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11 June 2024

## Malaysia Infrastructure

Reuters SCOG.KL  
Bloomberg SCGB MK

Priced on 10 June 2024  
KLSE Comp @ 1,614.4

12M hi/lo RM3.35/1.54

12M price target RM3.42  
±% potential +3%

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

Market cap US\$890m

3M ADV US\$2.5m

Foreign s'holding 1.0%

#### Major shareholders

Sunway Berhad 54.4%  
Sungei Way Corp Sdn Bhd 10.1%

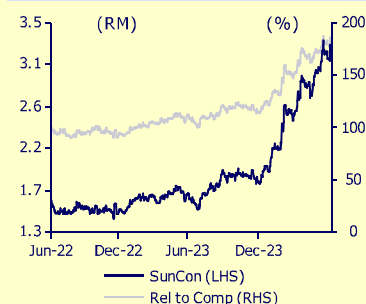
#### Blended ESG Score (%)\*

Overall 66.6  
Country average 56.8  
GEM sector average 61.0

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

#### Stock performance (%)

	1M	3M	12M
Absolute	8.9	27.8	101.8
Relative	8.0	21.9	72.0
Abs (US\$)	8.9	24.9	94.3



Source: Bloomberg

## Upsized contract

### Larger contract for its maiden data-centre job win; upgrade to U-PF

SunCon, which had been waiting on a notice to proceed (NTP) for its largest project, the JHBX10 data centre, announced its contract involving Yellowwood has now been amended to include NTP, effectively lifting the award from RM1.7bn to RM3.2bn. Having a deadline by June to get to an outcome, this development effectively removes risk of an RM1.45bn order-book reversal, which is per our expectations (note). The larger contract was additional to our forecast and thus factoring in the higher RM4.3bn job haul into FY24 our expectations, we raise target price from RM2.80 to RM3.42 and upgrading our rating from SELL to U-PF.

### Obtaining effectively larger mandate for fit-out work at the JHBX10 data centre

Effectively, the added works for NTP4 mean the same data centre is now fully fitted out, ie. works for mechanical, electrical and plumbing (MEP) and cooling equipment installation (but we understand this excludes the purchase of servers). Previously, the contract, which had an outstanding order-book value of RM1.45bn, only entailed a partial fit-out. To be clear, the civil works for the building itself (known as NTP1) had already been essentially completed per the announcement.

### More stretched-out earnings

Previously, the project progressed at a slow pace. The revised contract value of RM3.2bn will have 20 months to complete, stretching earnings out to 2026 on the grounds of commencement in June. Versus our expectations of majority completion by FY24, this explains our lower 2024 earnings forecast. The previous contract terms would have been for around 18-months completion for NTP1 to NTP3.

### Met guidance early for order-book

Adding this effective RM1.5bn, ie. the difference between the amended contract of RM3.2bn and initial award of RM1.7bn, to its job win tally means SunCon has secured RM3.2bn in orders YTD, effectively exceeding its RM2.5-3bn guidance. Our 40% win rate estimate in its tender book of RM3bn, comprising Malaysia buildings work mainly (RM1.3bn), is unchanged and therefore we revise our FY24 job haul to RM4.3bn, and lifting our 25/26CL earnings (no fresh guidance yet).

### Lift target price and upgrade rating from SELL to U-PF

Our 17x PE multiple, which gives the benefit that SunCon is a proxy data-centre play, is unchanged. On revised 2025 earnings, we lift our target price from RM2.80 to RM3.42. The Vietnam Power plant project, if proceeds against our expectations, will provide another boost (SunCon - SELL (Still a race against time)).

#### Financials

Year to 31 December	22A	23A	24CL	25CL	26CL
Revenue (RMm)	2,155	2,671	2,841	3,888	3,972
Rev forecast change (%)	-	-	(7.2)	24.3	23.5
Net profit (RMm)	142	147	174	257	259
NP forecast change (%)	-	-	(7.4)	23.4	22.5
EPS (sen)	11.0	11.3	13.5	19.9	20.0
CL/consensus (13) (EPS%)	-	-	96	114	107
EPS growth (% YoY)	26.4	3.0	19.0	47.1	0.9
PE (x)	30.1	29.2	24.5	16.7	16.5
Dividend yield (%)	1.7	1.8	2.4	2.9	3.0
ROE (%)	19.8	18.8	20.4	26.7	23.7
Net debt/equity (%)	(1.3)	51.1	44.6	43.8	32.4

Source: www.cls.com

Upgrade recommendation

Click to rate this research



## Financials at a glance

Year to 31 December	2022A	2023A	2024CL	(% YoY)	2025CL	2026CL
<b>Profit &amp; Loss (RMm)</b>						
Revenue	2,155	2,671	2,841	6.4	3,888	3,972
Cogs (ex-D&A)	(1,945)	(2,426)	(2,555)		(3,500)	(3,579)
<b>Gross Profit (ex-D&amp;A)</b>	<b>210</b>	<b>245</b>	<b>286</b>	<b>16.6</b>	<b>388</b>	<b>393</b>
SG&A and other expenses	-	0	-		-	-
<b>Op Ebitda</b>	<b>210</b>	<b>245</b>	<b>286</b>	<b>16.6</b>	<b>388</b>	<b>393</b>
Depreciation/amortisation	(24)	(21)	(50)		(53)	(56)
<b>Op Ebit</b>	<b>187</b>	<b>224</b>	<b>236</b>	<b>5.3</b>	<b>335</b>	<b>337</b>
Net interest inc/(exp)	(4)	(21)	(27)		(27)	(27)
Other non-Op items	2	(14)	13		13	14
<b>Profit before tax</b>	<b>184</b>	<b>189</b>	<b>222</b>	<b>17.5</b>	<b>321</b>	<b>324</b>
Taxation	(45)	(43)	(44)		(64)	(65)
<b>Profit after tax</b>	<b>139</b>	<b>146</b>	<b>177</b>	<b>21.6</b>	<b>257</b>	<b>259</b>
Minority interest	4	1	(3)		0	0
<b>Net profit</b>	<b>142</b>	<b>147</b>	<b>174</b>	<b>19</b>	<b>257</b>	<b>259</b>
<b>Adjusted profit</b>	<b>142</b>	<b>147</b>	<b>174</b>	<b>19</b>	<b>257</b>	<b>259</b>
<b>Cashflow (RMm)</b>						
<b>Operating profit</b>	<b>187</b>	<b>224</b>	<b>236</b>	<b>5.3</b>	<b>335</b>	<b>337</b>
Depreciation/amortisation	24	21	50	136.5	53	56
Working capital changes	(382)	(498)	(50)		(147)	(10)
Other items	(68)	(79)	(83)		(105)	(106)
<b>Net operating cashflow</b>	<b>(240)</b>	<b>(332)</b>	<b>152</b>		<b>136</b>	<b>277</b>
Capital expenditure	(112)	(45)	(70)		(50)	(50)
<b>Free cashflow</b>	<b>(352)</b>	<b>(377)</b>	<b>82</b>		<b>86</b>	<b>227</b>
M&A/Others	29	26	12	(55.5)	14	14
<b>Net investing cashflow</b>	<b>(83)</b>	<b>(18)</b>	<b>(58)</b>		<b>(36)</b>	<b>(36)</b>
Increase in loans	233	420	50	(88.1)	50	-
Dividends	(90)	(71)	(105)		(123)	(129)
Net equity raised/other	0	-	-		0	0
<b>Net financing cashflow</b>	<b>143</b>	<b>349</b>	<b>(55)</b>		<b>(73)</b>	<b>(129)</b>
Incr/(decr) in net cash	(180)	(2)	39		26	111
Exch rate movements	(24)	(20)	35		(28)	(28)
<b>Balance sheet (RMm)</b>						
Cash & equivalents	492	470	545	15.8	543	627
Accounts receivable	989	1,596	1,712	7.3	2,343	2,394
Other current assets	157	173	176	1.7	176	176
Fixed assets	372	582	602	3.5	599	647
Investments	223	253	253	0	253	253
Intangible assets	0	0	0		0	0
Other non-current assets	4	9	9	0	9	9
<b>Total assets</b>	<b>2,236</b>	<b>3,083</b>	<b>3,297</b>	<b>6.9</b>	<b>3,924</b>	<b>4,107</b>
Short-term debt	172	438	438	0	438	438
Accounts payable	917	1,243	1,309	5.3	1,793	1,834
Other current liabs	14	21	21	0	21	21
Long-term debt/CBs	309	488	538	10.3	588	588
Provisions/other LT liabs	3	1	24	1,690.5	(17)	(5)
Shareholder funds	737	820	893	8.8	1,027	1,156
Minorities/other equity	84	72	75	4	75	75
<b>Total liabs &amp; equity</b>	<b>2,236</b>	<b>3,083</b>	<b>3,297</b>	<b>6.9</b>	<b>3,924</b>	<b>4,107</b>
<b>Ratio analysis</b>						
Revenue growth (% YoY)	24.6	23.9	6.4		36.9	2.2
Ebitda margin (%)	9.8	9.2	10.1		10.0	9.9
Ebit margin (%)	8.7	8.4	8.3		8.6	8.5
Net profit growth (%)	26.4	3.0	19.0		47.1	0.9
Op cashflow growth (% YoY)	(210.4)	nm	nm		(10.9)	104.0
Capex/sales (%)	5.2	1.7	2.5		1.3	1.3
Net debt/equity (%)	(1.3)	51.1	44.6		43.8	32.4
Net debt/Ebitda (x)	-	1.9	1.5		1.2	1.0
ROE (%)	19.8	18.8	20.4		26.7	23.7
ROIC (%)	38.4	20.6	16.7		21.6	20.1

Source: www.clsa.com

Find CLSA research on Bloomberg, Thomson Reuters, FactSet and CapitalIQ - and profit from our evalu@tor proprietary database at clsa.com



# Upsized contract



Figure 1

Summary of forecast changes					
	2022	2023	24CL	25CL	26CL
Revised revenue	2,155	2,671	2,841	3,888	3,972
Previous revenue	2,155	2,671	3,060	3,128	3,217
Change	0.0%	0.0%	(7.2%)	24.3%	23.5%
Revised net profit	142	147	174	257	259
Previous net profit	142	147	189	208	212
Change	0.0%	0.0%	(7.7%)	23.4%	22.2%

Source: CLSA



Figure 2

SunCon valuation (revised)	
PE method of valuation	
Earnings (25CL) RM mn	256.6
Multiple applied (x)	17
(a) Total for construction + precast (RM mn)	4,363
(b) Solar*	64
(c) Total	4,427
Number of shares (unit million)	1,293
Value per share/TP (RM)	3.42

Source: CLSA \*DCF based on 21 years on 8% WACC

Figure 3

SunCon valuation (superseded)	
PE method of valuation	
Earnings (25CL) RM mn	208
Multiple applied (x)	17
(a) Total for construction + precast (RM mn)	3,536
(b) Solar*	64
(c) Total	3,600
Number of shares (unit million)	1,293
Value per share/TP (RM)	2.80

Source: CLSA \*DCF based on 21 years on 8% WACC

**Investment thesis**

Benefits from internal jobs, especially strategic ones, by the Sunway Group of Companies, should drive near-term results.

**Catalysts**

Being able to monetise its future highway proceeds. Successful volume growth in Singapore's Integrated digital industrialised building system plant.

**Valuation details**

Our target price is derived from 17.0x 25CL earnings, which is 1 sd over its long term mean PE valuation. We accord an above-sector average PE, given the company's flow of internal jobs and strong balance sheet. We also include solar segment valuations based on 21 year concession and a WACC of 7%.

**Investment risks**

The main concern is construction risk. On the precast segment, another risk is margin recovery timing, currently in the doldrums due to competition. Upside risks to our negative rating include better-than-expected results from its Vietnam power plant and success in MRT3 main packages better than our expectation.

## Detailed financials

### Profit & Loss (RMm)

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Revenue	1,553	1,729	2,155	2,671	2,841	3,888	3,972
Cogs (ex-D&A)	(1,429)	(1,566)	(1,945)	(2,426)	(2,555)	(3,500)	(3,579)
Gross Profit (ex-D&A)	124	164	210	245	286	388	393
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	-	-	-	-	-	-	-
Other SG&A	-	-	-	-	-	-	-
Other Op Expenses ex-D&A	-	-	-	-	-	-	-
Op Ebitda	124	164	210	245	286	388	393
Depreciation/amortisation	(33)	(27)	(24)	(21)	(50)	(53)	(56)
Op Ebit	91	136	187	224	236	335	337
Interest income	17	16	14	26	12	14	14
Interest expense	(7)	(5)	(18)	(48)	(39)	(41)	(41)
Net interest inc/(exp)	10	11	(4)	(21)	(27)	(27)	(27)
Associates/investments	0	5	2	(14)	13	13	14
Forex/other income	-	-	-	-	-	-	-
Asset sales/other cash items	-	-	-	-	-	-	-
Provisions/other non-cash items	-	-	-	-	-	-	-
Asset revaluation/Exceptional items	-	-	-	-	-	-	-
Profit before tax	101	152	184	189	222	321	324
Taxation	(28)	(41)	(45)	(43)	(44)	(64)	(65)
Profit after tax	73	111	139	146	177	257	259
Preference dividends	-	-	-	-	-	-	-
Profit for period	73	111	139	146	177	257	259
Minority interest	(1)	2	4	1	(3)	0	0
Net profit	73	113	142	147	174	257	259
Extraordinaries/others	0	0	0	0	0	0	0
Profit avail to ordinary shares	73	113	142	147	174	257	259
Dividends	(52)	(68)	(71)	(78)	(103)	(123)	(129)
Retained profit	21	45	71	69	71	134	130
Adjusted profit	73	113	142	147	174	257	259
EPS (sen)	5.6	8.7	11.0	11.3	13.5	19.9	20.0
Adj EPS [pre excep] (sen)	5.6	8.7	11.0	11.3	13.5	19.9	20.0
Core EPS (sen)	5.6	8.7	11.0	11.3	13.5	19.9	20.0
DPS (sen)	4.0	5.3	5.5	6.0	8.0	9.5	10.0

### Profit & loss ratios

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
<b>Growth (%)</b>							
Revenue growth (% YoY)	(12.2)	11.4	24.6	23.9	6.4	36.9	2.2
Ebitda growth (% YoY)	(31.6)	32.0	28.5	16.7	16.6	35.5	1.4
Ebit growth (% YoY)	(35.8)	50.5	36.9	20.2	5.3	41.7	0.7
Net profit growth (%)	(43.7)	54.7	26.4	3.0	19.0	47.1	0.9
EPS growth (% YoY)	(43.7)	54.7	26.4	3.0	19.0	47.1	0.9
Adj EPS growth (% YoY)	(43.7)	54.7	26.4	3.0	19.0	47.1	0.9
DPS growth (% YoY)	(42.9)	31.3	4.8	9.1	33.3	18.8	5.3
Core EPS growth (% YoY)	(43.7)	54.7	26.4	3.0	19.0	47.1	0.9
<b>Margins (%)</b>							
Gross margin (%)	8.0	9.5	9.8	9.2	10.1	10.0	9.9
Ebitda margin (%)	8.0	9.5	9.8	9.2	10.1	10.0	9.9
Ebit margin (%)	5.8	7.9	8.7	8.4	8.3	8.6	8.5
Net profit margin (%)	4.7	6.5	6.6	5.5	6.1	6.6	6.5
Core profit margin	4.7	6.5	6.6	5.5	6.1	6.6	6.5
Op cashflow margin	4.7	12.6	(11.1)	(12.4)	5.4	3.5	7.0
<b>Returns (%)</b>							
ROE (%)	11.6	16.9	19.8	18.8	20.4	26.7	23.7
ROA (%)	3.4	5.3	6.9	6.5	5.9	7.4	6.7
ROIC (%)	24.6	49.8	38.4	20.6	16.7	21.6	20.1
ROCE (%)	35.0	48.8	34.9	20.8	17.2	22.5	21.0
<b>Other key ratios (%)</b>							
Effective tax rate (%)	27.5	27.3	24.6	22.7	20.0	20.0	20.0
Ebitda/net int exp (x)	-	-	50.7	11.4	10.5	14.1	14.3
Exceptional or extraord. inc/PBT (%)	-	-	-	-	-	-	-
Dividend payout (%)	71.0	60.3	49.9	52.9	59.2	47.8	49.9

Source: www.clsa.com



Great



Solid



Meh

## Balance sheet (RMm)

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Cash & equivalents	640	696	492	470	545	543	627
Accounts receivable	1,048	850	989	1,596	1,712	2,343	2,394
Inventories	34	46	53	46	46	46	46
Other current assets	20	20	104	127	130	130	130
<b>Current assets</b>	<b>1,742</b>	<b>1,612</b>	<b>1,637</b>	<b>2,239</b>	<b>2,433</b>	<b>3,063</b>	<b>3,198</b>
Fixed assets	104	125	372	582	602	599	647
Investments	49	127	223	253	253	253	253
Goodwill	4	0	0	0	0	0	0
Other intangible assets	0	0	0	0	0	0	0
Other non-current assets	7	1	4	9	9	9	9
<b>Total assets</b>	<b>1,906</b>	<b>1,864</b>	<b>2,236</b>	<b>3,083</b>	<b>3,297</b>	<b>3,924</b>	<b>4,107</b>
Short term loans/OD	234	93	172	438	438	438	438
Accounts payable	955	891	917	1,243	1,309	1,793	1,834
Accrued expenses	-	-	-	-	-	-	-
Taxes payable	4	7	7	19	19	19	19
Other current liabs	2	1	8	2	2	2	2
<b>Current liabilities</b>	<b>1,195</b>	<b>992</b>	<b>1,103</b>	<b>1,702</b>	<b>1,768</b>	<b>2,253</b>	<b>2,293</b>
Long-term debt/leases/other	67	145	309	488	538	588	588
Convertible bonds	-	-	-	-	-	-	-
Provisions/other LT liabs	6	10	3	1	24	(17)	(5)
<b>Total liabilities</b>	<b>1,267</b>	<b>1,147</b>	<b>1,415</b>	<b>2,191</b>	<b>2,330</b>	<b>2,823</b>	<b>2,876</b>
Share capital	259	259	259	259	259	259	259
Retained earnings	410	471	516	590	662	796	926
Reserves/others	(31)	(30)	(37)	(28)	(28)	(28)	(28)
<b>Shareholder funds</b>	<b>637</b>	<b>699</b>	<b>737</b>	<b>820</b>	<b>893</b>	<b>1,027</b>	<b>1,156</b>
Minorities/other equity	2	18	84	72	75	75	75
<b>Total equity</b>	<b>639</b>	<b>717</b>	<b>821</b>	<b>892</b>	<b>967</b>	<b>1,101</b>	<b>1,231</b>
<b>Total liabs &amp; equity</b>	<b>1,906</b>	<b>1,864</b>	<b>2,236</b>	<b>3,083</b>	<b>3,297</b>	<b>3,924</b>	<b>4,107</b>
Total debt	301	238	481	926	976	1,026	1,026
Net debt	(339)	(458)	(11)	456	431	483	398
Adjusted EV	3,892	3,711	4,128	4,553	4,531	4,583	4,498
BVPS (sen)	49.3	54.1	57.0	63.5	69.1	79.4	89.5

## Balance sheet ratios

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
<b>Key ratios</b>							
Current ratio (x)	1.5	1.6	1.5	1.3	1.4	1.4	1.4
Growth in total assets (% YoY)	0.1	(2.2)	20.0	37.9	6.9	19.0	4.6
Growth in capital employed (% YoY)	37.0	(13.6)	212.9	66.4	3.8	13.2	2.9
Net debt to operating cashflow (x)	-	-	-	(1.4)	2.8	3.6	1.4
Gross debt to operating cashflow (x)	4.2	1.1	(2.0)	(2.8)	6.4	7.6	3.7
Gross debt to Ebitda (x)	2.4	1.5	2.3	3.8	3.4	2.6	2.6
Net debt/Ebitda (x)	-	-	-	1.9	1.5	1.2	1.0
<b>Gearing</b>							
Net debt/equity (%)	(53.1)	(63.9)	(1.3)	51.1	44.6	43.8	32.4
Gross debt/equity (%)	47.1	33.2	58.6	103.8	100.9	93.2	83.3
Interest cover (x)	15.6	33.2	11.1	5.2	6.4	8.5	8.5
Debt cover (x)	0.2	0.9	(0.5)	(0.4)	0.2	0.1	0.3
Net cash per share (sen)	26.2	35.4	0.8	(35.3)	(33.4)	(37.3)	(30.8)
<b>Working capital analysis</b>							
Inventory days	7.6	9.4	9.3	7.5	6.6	4.8	4.7
Debtor days	219.4	200.4	155.7	176.6	212.5	190.4	217.7
Creditor days	235.1	215.3	169.7	162.4	182.3	161.7	184.9
Working capital/Sales (%)	9.1	1.0	10.0	18.9	19.7	18.1	18.0
<b>Capital employed analysis</b>							
Sales/Capital employed (%)	518.5	668.0	266.1	198.2	203.1	245.5	243.8
EV/Capital employed (%)	1,299.7	1,433.8	509.7	337.8	324.0	289.3	276.1
Working capital/Capital employed (%)	47.2	6.4	26.5	37.5	39.9	44.5	43.9
Fixed capital/Capital employed (%)	34.7	48.2	45.9	43.2	43.0	37.8	39.7
<b>Other ratios (%)</b>							
PB (x)	6.7	6.1	5.8	5.2	4.8	4.2	3.7
EV/Ebitda (x)	31.4	22.7	19.6	18.6	15.8	11.8	11.4
EV/OCF (x)	53.8	17.0	(17.2)	(13.7)	29.8	33.8	16.3
EV/FCF (x)	53.8	20.3	(11.7)	(12.1)	55.1	53.5	19.8
EV/Sales (x)	2.5	2.1	1.9	1.7	1.6	1.2	1.1
Capex/depreciation (%)	0.0	127.0	470.6	213.3	140.9	94.9	89.8

Source: www.clsa.com

## Cashflow (RMm)

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
<b>Operating profit</b>	91	136	187	224	236	335	337
Operating adjustments	12	0	0	0	0	0	0
Depreciation/amortisation	33	27	24	21	50	53	56
Working capital changes	(29)	83	(382)	(498)	(50)	(147)	(10)
Interest paid / other financial expenses	(6)	(4)	(18)	(48)	(39)	(41)	(41)
Tax paid	(29)	(29)	(51)	(32)	(44)	(64)	(65)
Other non-cash operating items	0	4	0	0	0	0	0
<b>Net operating cashflow</b>	72	218	(240)	(332)	152	136	277
Capital expenditure	0	(35)	(112)	(45)	(70)	(50)	(50)
<b>Free cashflow</b>	72	183	(352)	(377)	82	86	227
Acq/inv/disposals	-	(53)	-	-	-	-	-
Int, invt & associate div	17	34	29	26	12	14	14
<b>Net investing cashflow</b>	17	(54)	(83)	(18)	(58)	(36)	(36)
Increase in loans	(85)	(71)	233	420	50	50	-
Dividends	(62)	(52)	(90)	(71)	(105)	(123)	(129)
Net equity raised/others	-	-	0	-	-	0	0
<b>Net financing cashflow</b>	(147)	(122)	143	349	(55)	(73)	(129)
Incr/(decr) in net cash	(58)	42	(180)	(2)	39	26	111
Exch rate movements	4	14	(24)	(20)	35	(28)	(28)
<b>Opening cash</b>	693	640	696	492	470	545	545
<b>Closing cash</b>	640	696	492	470	545	543	627
OCF PS (sen)	5.6	16.8	(18.6)	(25.7)	11.8	10.5	21.4
FCF PS (sen)	5.6	14.2	(27.2)	(29.2)	6.4	6.6	17.5

## Cashflow ratio analysis

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
<b>Growth (%)</b>							
Op cashflow growth (% YoY)	(54.3)	201.1	(210.4)	nm	nm	(10.9)	104.0
FCF growth (% YoY)	(52.9)	152.9	(292.5)	-	-	4.1	164.8
Capex growth (%)	(100.0)	-	221.1	(59.9)	56.2	(28.6)	0.0
<b>Other key ratios (%)</b>							
Capex/sales (%)	0.0	2.0	5.2	1.7	2.5	1.3	1.3
Capex/op cashflow (%)	0.0	16.0	(46.5)	(13.5)	46.0	36.9	18.1
Operating cashflow payout ratio (%)	71.5	31.2	-	-	67.9	90.5	46.7
Cashflow payout ratio (%)	71.5	31.2	-	-	67.9	90.5	46.7
Free cashflow payout ratio (%)	71.5	37.1	-	-	125.7	143.3	57.0

## DuPont analysis

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Ebit margin (%)	5.8	7.9	8.7	8.4	8.3	8.6	8.5
Asset turnover (x)	0.8	0.9	1.1	1.0	0.9	1.1	1.0
Interest burden (x)	1.1	1.1	1.0	0.8	0.9	1.0	1.0
Tax burden (x)	0.7	0.7	0.8	0.8	0.8	0.8	0.8
Return on assets (%)	3.4	5.3	6.9	6.5	5.9	7.4	6.7
Leverage (x)	3.0	2.8	2.7	3.1	3.4	3.5	3.4
ROE (%)	11.6	16.9	19.8	18.8	20.4	26.7	23.7

## EVA® analysis

Year to 31 December	2020A	2021A	2022A	2023A	2024CL	2025CL	2026CL
Ebit adj for tax	66	99	141	173	189	268	270
Average invested capital	266	199	366	843	1,133	1,241	1,342
ROIC (%)	24.6	49.8	38.4	20.6	16.7	21.6	20.1
Cost of equity (%)	10.9	10.9	10.9	10.9	10.9	10.9	10.9
Cost of debt (adj for tax)	3.6	3.6	3.8	3.9	4.0	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 (%)	13.7	38.9	27.5	9.7	5.8	10.7	9.2
EVA (RMm)	37	77	101	81	66	133	123

Source: www.clsa.com



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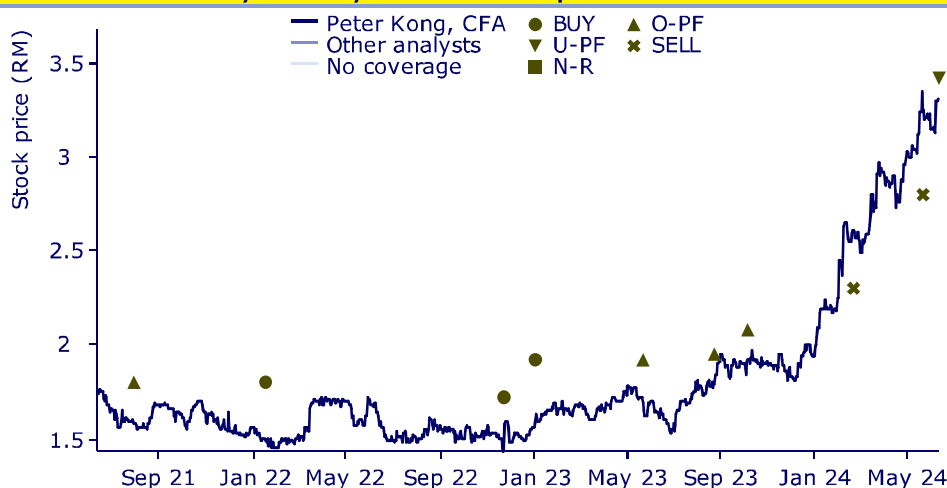
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**Recommendation history of Sunway Construction Group Bhd SCGB MK**



Date	Rec	Target	Date	Rec	Target
LATEST	U-PF	3.42	23 May 2023	O-PF	1.92
21 May 2024	SELL	2.80	03 Jan 2023	BUY	1.92
21 Feb 2024	SELL	2.30	23 Nov 2022	BUY	1.72
06 Oct 2023	O-PF	2.08	17 Jan 2022	BUY	1.80
24 Aug 2023	O-PF	1.95	30 Jul 2021	O-PF	1.80

Source: CLSA

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