work Order - MNC	4Q 2024	60	58		SMC IPOH + VO	4Q 2024	217	69	
PSR - MNC	2Q 2027	748	748		SW FLORA	1Q 2026	278	217	
INFRASTRUCTURE/PILING			436	7%	SMC FIT-OUT	3Q 2025	70	70	
LRT 3 : PACKAGE GS07-08	2Q 2024	1,295	8		SMCSJ FIT-OUT	2Q 2024	14	14	
RTS LINK PACKAGE 1B AND PACKAGE 5	2Q 2025	605	417		SW IPOH MALL	1Q 2027	721	719	
LRT 3 : GS06	2Q 2024	191	11		GRAND TOTAL @ MAR 2024		10,891	6,303	
INDIA			190	3%	RED : SECURED IN 2024		1,718	1,714	
THORAPALLI - JITTANDAHALLI (TJ)	4Q 2024	508	190						
SUSTAINABLE ENERGY			98	2%					
SOLAR - EXTERNAL	Various	45	7						
LSS4 GOPENG	2Q 2024	200	16						
LSS4 KAPAR	2Q 2024	185	18						
SUNWAY SQUARE DCS	2Q 2025	35	10						
CGPP - GREEN	4Q 2025	46	46						
SINGAPORE			630	10%					
PRECAST	Various	809	441						
NEW ORDER 2024 - EXTERNAL	Various	189	189						

* Does not include NTP 4 for JHB1X0 project worth RM1.5bn
Source: Company

Positive developments for Song Hau 2 project in Vietnam

Song Hau 2 Power Plant inching closer

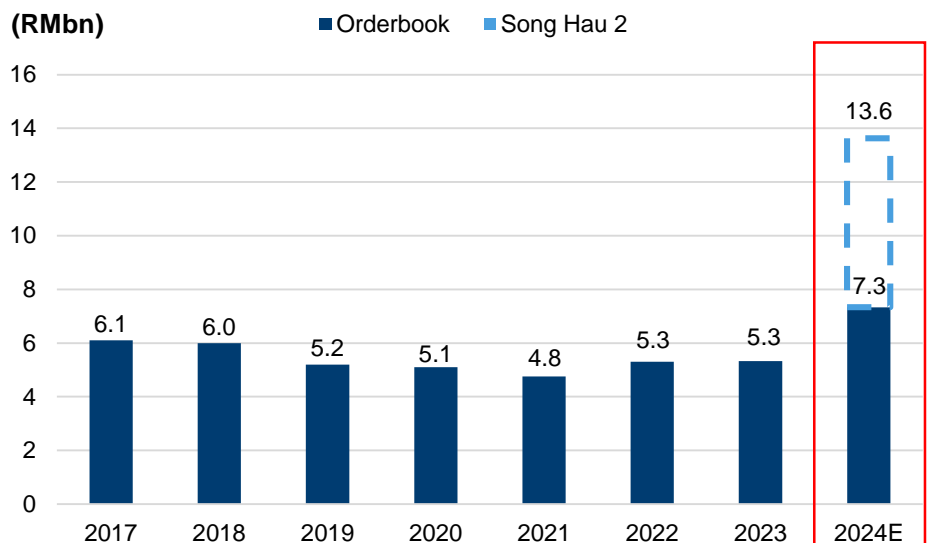
Recall that the Song Hau 2 Thermal Power Plant project is a thermal power plant project worth US\$2.42bn (RM11.4bn) where SunCon is participating in the EPCC job with a 55% JV worth c. RM6.3bn. If the project goes through, SunCon’s order book will expand to a game-changing RM14bn. Our “blue-sky” valuation is RM6.00, assuming meaningful earnings contribution likely to start in 2026-2027. We assume the EPCC works will take 5-6 years, with PBT margins at c.10% – higher than the 5-8% range for its local building projects.

It is now roughly two weeks away from the 30 June 2024 deadline for the project owner Toyo Ventures Holdings (Toyo) to achieve financial close to meet the deadline set by the Vietnamese government. There have been positive developments in Vietnam, with Toyo announcing on 7 June 2024 that it has secured US\$980m or 70% financing for equipment procurement purposes. On 12 June 2024, Toyo has inked a Grid Connection Agreement with Vietnam Electricity for grid connection to the Vietnam National Power System via the 500kV Song Hau Power Complex Switchyard.

We are cautiously optimistic of the project going through, given: i) 40% of financing has been secured; and ii) the importance of the plant to support Vietnam’s influx of manufacturing FDIs. Considering the above factors and the fact that the project has been 13 years in the making since April 2011, we believe the probability of the project securing financing before the 30 June deadline has improved.

On track for record year even without SH2

Fig 2: Orderbook assumption for 2024E



Source: Company, Affin Hwang estimates and forecasts

Premium for a good reason

Premium PER to peers justifiable

SunCon’s is currently trading at 2025E core PER of 17.7x, a c.3% premium to weighted-average construction peers’ PER of 17.1x. We believe it is justified given its i) best-in-class ROE of 19.2%; ii) the ability to secure new data centre jobs, which generate better profit margin than typical building works with shorter construction period; and iii) its first-mover advantage in building a track record to undertake data centre projects.

Remains top mid-cap sector BUY; lift TP to RM4.90

Post-meeting, we remain positive on SunCon’s future outlook and lift our 2024-26E EPS by 3-35%. We raise our RNAV-based 12-month TP to RM4.90 (from RM3.90), assuming stronger sustainable earnings of RM300m for its construction segment valuation and a higher PER of 18x (from 16x). Our higher earnings are driven by our increased new contract win assumption for the year, and an acceleration of revenue recognition given the significantly shorter construction period for datacentre projects vs. typical residential project (20 months vs. 3-4 years). Suncon remains our top mid-cap sector BUY.



Fig 3: Construction sector peer comparison

Company Name	Stock Code	Rating	Share Pr (RM)	Mkt Cap (RMb)	Core PE (x)		Core EPS growth (%)		EV/EBITDA (x)	P/BV (x)	ROE (%)	Div Yield (%)	Div Yield (%)	RNAV/share (RM)	Sh Pr disc to RNAV (%)
					CY24E	CY25E	CY24E	CY25E	CY24E	CY24E	CY24E	CY24E	CY24E	CY25E	
AME ELITE	AME MK	BUY	1.71	1.1	7.5	8.8	68.6	(14.4)	4.6	1.1	14.9	2.9	2.6	3.09	45
GAMUDA	GAM MK	BUY	6.54	18.1	17.5	15.3	12.3	14.4	13.8	2.1	8.1	2.0	2.3	6.52	(1)
HSS ENGINEERING	HSS MK	BUY	0.97	0.5	16.3	14.2	42.1	15.2	9.1	1.7	10.3	1.2	1.3	NA	NA
UM CORP	UM MK	BUY	2.96	10.4	20.0	18.0	12.7	11.5	9.4	1.0	4.7	2.7	2.7	3.90	23
MRCB	MRC MK	SELL	0.67	3.0	53.0	49.8	(44.5)	6.4	14.6	0.6	1.2	1.5	1.5	0.87	22
SUNWAY CONSTRUCTION	SCGB MK	BUY	3.93	5.1	29.3	17.7	13.8	65.4	19.4	5.6	19.2	1.8	2.8	4.60	17
PROLINTAS	PLINTAS MK	BUY	0.94	1.0	53.0	38.3	n.m	38.1	14.4	1.9	3.6	6.8	6.9	NA	NA
Average				39.2	19.8	17.1	26.9	16.0	12.2	2.0	4.9	2.7	2.9		20

Source: Bloomberg, Affin Hwang forecasts; note: prices as of close on 14 June 2024

Fig 4:RNAV and target price

Segments	Stake (%)	New RNAV (RMm)
Construction @ PER 18x sustainable earnings of RM300m	100	5,427
Pre-cast concrete @ PER 16x sustainable earnings of RM40m	100	640
Investment in Singapore IPPH JV @ book value	50	47
Book value of Indian highways	60	64
Net cash/(debt)		143
RNAV		6,322
No. of shares (m)		1,291
RNAV/share (RM)		4.90
Target price (RM)		4.90

Source: Company, Affin Hwang forecasts

Fig 5: “Blue sky” RNAV and valuation after factoring in Song Hau 2

Segments	Stake (%)	New RNAV (RMm)
Construction @ PER 18x sustainable earnings of RM380m	100	6,849
Pre-cast concrete @ PER 16x sustainable earnings of RM40m	100	640
Investment in Singapore IPPH JV @ book value	50	47
Book value of Indian highways	60	64
Net cash/(debt)		143
RNAV		7,744
No. of shares (m)		1,291
“Blue sky” RNAV/share (RM)		6.00
“Blue sky” valuation (RM)		6.00

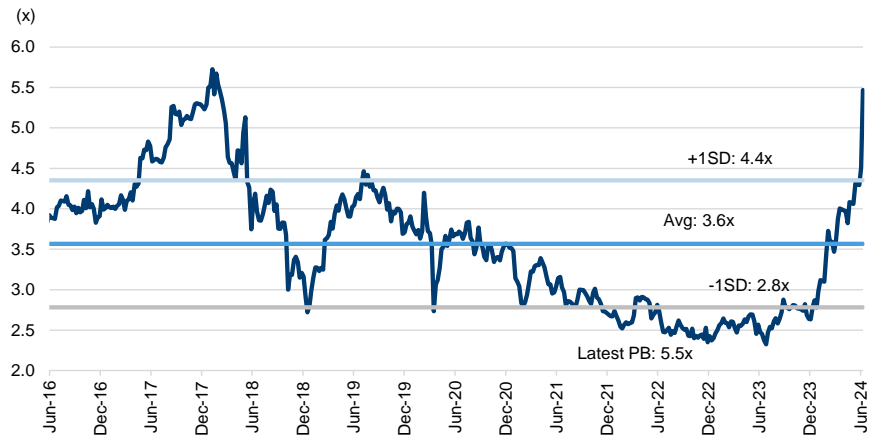
Source: Company, Affin Hwang forecasts

Fig 6:12-month forward PER



Source: Bloomberg, Affin Hwang forecasts

Fig 7: 12-month forward Price/book



Source: Bloomberg, Affin Hwang forecasts



*ESG Analysis

Analyst summary

Sunway Construction (SunCon) is a fully integrated construction company providing from building and civil/infrastructure construction services to mechanical, electrical and plumbing services and manufacturing precast concrete products. It has expanded its activities to assist clients to install rooftop solar photovoltaic (PV) panels to generate green energy and indirectly reduce greenhouse gas emissions by cutting usage of energy generated from burning fossil fuels. In addition, its engineering, procurement, construction and commissioning (EPCC) services to build Large-Scale Solar (LSS) plants helps to expand the country's RE generation capacity.

Sunway Construction ESG Risk Rating						
26.3	(out of 100)	Rating Date	Momentum (yoy)		(RISK) EXPOSURE	49.3 out of 100
		13-Oct-21	0.0			
Negl.	Low	Med.	High	Severe	Low	Med. High
0-10	10-20	20-30	30-40	40+	0-35	35-55 55+
INDUSTRY Construction & Engineering					(RISK) MANAGEMENT	50.1 out of 100
UNIVERSE RANKING (1st = least risky) 8,025 out of 15,594					Strong	Average Weak
					100-50	50-25 25-0

Source: Affin Hwang, Powered by Sustainalytics

Sustainalytics ESG Risk Rating summary

According to Sustainalytics, Sunway Construction has a total unmanaged ESG risk rating of 26.3, placing it in the middle of the medium-risk spectrum and better than the construction sector average rating of 31.3 (based on the 8 construction companies under coverage). The risk rating is calculated using a medium-risk exposure score of 49.3 (lower than sector average of 52.1) and an average-risk management score of 50.1 (higher than sector average of 42.4).

ESG opportunities

Pillar	Opportunities	Analyst comments
E	Potential investments in green products – solar and gas district cooling systems (DCS). Looking to cut carbon emissions for its activities and reduce construction project waste products.	SunCon is investing in 11 solar rooftop installations and its first DCS project. It is looking for opportunities to expand its investments in renewable energy and energy-efficient facilities as part of its ESG initiatives, while providing a recurrent earnings stream. Established SunCon Future Value Goals 2030 which outlines its strategies to achieve the Sunway group's mission of Net Zero Carbon Emissions by 2050. Expand the production of pre-cast concrete products (high-efficiency construction method) in Singapore by investing S\$80m to build an Integrated Concrete Product Hub (ICPH) facility with its partner, which was completed in 4Q22.
G	Strengthen its sustainability governance position and to advance our sustainability agenda.	We believe SunCon is an industry leader in pushing the sustainability agenda. It has established a Board Sustainability Committee, led by Dato' Dr Johari bin Basri, Senior Independent Non-Executive Director.

ESG risks

Pillar	Risks	Analyst comments
S	Construction industry is highly reliant on labour, inherently hazardous work sites, potential widespread community impact and duration depending on the complexity of the projects	SunCon has established 3 Centralised Labour Quarters that meets the Ministry of Labour's regulations and maintains high occupational, health and safety standards at all its construction sites to maintain its zero fatalities track record.
G	Construction industry is highly exposed to corruption and bribery risks especially for public-sector projects.	SunCon has adopted a detailed and vigorous anti-corruption and bribery programme that is in line with industry best practices and adheres to applicable laws and regulations.

Financial Summary – Sunway Construction

Profit & Loss Statement

FYE 31 Dec (RMm)	2022	2023	2024E	2025E	2026E
Revenue	2,155.2	2,671.2	3,290.5	5,128.0	5,157.2
Operating expenses	(1,936.4)	(2,418.9)	(3,005.3)	(4,689.7)	(4,689.1)
EBITDA	218.9	252.4	285.1	438.3	468.1
Depreciation	(23.8)	(21.0)	(22.5)	(24.0)	(25.5)
EBIT	195.1	231.3	262.6	414.3	442.6
Net int income/(expense)	(4.2)	(21.5)	(19.7)	(22.3)	(19.2)
Associates' contribution	1.7	(14.1)	(14.1)	(14.1)	(14.1)
Forex gain/(loss)	2.1	(1.7)	0.0	0.0	0.0
Exceptional gain/(loss)	(10.7)	(5.4)	0.0	0.0	0.0
Pretax profit	184.1	188.6	228.8	377.8	409.2
Tax	(45.3)	(42.8)	(54.9)	(90.7)	(98.2)
Minority interest	(3.6)	(0.7)	(0.7)	(0.7)	(0.7)
Net profit	135.2	145.1	173.1	286.4	310.3

Balance Sheet Statement

FYE 31 Dec (RMm)	2022	2023	2024E	2025E	2026E
Fixed assets	107.6	98.6	106.0	112.0	116.5
Other long term assets	491.1	745.1	793.4	841.8	890.2
Total non-current assets	598.7	843.6	899.5	953.9	1,006.7
Cash and equivalents	535.3	540.7	740.5	542.0	707.6
Stocks	53.4	46.4	76.6	115.1	77.7
Debtors	960.0	1,595.6	1,372.2	2,409.9	1,393.7
Other current assets	88.6	56.4	86.0	118.2	147.3
Total current assets	1,637.4	2,239.2	2,275.3	3,185.3	2,326.3
Creditors	916.8	1,242.5	1,056.8	1,964.6	1,073.9
Short term borrowings	172.2	438.2	438.2	350.6	280.5
Other current liabilities	14.4	21.0	21.0	21.0	21.0
Total current liabilities	1,103.3	1,701.8	1,516.0	2,336.2	1,375.4
Long term borrowings	311.9	488.7	683.8	683.8	683.8
Other long term liabilities	0.0	0.3	0.3	0.3	0.3
Total long term liabilities	311.9	489.1	684.1	684.1	684.1
Shareholders' Funds	737.1	820.2	902.8	1,047.0	1,201.6
Minority interests	83.7	71.8	71.8	71.8	71.8

Cash Flow Statement

FYE 31 Dec (RMm)	2022	2023	2024E	2025E	2026E
EBIT	195.1	231.3	262.6	414.3	442.6
Depreciation & amortisation	23.8	21.0	22.5	24.0	25.5
Working capital changes	(382.1)	(498.0)	7.5	(168.5)	163.0
Cash tax paid	(50.8)	(31.9)	(54.9)	(90.7)	(98.2)
Others	(0.9)	(8.3)	(53.5)	(58.8)	(52.6)
Cashflow from operation	(215.0)	(285.8)	184.2	120.4	480.4
Capex	(1.9)	(15.3)	(30.0)	(30.0)	(30.0)
Disposal/(purchases)	425.6	(72.9)	(59.0)	(59.0)	(59.0)
Others	0.0	0.0	0.0	0.0	0.0
Cash flow from investing	423.7	(88.1)	(89.0)	(89.0)	(89.0)
Debt raised/(repaid)	250.0	445.2	195.1	(87.6)	(70.1)
Equity raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Net interest income/(exp)	(0.4)	(0.3)	0.0	0.0	0.0
Dividends paid	(90.3)	(70.9)	(90.5)	(142.2)	(155.7)
Others	(524.1)	4.3	0.0	0.0	0.0
Cash flow from financing	(364.8)	378.3	104.6	(229.9)	(225.8)
Free Cash Flow	(216.9)	(301.1)	154.2	90.4	450.4

Source: Company, Affin Hwang forecasts

Key Financial Ratios and Margins

FYE 31 Dec (RMm)	2022	2023	2024E	2025E	2026E
Growth					
Revenue (%)	24.6	23.9	23.2	55.8	0.6
EBITDA (%)	10.0	15.3	13.0	53.7	6.8
Core net profit (%)	(0.6)	5.8	13.8	65.4	8.3
Profitability					
EBITDA margin (%)	10.2	9.4	8.7	8.5	9.1
FBT margin (%)	8.5	7.1	7.0	7.4	7.9
Net profit margin (%)	6.3	5.4	5.3	5.6	6.0
Effective tax rate (%)	24.6	24.0	24.0	24.0	24.0
ROA (%)	3.0	2.4	2.4	3.5	3.7
Core ROE (%)	20.0	19.5	20.1	29.4	27.6
ROCE (%)	42.6	24.5	21.1	29.4	29.5
Dividend payout ratio (%)	52.6	53.5	52.3	49.7	50.2
Liquidity					
Current ratio (x)	1.5	1.3	1.5	1.4	1.7
Op. cash flow (RMm)	(215.0)	(285.8)	184.2	120.4	480.4
Free cashflow (RMm)	(216.9)	(301.1)	154.2	90.4	450.4
FCF/share (sen)	(16.8)	(23.3)	11.9	7.0	34.8
Asset management					
Debtors turnover (days)	162.6	218.0	152.2	171.5	98.6
Stock turnover (days)	9.0	6.3	8.5	8.2	5.5
Creditors turnover (days)	155.3	169.8	117.2	139.8	76.0
Capital structure					
Net gearing (%)	(7.4)	47.0	42.2	46.9	21.3
Interest cover (x)	NA	NA	NA	NA	NA

Quarterly Profit & Loss

FYE 31 Dec (RMm)	3Q21	4Q21	1Q22	2Q22	3Q22
Revenue	272.1	626.6	624.7	557.9	469.3
Operating expenses	(237.8)	(508.1)	(575.2)	(504.1)	(424.5)
EBITDA	34.3	118.5	49.5	53.8	44.7
Depreciation	(6.9)	(6.6)	(5.6)	(6.1)	(5.8)
EBIT	27.4	111.9	43.9	47.6	38.9
Net int income/(expense)	0.1	(0.0)	1.1	(0.0)	0.8
Associates' contribution	2.4	6.2	3.2	0.6	(0.1)
Forex gain/(loss)	(0.2)	0.1	(0.1)	0.3	0.9
Exceptional items	(5.2)	(27.2)	(0.9)	(5.6)	(2.9)
Pretax profit	24.5	91.0	47.2	43.0	37.6
Tax	(5.0)	(26.0)	(11.5)	(9.3)	(13.6)
Minority interest	(0.2)	(0.3)	(1.1)	(1.3)	(1.2)
Net profit	19.3	64.7	34.5	32.3	22.7
Core net profit	24.7	91.8	35.5	37.6	24.7
Margins (%)					
EBITDA	12.6	18.9	7.9	9.6	9.5
FBT	9.0	14.5	7.6	7.7	8.0
Net profit	7.1	10.3	5.5	5.8	4.8

Important Disclosures and Disclaimer

Equity Rating Structure and Definitions

BUY	Total return is expected to exceed +10% over a 12-month period
HOLD	Total return is expected to be between -5% and +10% over a 12-month period
SELL	Total return is expected to be below -5% over a 12-month period
NOT RATED	Affin Hwang Investment Bank Berhad does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation

The total expected return is defined as the percentage upside/downside to our target price plus the net dividend yield over the next 12 months.

OVERWEIGHT	Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months
NEUTRAL	Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months
UNDERWEIGHT	Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months

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