

# Sunway Construction Group Bhd

Target price: **RM2.05 BUY**



**MAYBANK INVESTMENT BANK RESEARCH (JAN 14):** We believe SCG's RM2 billion job win target (including precast) for FY2020 is well supported by its in-house projects and external building jobs. Outstanding order book of RM5.6 billion (end-September 2019) offers earnings visibility into FY2022. Our forecasts are unchanged, having factored in job wins and the recovery from precast in FY2020. We upgrade SCG to a "buy" with an upside of 17%, supported by a yield of 3.9%.

SCG's target of securing RM1.8 billion worth of new construction jobs in FY2020 is unchanged. In-house jobs from its parent, Sunway Bhd could contribute RM500 million to its new order book. SCG is also vying for external building works in Putrajaya and the KLCC vicinity with a total value of up to RM900 million.

After two consecutive years of weak earnings from the precast division, SCG expects the division to turn around in FY2020. Precast contracts secured in FY2018 with better margins are only expected to contribute from FY2020 onwards. We already imputed the recovery into our FY2020-21 numbers.