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1 July 2019

Malaysia Infrastructure

Reuters SCOG.KL
Bloomberg SCGB MK

Priced on 28 June 2019
KLSE Comp @ 1,672.1

12M hi/lo RM2.07/1.31

12M price target RM2.30
±% potential +14%

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

Market cap US\$625m

3M ADV US\$0.4m

Foreign s'holding 9.0%

Major shareholders

Sunway Berhad 54.4%
Sungei Way Corp Sdn Bhd 10.1%

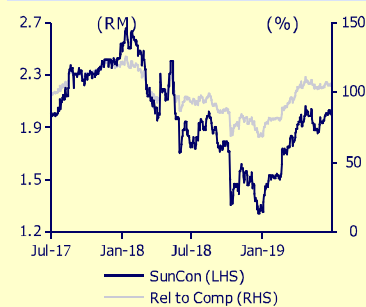
Blended ESG Score (%)*

Overall 73.9
Country average 67.9
GEM sector average 67.2

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

Stock performance (%)

	1M	3M	12M
Absolute	3.6	6.3	12.9
Relative	0.0	4.4	12.5
Abs (US\$)	4.9	4.8	10.1



Source: Bloomberg

In half the time

Three wins added to its order book—reliability in meeting its guidance

Despite not yet enjoying the awards phase for new large infrastructure jobs, SunCon's job wins have already managed to exceed its 2019 order book guidance of RM1.5bn, impressively by the half-year mark. The company announced three awards to the tune RM497m, a blend of external and internal ones, lifting its total this year to RM1.54bn, equalling that of 2018 (RM1.55bn). Investors should appreciate the consistency of it delivering on its order-book guidance, and more so now the prospect of an upside surprise this year (from local and overseas jobs). As the jobs clinched are within expectation (2019: RM2bn), we make no changes to our forecast or BUY recommendation.

Most notably the project from Petronas—repeat work from the group

Most noteworthy of the three projects secured is the RM310m construction of Petronas' Leadership Center in Bangi, Selangor. Linked by a curved central pedestrian spine, this project encompasses a four-storey institutional building and other facilities. A 20-month work process, this award builds to the owner's specifications (versus design and build jobs which typically come in at higher end of its 5%-8% pre-tax margin guidance). SunCon has a track record of performing work for the Petronas group, having been involved in projects for the latter's subsidiary, KLCC Holdings (Figure 4). Separately, SunCon also announced it secured a 35 months of electrical work for electrical systems for the Oxley mixed development (RM68m).

Recurring work bagged from parent's South Quay project

Concurrently, SunCon announced more awards in Sunway Berhad's (N-R) South Quay property development, part of a four-phase project, for earth works and piling valued at RM119m. Its total internal projects for 2019 thus is lifted to RM219m, or 14% of its wins to date. Historically (past five years), it enjoys an annual average RM0.6bn buffer from internal work (or 25% of replenishment). Looking ahead, internal job prospects include its parent's Penang projects, aside from hospital construction.

Positive surprise may stem from projects abroad

We estimate its outstanding order book at RM5.7 bn. It is yet to be known if SunCon will revise its 2019 target, although it is optimistic on overseas jobs, possibly from India (it worked in seven highways earlier for an aggregate RM1.2bn) or Myanmar. Local opportunities are the Klang Valley Double Track project, the East Coast Rail Link and the MRT3, likely in the future. Excluding net cash per share of 31 sen (Mar 19), SunCon trades at a 12.3x PE (20CL), below the Bursa Construction Index of 13.1x (we accord a 15 sen per share benefit in our target derived at a 15.4x 20CL PE). A near-term risk is still-slow LRT3 earnings, although this will catch up from 3Q19.

Financials

Year to 31 December	17A	18A	19CL	20CL	21CL
Revenue (RMm)	2,076	2,257	2,482	2,811	2,713
Net profit (RMm)	136	131	154	180	167
EPS (sen)	10.5	10.2	11.9	13.9	12.9
CL/consensus (14) (EPS%)	-	-	108	118	100
EPS growth (% YoY)	10.1	(3.5)	17.6	16.5	(7.1)
PE (x)	19.1	19.8	16.8	14.4	15.5
Dividend yield (%)	3.5	3.5	4.0	4.5	4.5
FCF yield (%)	(0.3)	4.0	5.1	8.2	7.5
PB (x)	4.7	4.4	4.0	3.7	3.4
ROE (%)	26.0	22.9	25.0	26.7	22.8
Net debt/equity (%)	(63.5)	(62.7)	(59.8)	(69.0)	(76.1)

Source: www.cls.com

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Financials at a glance

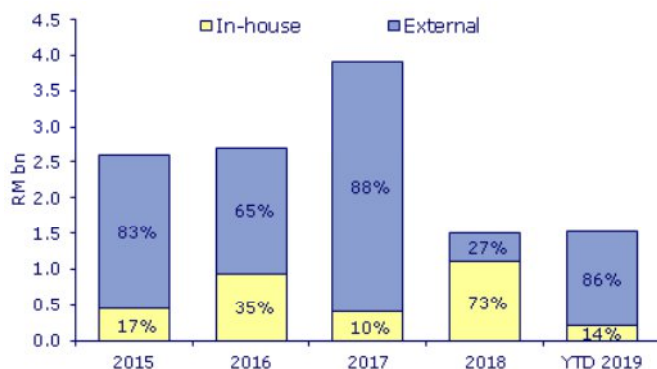
Year to 31 December	2017A	2018A	2019CL	(% YoY)	2020CL	2021CL
Profit & Loss (RMm)						
Revenue	2,076	2,257	2,482	10	2,811	2,713
Cogs (ex-D&A)	(1,874)	(2,042)	(2,220)		(2,511)	(2,424)
Gross Profit (ex-D&A)	202	215	262	22	301	290
SG&A and other expenses	-	-	-		-	-
Op Ebitda	202	215	262	22	301	290
Depreciation/amortisation	(37)	(53)	(75)		(83)	(90)
Op Ebit	165	162	186	15.1	218	199
Net interest inc/(exp)	7	8	7	(7.9)	8	10
Other non-Op items	0	0	0		-	-
Profit before tax	172	170	193	14	225	209
Taxation	(36)	(38)	(39)		(45)	(42)
Profit after tax	136	132	155	17.6	180	167
Minority interest	0	0	0		0	0
Net profit	136	131	154	17.6	180	167
Adjusted profit	136	131	154	17.6	180	167
Cashflow (RMm)						
Operating profit	165	162	186	15.1	218	199
Depreciation/amortisation	37	53	75	43.1	83	90
Working capital changes	(112)	(11)	(45)		7	(2)
Other items	(43)	(45)	(39)		(45)	(42)
Net operating cashflow	47	159	178	11.3	262	245
Capital expenditure	(55)	(56)	(45)		(50)	(50)
Free cashflow	(8)	103	133	28.3	212	195
M&A/Others	103	(2)	12		13	16
Net investing cashflow	48	(58)	(33)		(37)	(34)
Increase in loans	(3)	(21)	-		-	-
Dividends	(71)	(97)	(104)		(117)	(117)
Net equity raised/other	0	-	0		0	0
Net financing cashflow	(74)	(118)	(104)		(117)	(117)
Incr/(decr) in net cash	21	(16)	41		109	95
Exch rate movements	1	12	(5)		(5)	(5)
Balance sheet (RMm)						
Cash & equivalents	487	485	521	7.5	625	714
Accounts receivable	1,066	885	830	(6.2)	940	907
Other current assets	176	228	198	(13.2)	198	198
Fixed assets	151	164	133	(18.6)	100	60
Investments	0	45	45	0	45	45
Intangible assets	4	4	4	0	4	4
Other non-current assets	2	3	3	0	3	3
Total assets	1,885	1,812	1,733	(4.4)	1,914	1,930
Short-term debt	135	114	137	20.1	137	137
Accounts payable	1,184	995	894	(10.1)	1,011	976
Other current liabs	5	15	-		-	-
Long-term debt/CBs	-	-	-		-	-
Provisions/other LT liabs	6	97	59	(39.3)	58	58
Shareholder funds	554	591	642	8.6	706	757
Minorities/other equity	1	1	2	24.7	2	3
Total liabs & equity	1,885	1,812	1,733	(4.4)	1,914	1,930
Ratio analysis						
Revenue growth (% YoY)	16.1	8.7	10.0		13.3	(3.5)
Ebitda margin (%)	9.7	9.5	10.5		10.7	10.7
Ebit margin (%)	7.9	7.2	7.5		7.7	7.3
Net profit growth (%)	10.1	(3.5)	17.6		16.5	(7.1)
Op cashflow growth (% YoY)	(37.3)	238.7	11.3		47.8	(6.5)
Capex/sales (%)	2.6	2.5	1.8		1.8	1.8
Net debt/equity (%)	(63.5)	(62.7)	(59.8)		(69.0)	(76.1)
Net debt/Ebitda (x)	-	-	-		-	-
ROE (%)	26.0	22.9	25.0		26.7	22.8
ROIC (%)	69.8	52.1	54.6		68.9	74.5

Source: www.clsa.com

Find CLSA research on Bloomberg, Thomson Reuters, Factset and CapitalIQ - and profit from our evaluator proprietary database at clsa.com

Figure 1

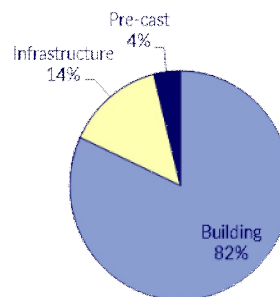
SunCon's order book replenishment mix



Source: CLSA, SunCon

Figure 2

Mix of jobs secured YTD June (RM1.54 bn)



Source: CLSA, SunCon

Figure 3

SunCon project wins in 2019 YTD

Project	RM mn	Duration
TNB Campus development	781.3	26 months
LRT3 piling works (2 jobs)	60.4	4-12 months
Transit oriented development, Putrajaya	38.8	16 months
Big box hotel, Sunway	99.5	16 months
Pre-cast	59.9	18-36 months
Sunway South Quay earthwork and piling	119	20 months
Oxley mixed development, electrical and ELV	67.8	35 months
Petronas Leadership centre	310.0	20 months
Subtotal	1,536.7	

Source: CLSA, SunCon

Figure 4

List of previous jobs with Petronas Group

Project	Year	RM mn
Petronas Leadership Centre	2019	310
KLCC Package 2 + 2A	2013	342
KLCC North East Car Park	2013	304
Construct and complete business hotel	2004	193
Kuala Lumpur Convention Center	2002	549
		1,698

Source: CLSA, SunCon. Note: KLCC Holdings is part of Petronas Group

Figure 5

List of previous jobs in India

Project	Year	RM mn equivalent	Awarded by
Belgaum Bypass, Karnataka	2001	56.1	National Highway Authority of India, NHAI
Roadworks Package 5-C	2001	172.3	NHAI
Dharwad - Belgaum Package 3	2002	117.8	NHAI
Grand trunk road - India	2002	228.0	NHAI
East-West Corridor roadworks, Rajasthan	2005	164.8	NHAI
East-West Corridor roadworks, Uttar Pradesh	2005	238.6	NHAI
Cochin Port connectivity, Cochin	2007	189.4	NHAI
		1,167.0	

Source: CLSA, SunCon

Figure 6

Peer comparison

	Rec	Target Price		Mkt cap	ADT	PE		PB		ROE		Yield	
		(RM)	(RM)	(US\$m)	(US\$m)	CY19	CY20	CY19	CY20	CY19	CY20	CY19	CY20
						(x)	(%)	(x)	(x)	(%)	(%)	(%)	(%)
Gamuda	BUY	4.5	3.8	2,241	4.93	15.4	15.7	1.6	1.5	14.0	15.5	8.3	10.4
SunCon	BUY	2.3	2.0	626	0.44	16.8	14.4	4.0	3.7	25.0	26.7	4.0	4.5
AQRS	BUY	1.9	1.4	162	0.77	9.9	7.4	1.3	1.2	14.7	19.8	4.5	6.8
Eversendai	N-R	-	0.4	83	0.52	6.2	6.8	-	-	5.3	4.9	0.0	1.1
Hock Seng Lee	N-R	-	1.4	179	0.03	11.6	10.4	0.9	0.9	8.0	8.5	1.9	2.0
Kim Lun	N-R	-	1.4	112	0.10	7.7	7.4	0.6	0.6	8.7	8.2	3.4	3.2
Muhibbah	N-R	-	2.8	322	0.25	8.2	7.9	1.1	1.0	14.3	13.5	2.9	2.9
George Kent	N-R	-	1.1	147	1.38	8.8	8.1	1.1	1.0	13.4	13.1	4.6	4.8
TRC Synergy	N-R	-	0.6	74	0.20	8.5	6.7	0.7	-	8.5	10.3	5.0	6.3
WCT	N-R	-	1.1	354	1.48	14.9	13.6	0.5	0.5	3.4	3.7	1.8	1.9
Gadang	N-R	-	0.9	158	2.39	8.3	7.4	-	-	9.1	10.8	2.6	2.7
AQRS	N-R	-	1.4	162	0.74	10.1	7.7	1.4	-	15.8	18.8	4.3	4.9
Weighted average						15.2	14.0	1.4	1.3	11.2	12.1	4.6	5.5

Source: CLSA, Bloomberg

SunCon is trading close to its average forward PE since listing

Figure 7

SunCon: Forward PE

Source: CLSA

Valuation details

We value SunCon using the price-earnings multiple approach. Its target price is derived from 15.4x 20CL earnings, which is at one standard deviation above 10-year mean PE for the KLCON index. We accord an above-sector average PE given its flow of internal jobs and strong balance sheet.

Investment risks

The investment risks for SunCon mainly stem from construction risk. Specific risks to our estimates would be lower-than-expected margins (below 5-8%) or the amount of projects secured falls below our expectation, either due to an inability to secure projects or caused by a delay on project roll-out. The increase in steel prices beyond anticipated will also creep into margins as SunCon hedges steel needs for a future six-month period. On the pre-cast segment, risks to our earnings will be the timing of a margin recovery currently in doldrums due to competition. SunCon is also susceptible to risk facing the construction industry in general, which includes the risk of disputes and ensuing lengthy negotiations, which are not uncommon, not to mention the fluctuations in raw materials and availability of labour.

Detailed financials

Profit & Loss (RMm)

Year to 31 December	2015A	2016A	2017A	2018A	2019CL	2020CL	2021CL
Revenue	1,917	1,789	2,076	2,257	2,482	2,811	2,713
Cogs (ex-D&A)	(1,739)	(1,601)	(1,874)	(2,042)	(2,220)	(2,511)	(2,424)
Gross Profit (ex-D&A)	178	188	202	215	262	301	290
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	-	-	-	-	-	-	-
Other SG&A	-	-	-	-	-	-	-
Other Op Expenses ex-D&A	-	-	-	-	-	-	-
Op Ebitda	178	188	202	215	262	301	290
Depreciation/amortisation	(42)	(39)	(37)	(53)	(75)	(83)	(90)
Op Ebit	136	149	165	162	186	218	199
Interest income	8	10	13	16	12	13	16
Interest expense	(4)	(6)	(6)	(8)	(5)	(5)	(5)
Net interest inc/(exp)	5	4	7	8	7	8	10
Associates/investments	-	-	-	-	-	-	-
Forex/other income	-	-	-	-	-	-	-
Asset sales/other cash items	-	-	-	-	-	-	-
Provisions/other non-cash items	-	-	-	-	-	-	-
Asset revaluation/Exceptional items	-	-	-	-	-	-	-
Profit before tax	141	154	172	170	193	225	209
Taxation	(13)	(30)	(36)	(38)	(39)	(45)	(42)
Profit after tax	128	124	136	132	155	180	167
Preference dividends	-	-	-	-	-	-	-
Profit for period	128	124	136	132	155	180	167
Minority interest	(1)	0	0	0	0	0	0
Net profit	127	124	136	131	154	180	167
Extraordinaries/others	0	0	0	0	0	0	0
Profit avail to ordinary shares	127	124	136	131	154	180	167
Dividends	-	-	-	-	-	-	-
Retained profit	127	124	136	131	154	180	167
Adjusted profit	127	124	136	131	154	180	167
EPS (sen)	9.8	9.6	10.5	10.2	11.9	13.9	12.9
Adj EPS [pre excep] (sen)	9.8	9.6	10.5	10.2	11.9	13.9	12.9
Core EPS (sen)	9.8	9.6	10.5	10.2	11.9	13.9	12.9
DPS (sen)	4.0	5.0	7.0	7.0	8.0	9.0	9.0

Profit & loss ratios

Year to 31 December	2015A	2016A	2017A	2018A	2019CL	2020CL	2021CL
Growth (%)							
Revenue growth (% YoY)	1.9	(6.7)	16.1	8.7	10.0	13.3	(3.5)
Ebitda growth (% YoY)	10.2	5.7	7.5	6.0	22.0	14.9	(3.7)
Ebit growth (% YoY)	16.4	9.5	10.5	(1.9)	15.1	16.9	(8.5)
Net profit growth (%)	39.4	(2.9)	10.1	(3.5)	17.6	16.5	(7.1)
EPS growth (% YoY)	39.4	(2.9)	10.1	(3.5)	17.6	16.5	(7.1)
Adj EPS growth (% YoY)	211.0	(2.9)	10.1	(3.5)	17.6	16.5	(7.1)
DPS growth (% YoY)	(20.0)	25.0	40.0	0.0	14.3	12.5	0.0
Core EPS growth (% YoY)	211.0	(2.9)	10.1	(3.5)	17.6	16.5	(7.1)
Margins (%)							
Ebitda margin (%)	9.3	10.5	9.7	9.5	10.5	10.7	10.7
Ebit margin (%)	7.1	8.3	7.9	7.2	7.5	7.7	7.3
Net profit margin (%)	6.6	6.9	6.5	5.8	6.2	6.4	6.2
Core profit margin	6.6	6.9	6.5	5.8	6.2	6.4	6.2
Op cashflow margin	12.1	4.2	2.3	7.1	7.2	9.3	9.0
Returns (%)							
ROE (%)	30.6	26.2	26.0	22.9	25.0	26.7	22.8
ROA (%)	9.1	8.0	7.5	6.8	8.4	9.6	8.3
ROIC (%)	59.1	65.5	69.8	52.1	54.6	68.9	74.5
ROCE (%)	62.7	82.3	90.0	76.4	77.6	91.0	99.2
Other key ratios (%)							
Effective tax rate (%)	9.2	19.5	21.0	22.4	20.0	20.0	20.0
Ebitda/net int exp (x)	-	-	-	-	-	-	-
Exceptional or extraord. inc/PBT (%)	0.0	0.0	0.0	0.0	0.0	-	-
Dividend payout (%)	40.6	52.3	66.5	68.9	67.0	64.7	69.6

Source: www.clsa.com

Balance sheet (RMm)

Year to 31 December	2015A	2016A	2017A	2018A	2019CL	2020CL	2021CL
Cash & equivalents	390	466	487	485	521	625	714
Accounts receivable	579	732	1,066	885	830	940	907
Inventories	17	24	24	30	0	0	0
Other current assets	230	220	151	198	198	198	198
Current assets	1,217	1,442	1,729	1,597	1,549	1,762	1,819
Fixed assets	162	138	151	164	133	100	60
Investments	0	0	0	45	45	45	45
Goodwill	4	4	4	4	4	4	4
Other intangible assets	1	2	0	0	0	0	0
Other non-current assets	14	11	2	3	3	3	3
Total assets	1,397	1,597	1,885	1,812	1,733	1,914	1,930
Short term loans/OD	137	137	135	114	137	137	137
Accounts payable	796	955	1,184	995	894	1,011	976
Accrued expenses	-	-	-	-	-	-	-
Taxes payable	9	11	5	14	0	0	0
Other current liabs	-	0	0	0	-	0	0
Current liabilities	942	1,103	1,324	1,123	1,031	1,148	1,113
Long-term debt/leases/other	-	-	-	-	-	-	-
Convertible bonds	-	-	-	-	-	-	-
Provisions/other LT liabs	4	1	6	97	59	58	58
Total liabilities	946	1,104	1,331	1,220	1,089	1,206	1,171
Share capital	259	259	259	259	259	259	259
Retained earnings	218	257	324	361	412	476	526
Reserves/others	(25)	(23)	(29)	(28)	(28)	(28)	(28)
Shareholder funds	451	493	554	591	642	706	757
Minorities/other equity	1	1	1	1	2	2	3
Total equity	452	494	555	593	644	708	759
Total liabs & equity	1,397	1,597	1,885	1,812	1,733	1,914	1,930
Total debt	137	137	135	114	137	137	137
Net debt	(254)	(329)	(353)	(371)	(385)	(488)	(578)
Adjusted EV	2,344	2,269	2,246	2,183	2,170	2,067	1,978
BVPS (sen)	34.9	38.2	42.8	45.7	49.7	54.6	58.5

Balance sheet ratios

Year to 31 December	2015A	2016A	2017A	2018A	2019CL	2020CL	2021CL
Key ratios							
Current ratio (x)	1.3	1.3	1.3	1.4	1.5	1.5	1.6
Growth in total assets (% YoY)	5.5	14.3	18.0	(3.9)	(4.4)	10.4	0.8
Growth in capital employed (% YoY)	(16.4)	(16.9)	22.9	9.4	17.1	(15.2)	(17.2)
Net debt to operating cashflow (x)	-	-	-	-	-	-	-
Gross debt to operating cashflow (x)	0.6	1.8	2.9	0.7	0.8	0.5	0.6
Gross debt to Ebitda (x)	0.8	0.7	0.7	0.5	0.5	0.5	0.5
Net debt/Ebitda (x)	-	-	-	-	-	-	-
Gearing							
Net debt/equity (%)	(56.2)	(66.7)	(63.5)	(62.7)	(59.8)	(69.0)	(76.1)
Gross debt/equity (%)	30.3	27.6	24.3	19.2	21.2	19.3	18.0
Interest cover (x)	41.2	26.4	29.3	21.4	39.7	42.3	39.3
Debt Cover (x)	1.7	0.6	0.3	1.4	1.3	1.9	1.8
Working capital analysis							
Inventory days	3.9	4.7	4.7	4.9	2.5	0.0	0.0
Debtor days	121.0	133.8	158.0	157.7	126.1	114.9	124.2
Creditor days	166.6	199.6	208.3	194.7	155.3	138.5	149.6
Working capital/Sales (%)	1.1	0.6	2.5	4.6	5.4	4.5	4.7
Capital employed analysis							
Sales/Capital employed (%)	967.9	1,087.3	1,026.5	1,019.8	958.1	1,280.3	1,492.6
EV/Capital employed (%)	1,183.6	1,378.8	1,110.6	986.6	837.7	941.2	1,088.1
Working capital/Capital employed (%)	11.1	6.1	25.8	46.5	51.3	57.4	70.6
Fixed capital/Capital employed (%)	81.7	84.1	74.6	74.0	51.4	45.7	32.9
Other ratios (%)							
EV/OCF (x)	10.1	30.2	47.7	13.7	12.2	7.9	8.1
EV/FCF (x)	12.2	40.4	(294.9)	21.1	16.4	9.7	10.1
EV/Sales (x)	1.2	1.3	1.1	1.0	0.9	0.7	0.7
Capex/depreciation (%)	92.3	48.7	146.1	106.6	59.6	60.3	55.3

Source: www.clsa.com

Cashflow (RMm)

Year to 31 December	2015A	2016A	2017A	2018A	2019CL	2020CL	2021CL
Operating profit	136	149	165	162	186	218	199
Operating adjustments	(3)	(22)	0	0	0	0	0
Depreciation/amortisation	42	39	37	53	75	83	90
Working capital changes	65	(59)	(112)	(11)	(45)	7	(2)
Interest paid / other financial expenses	(4)	(6)	(6)	(8)	0	0	0
Tax paid	(30)	(26)	(37)	(37)	(39)	(45)	(42)
Other non-cash operating items	25	0	0	1	0	0	0
Net operating cashflow	232	75	47	159	178	262	245
Capital expenditure	(39)	(19)	(55)	(56)	(45)	(50)	(50)
Free cashflow	193	56	(8)	103	133	212	195
Acq/inv/disposals	40	13	89	26	-	-	-
Int, invt & associate div	(57)	89	13	(28)	12	13	16
Net investing cashflow	(56)	83	48	(58)	(33)	(37)	(34)
Increase in loans	2	0	(3)	(21)	-	-	-
Dividends	(70)	(84)	(71)	(97)	(104)	(117)	(117)
Net equity raised/(buybacks)	-	-	-	-	-	-	-
Net financing cashflow	(68)	(84)	(74)	(118)	(104)	(117)	(117)
Incr/(decr) in net cash	107	74	21	(16)	41	109	95
Exch rate movements	5	2	1	12	(5)	(5)	(5)
Opening cash	278	390	465	488	485	521	625
Closing cash	390	465	487	484	521	625	715
OCF PS (sen)	17.9	5.8	3.6	12.3	13.7	20.3	19.0
FCF PS (sen)	14.9	4.3	(0.6)	8.0	10.3	16.4	15.1

Cashflow ratio analysis

Year to 31 December	2015A	2016A	2017A	2018A	2019CL	2020CL	2021CL
Growth (%)							
Op cashflow growth (% YoY)	(19.4)	(67.6)	(37.3)	238.7	11.3	47.8	(6.5)
FCF growth (% YoY)	(20.2)	(70.9)	(113.6)	-	28.3	60.3	(8.0)
Capex growth (%)	(15.4)	(50.8)	187.6	2.7	(19.9)	11.1	0.0
Other key ratios (%)							
Capex/sales (%)	2.0	1.1	2.6	2.5	1.8	1.8	1.8
Capex/op cashflow (%)	16.7	25.3	116.2	35.2	25.3	19.0	20.4
Operating cashflow payout ratio (%)	22.3	86.0	192.2	56.7	58.2	44.3	47.4
Cashflow payout ratio (%)	-	-	-	-	-	-	-
Free cashflow payout ratio (%)	-	-	-	-	-	-	-

DuPont analysis

Year to 31 December	2015A	2016A	2017A	2018A	2019CL	2020CL	2021CL
Ebit margin (%)	7.1	8.3	7.9	7.2	7.5	7.7	7.3
Asset turnover (x)	1.4	1.2	1.2	1.2	1.4	1.5	1.4
Interest burden (x)	1.0	1.0	1.0	1.0	1.0	1.0	1.1
Tax burden (x)	0.9	0.8	0.8	0.8	0.8	0.8	0.8
Return on assets (%)	9.1	8.0	7.5	6.8	8.4	9.6	8.3
Leverage (x)	3.3	3.2	3.3	3.2	2.9	2.7	2.6
ROE (%)	30.7	26.2	26.0	22.9	25.0	26.7	22.8

EVA® analysis

Year to 31 December	2015A	2016A	2017A	2018A	2019CL	2020CL	2021CL
Ebit adj for tax	124	120	130	126	149	174	159
Average invested capital	209	183	187	241	273	253	214
ROIC (%)	59.1	65.5	69.8	52.1	54.6	68.9	74.5
Cost of equity (%)	11.2	11.2	11.2	11.2	11.2	11.2	11.2
Cost of debt (adj for tax)	4.5	4.0	3.9	3.9	4.0	4.0	4.0
Weighted average cost of capital (%)	11.2	11.2	11.2	11.2	11.2	11.2	11.2
EVA/IC (%)	47.9	54.3	58.6	40.9	43.4	57.7	63.3
EVA (RMm)	100	100	109	99	118	146	135

Source: www.clsa.com



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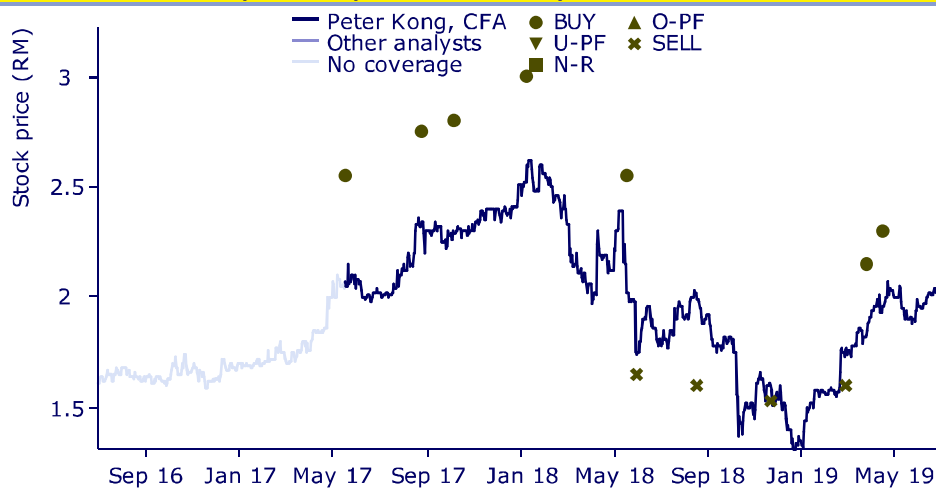
- SunCon (SCGB MK - RM2.01 - BUY)
- AQRS (AQRS MK - RM1.36 - BUY)
- Gamuda (GAM MK - RM3.76 - BUY)
- George Kent (N-R)
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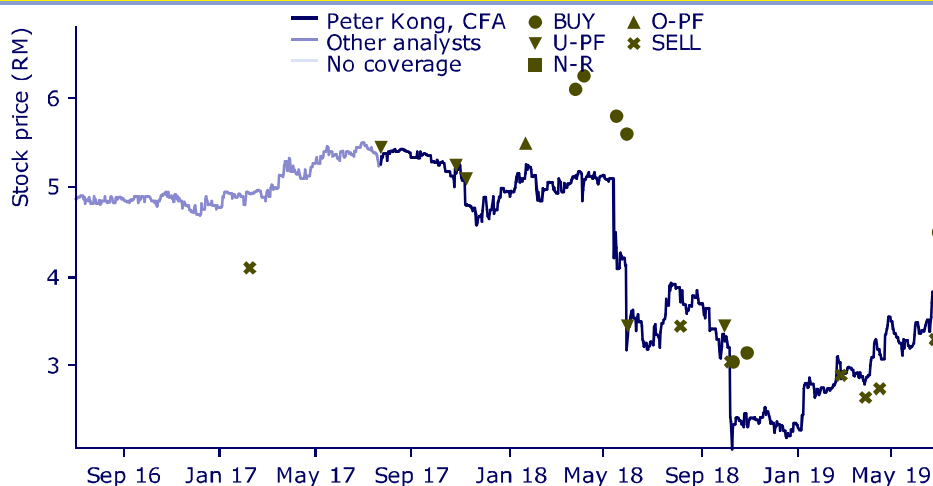
Recommendation history of Sunway Construction Group Bhd SCGB MK



Date	Rec	Target	Date	Rec	Target
15 Apr 2019	BUY	2.30	18 May 2018	BUY	2.55
25 Mar 2019	BUY	2.15	08 Jan 2018	BUY	3.00
26 Feb 2019	SELL	1.60	06 Oct 2017	BUY	2.80
21 Nov 2018	SELL	1.53	25 Aug 2017	BUY	2.75
17 Aug 2018	SELL	1.60	18 May 2017	BUY	2.55
31 May 2018	SELL	1.65			

Source: CLSA

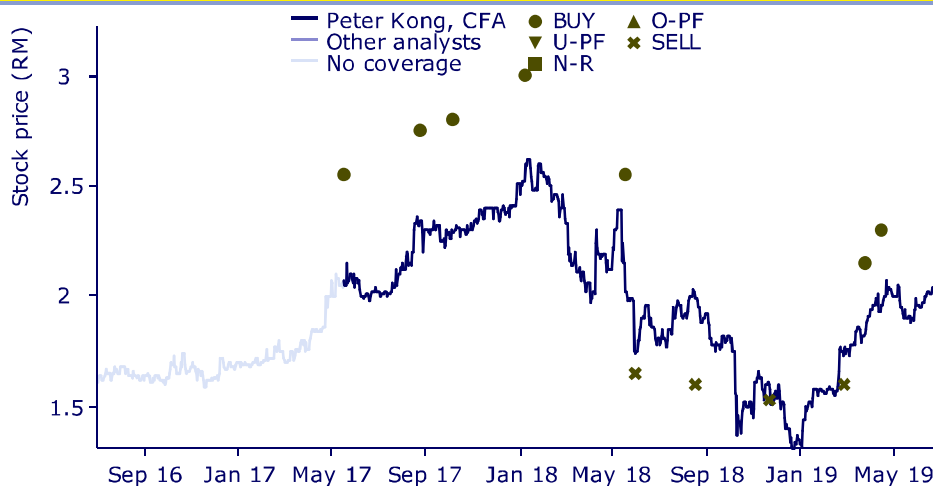
Recommendation history of Gamuda Bhd GAM MK



Date	Rec	Target	Date	Rec	Target
28 Jun 2019	BUY	4.50	31 May 2018	U-PF	3.45
24 Jun 2019	SELL	3.30	30 May 2018	BUY	5.60
15 Apr 2019	SELL	2.75	17 May 2018	BUY	5.80
28 Mar 2019	SELL	2.65	06 Apr 2018	BUY	6.25
25 Feb 2019	SELL	2.90	26 Mar 2018	BUY	6.10
29 Oct 2018	BUY	3.15	22 Jan 2018	O-PF	5.50
12 Oct 2018	BUY	3.05	08 Nov 2017	U-PF	5.10
08 Oct 2018	SELL	3.05	26 Oct 2017	U-PF	5.25
01 Oct 2018	U-PF	3.45	23 Jul 2017	U-PF	5.45
06 Aug 2018	SELL	3.45	07 Feb 2017	SELL	4.10

Source: CLSA

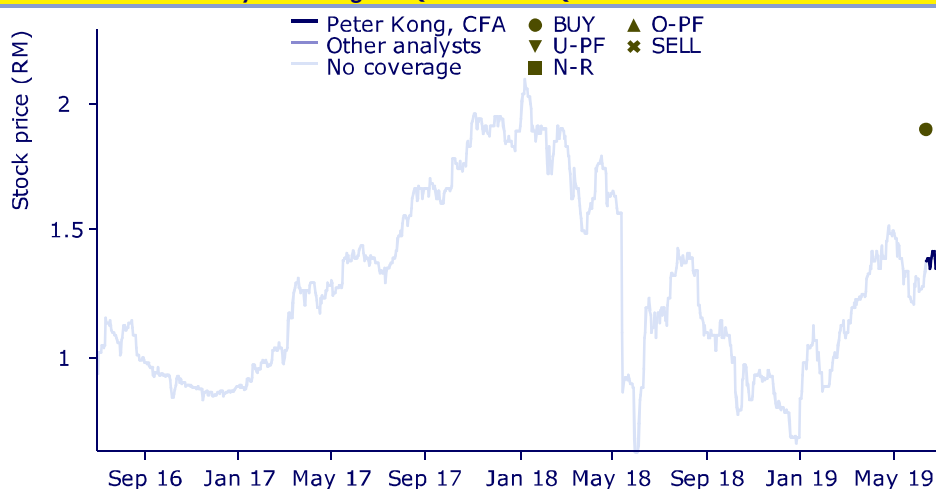
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21 Nov 2018	SELL	1.53	25 Aug 2017	BUY	2.75
17 Aug 2018	SELL	1.60	18 May 2017	BUY	2.55
31 May 2018	SELL	1.65			

Source: CLSA

Recommendation history of Gabungan AQRs Berhad AQRs MK



Date	Rec	Target	Date	Rec	Target
12 Jun 2019	BUY	1.90			

Source: CLSA

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