

AmInvestment Bank

**Company report** 

# SUNWAY CONSTRUCTION

(SCGB MK EQUITY, SCOG.KL)

## 14 Nov 2018

CONSTRUCTION

## Lands RM352mil Sunway Velocity Two building job UNDERWEIGHT

(Maintained)

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Rationale for report: Company update

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Jul-18 -Sep-18 -

Jul-17 -Sep-17 -Nov-17 -Jan-18 -May-18 -

FBMKI CLIndex

#### Price RM1.57 Fair Value RM1.27 RM2.64/RM1.30 52-week High/Low **Key Changes** Fair value U FPS ස FY18F YE to Dec FY17 FY19F FY20F Revenue (RM mil) 2,076.3 2,736.8 2,403.8 2,855.7 Core net profit (RM mil) 137.8 149.1 179.2 164.3 FD Core EPS (sen) 10.7 11.5 12.7 13.9 FD Core EPS growth (%) 31.7 8.2 10.2 9.1 Consensus Net Profit (RM mil) 1567 180.3 174 1 DPS (sen) 7.0 8.0 9.0 9.0 PE (x) 14.7 13.6 12.4 11.3 EV/EBITDA (x) 83 74 6.7 6.0 Div yield (%) 4.5 5.1 5.7 5.7 ROE (%) 25.9 26.3 26.4 26.4 Net Gearing (%) nm nm nm nm Stock and Financial Data 1,292,9 Shares Outstanding (million) Market Cap (RM mil) 2,029.9 Book Value (RM/share) 0.43 P/BV(x)3.7 ROE (%) 26.3 Net Gearing (%) Sunway Holdings (54.4%) Major Shareholders Sungei Way Corp (10.0%) True Paragon (3.9%) 347.7 Free Float Avg Daily Value (RMmil) 2.0 Price performance 3mth 6mth 12mth Absolute (%) (21.5)(34.3)(33.8)(17.0) Relative (%) (28.1) (31.8) 3.0 2.000 1.800 2.5 1,600 1.400 2.0 1.200 1.5 1,000 800 1.0 600 400 0.5

0.0

Jul-15 -Sep-15 -Sep-15 -Jan-16 -Jan-16 -Jan-16 -Jan-17 -Jan-17 -Mar-17 -Mar-17 -

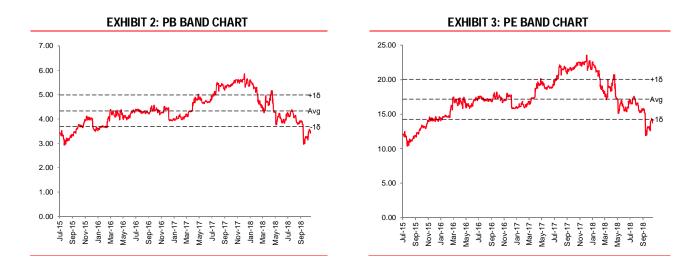
SCGB MK

## Investment Highlights

- We maintain our forecasts but reduce our fair value by 17% to RM1.27 (from RM1.53) based on 10x FY19 EPS (from 12x previously), which is still in line with our benchmark forward P/E of 10-12x for mid-cap construction stocks. The downgrade in P/E multiple is to reflect the continuing sector de-rating. Maintain UNDERWEIGHT.
- Sunway Construction has secured a RM352.1mil contract from sister company Sunway Velocity Two Sdn Bhd for the construction of an office tower and two apartment blocks in Sunway Velocity Two development in Jalan Peel, Kuala Lumpur, with a construction period of 37 months beginning November 2018.
- The latest job has boosted its YTD construction job wins (excluding precast orders) to RM1.2bil and its outstanding construction order book to RM5.95bil based on our estimates (Exhibit 1). We are keeping our forecasts that assume construction job wins of RM1.5bil annually in FY18-20F.
- We remain cautious on the outlook for the local construction sector. As the government scales back on public projects, local contractors will be competing for a shrinking pool of new jobs in the market. Severe undercutting among the players will result in razor-thin margins for the successful bidders. On the other hand, the introduction of a more transparent public procurement system under the new administration should weed out rent-seekers, paving the way toward healthier competition within the local construction sector.
- We believe Sunway Construction is mitigated by its substantial order backlog that should keep it busy over the next 1-2 years, coupled with its proven ability to compete under an open bidding system. However, valuations are unattractive at 11-14x forward earnings on muted sector prospects.

Project	Outstanding	Value
		(RMmil)
GS07 & GS08, LRT3		2,067
Internal building jobs		2,081
Sunway Medical Centre (SMC) 4	456	
Sunway Serene	357	
Sunway Velocity Two	352	
Carnival Mall extension	277	
Sunway GeoLake	210	
SMC Seberang Jaya	180	
Big Box, Iskandar	130	
Others	119	
V201, MRT2		587
Parcel F, Putrajaya		421
PPA1M, Kota Bharu		420
Others		378
Total		5,954

Source: Company, AmInvestment Bank Bhd



Income Statement (RMmil, YE 31 Dec)   FY16     Revenue   1,788.8     EBITDA   169.4     Depreciation/Amortisation   (39.1)     Operating income (EBIT)   130.3     Other income & associates   -     Net interest   4.4     Exceptional items   18.9     Pretax profit   153.7     Taxation   (30.0)     Minorities/pref dividends   (0.1)     Net profit   123.5     Core net profit   104.6     Balance Sheet (RMmil, YE 31 Dec)   FY16     Fixed assets   140.7     Intangible assets   3.6     Other long-term assets   10.8     Total non-current assets   155.1     Cash & equivalent   465.8     Stock   -     Trade debtors   763.9     Other current assets   11.4     Total current assets   1.442.2     Trade creditors   955.0     Short-term borrowings   -     Other current liabilities   1.42.9     Long-term lia	FY17 2,076.3 202.6 (37.8) 164.8 2.2 7.2 174.2 (36.2) (0.1) 137.8 137.8 137.8 137.8 FY17 152.1 3.6 2.6 158.3 487.2 1,105.7 135.9 1,728.9 1,185.1 134.7 5.2 1,324.9 7.0 7.0 553.7 1.1 0.43	FY18F 2,736.8 228.2 (42.2) 185.9 - 10.4 - 196.3 (47.1) (0.1) 149.1 140.1 149.1	FY19F 2,403.8 253.5 (47.2) 206.3 - 10.1 - 216.4 (51.9) (0.2) 164.3 164.3 164.3 164.3 FY19F 262.6 3.6 268.9 470.6 - 1,015.7 135.9 1,712.2 1,185.1 134.7 5.2 1,324.9 - 7.0 647.3 1,4 -	FY20 2,855. 277. (52.2 225. 10. 236. (56.6 (0.2 179. 179. 179. FY20 310. 3. 2. 316. 485. 1,105. 1,324. 1,324. 7. 7. 7.
EBITDA 169.4   Depreciation/Amortisation (39.1)   Operating income (EBIT) 130.3   Other income & associates -   Net interest 4.4   Exceptional items 18.9   Pretax profit 153.7   Taxation (30.0)   Minorities/pref dividends (0.1)   Net profit 123.5   Core net profit 104.6   Balance Sheet (RMmil, YE 31 Dec) FY16   Fixed assets 140.7   Intangible assets 3.6   Other long-term assets 10.8   Total non-current assets 155.1   Cash & equivalent 465.8   Stock -   Trade debtors 763.9   Other current assets 1,442.2   Trade creditors 955.0   Short-term borrowings 136.5   Other current liabilities 1.4   Total current liabilities 1.4   Total cong-term liabilities 0.6   Total long-term liabilities 0.6   Shareholders' funds 493.0   Minority interests <th>202.6 (37.8) 164.8 2.2 7.2 (36.2) (0.1) 137.8 137.8 137.8 FY17 152.1 3.6 2.6 158.3 487.2 1,105.7 135.9 1,728.9 1,728.9 1,728.9 1,728.9 1,728.9 1,728.9 1,728.9 1,324.9 7.0 7.0 7.0 553.7 1.1</th> <th>228.2 (42.2) 185.9 - 10.4 - 196.3 (47.1) (0.1) 149.1 149.1 149.1 149.1 149.1 <b>FY18F</b> 209.8 3.6 216.1 475.2 - 1,05.7 <b>135.9</b> 1,716.9 1,185.1 134.7 <b>5.2</b> 1,324.9 - <b>7.0</b> <b>7.0</b> <b>5</b>99.4 1.3</th> <th>253.5 (47.2) 206.3 - 10.1 - 216.4 (51.9) (0.2) 164.3 164.3 164.3 164.3 <b>FY19F</b> 262.6 3.6 268.9 470.6 - 1,105.7 <b>135.9</b> 1,712.2 1,185.1 134.7 <b>5.2</b> 1,324.9 - <b>7.0</b> <b>7.0</b> 647.3 1.4</th> <th>277. (52.2 225. 10. 236. (56.6 (0.2 179. 179. 179. <b>FY20</b> 310. 3. <b>2.</b> 316. 485. <b>1</b>,105. <b>135.</b> 1,727. 1,185. 134. <b>5.</b> 1,324. <b>7.</b> 7,710.</th>	202.6 (37.8) 164.8 2.2 7.2 (36.2) (0.1) 137.8 137.8 137.8 FY17 152.1 3.6 2.6 158.3 487.2 1,105.7 135.9 1,728.9 1,728.9 1,728.9 1,728.9 1,728.9 1,728.9 1,728.9 1,324.9 7.0 7.0 7.0 553.7 1.1	228.2 (42.2) 185.9 - 10.4 - 196.3 (47.1) (0.1) 149.1 149.1 149.1 149.1 149.1 <b>FY18F</b> 209.8 3.6 216.1 475.2 - 1,05.7 <b>135.9</b> 1,716.9 1,185.1 134.7 <b>5.2</b> 1,324.9 - <b>7.0</b> <b>7.0</b> <b>5</b> 99.4 1.3	253.5 (47.2) 206.3 - 10.1 - 216.4 (51.9) (0.2) 164.3 164.3 164.3 164.3 <b>FY19F</b> 262.6 3.6 268.9 470.6 - 1,105.7 <b>135.9</b> 1,712.2 1,185.1 134.7 <b>5.2</b> 1,324.9 - <b>7.0</b> <b>7.0</b> 647.3 1.4	277. (52.2 225. 10. 236. (56.6 (0.2 179. 179. 179. <b>FY20</b> 310. 3. <b>2.</b> 316. 485. <b>1</b> ,105. <b>135.</b> 1,727. 1,185. 134. <b>5.</b> 1,324. <b>7.</b> 7,710.
Depreciation/Amortisation   (39.1)     Operating income (EBIT)   130.3     Other income & associates   -     Vet interest   4.4     Exceptional items   18.9     Pretax profit   153.7     Taxation   (30.0)     Minorities/pref dividends   (0.1)     Net profit   123.5     Core net profit   104.6     Balance Sheet (RMmil, YE 31 Dec)   FY16     Fixed assets   140.7     ntangible assets   3.6     Other long-term assets   10.8     Total non-current assets   155.1     Cash & equivalent   465.8     Stock   -     Trade debtors   763.9     Other current assets   11.4     Total current assets   1.442.2     Trade creditors   955.0     Short-term borrowings   -     Other current liabilities   1.42.2     Trade creditors   955.0     Short-term liabilities   0.6     Other current liabilities   0.6     Otal	(37.8) 164.8 2.2 7.2 (36.2) (0.1) 137.8 137.8 137.8 137.8 FY17 152.1 3.6 2.6 158.3 487.2 1,105.7 1,324.9 1,324.9 1,324.9 7.0 553.7 1.1	(42.2) 185.9 - 10.4 - 196.3 (47.1) (0.1) 149.1 149.1 149.1 FY18F 209.8 3.6 216.1 475.2 - 1,05.7 1,35.9 1,716.9 1,185.1 134.7 5.2 1,324.9 - 7.0 7.0 599.4 1.3	(47.2) 206.3 - 10.1 - 216.4 (51.9) (0.2) 164.3 164.3 164.3 164.3 <b>FY19F</b> 262.6 3.6 268.9 470.6 - 1,105.7 1,35.9 1,712.2 1,185.1 134.7 <b>5.2</b> 1,324.9 - <b>7.0</b> <b>7.0</b> 647.3 1.4	(52.2 225. 10. 236. (56.6 (0.2 179. 179. 79. <b>FY20</b> 310. 3. <b>2.</b> 316. 485. 1,105. <b>135.</b> 1,727. 1,185. 1,324. <b>5.</b> 1,324. <b>7.</b> 7.
Depreciation/Amortisation   (39.1)     Operating income (EBIT)   130.3     Other income & associates   -     Vet interest   4.4     Exceptional items   18.9     Pretax profit   153.7     Taxation   (30.0)     Minorities/pref dividends   (0.1)     Net profit   123.5     Core net profit   104.6     Balance Sheet (RMmil, YE 31 Dec)   FY16     Fixed assets   140.7     ntangible assets   3.6     Other long-term assets   10.8     Total non-current assets   155.1     Cash & equivalent   465.8     Stock   -     Trade debtors   763.9     Other current assets   11.4     Total current assets   1.442.2     Trade creditors   955.0     Short-term borrowings   -     Other current liabilities   1.42.2     Trade creditors   955.0     Short-term liabilities   0.6     Other current liabilities   0.6     Otal	(37.8) 164.8 2.2 7.2 (36.2) (0.1) 137.8 137.8 137.8 137.8 FY17 152.1 3.6 2.6 158.3 487.2 1,105.7 1,324.9 1,324.9 1,324.9 7.0 553.7 1.1	(42.2) 185.9 - 10.4 - 196.3 (47.1) (0.1) 149.1 149.1 149.1 FY18F 209.8 3.6 216.1 475.2 - 1,05.7 1,35.9 1,716.9 1,185.1 134.7 5.2 1,324.9 - 7.0 7.0 599.4 1.3	(47.2) 206.3 - 10.1 - 216.4 (51.9) (0.2) 164.3 164.3 164.3 164.3 <b>FY19F</b> 262.6 3.6 268.9 470.6 - 1,105.7 1,35.9 1,712.2 1,185.1 134.7 <b>5.2</b> 1,324.9 - <b>7.0</b> <b>7.0</b> 647.3 1.4	(52.2 225. 10. 236. (56.6 (0.2 179. 179. 179. <b>FY20</b> 310. 3. <b>2.</b> 316. 485. 1,105. <b>135.</b> 1,727. 1,185. 1,324. <b>5.</b> 1,324. <b>7.</b> <b>7.</b> 710.
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Dther long-term assets   10.8     Fotal non-current assets   155.1     Cash & equivalent   465.8     Stock   -     Frade debtors   763.9     Other current assets   212.5     Total current assets   1442.2     Frade creditors   955.0     Short-term borrowings   136.5     Other current liabilities   1,102.9     Short-term borrowings   -     Other current liabilities   0.6     Other long-term liabilities   0.6     Shareholders' funds   493.0     Winority interests   0.8     3V/share (RM)   0.38     Cash Flow (RMmil, YE 31 Dec)   FY16     Peretax profit   153.7     Depreciation/Amortisation   39.1     Vet change in working capital   (58.7)     Others   (48.5)     Cash flow from operations   85.6     Capital expenditure   (19.0)     Vet investments & sale of fixed assets   2.1     Others   2.1     Others   .2	2.6 158.3 487.2 - 1,105.7 135.9 1,728.9 1,728.9 1,728.9 1,728.9 1,728.9 1,324.9 - 7.0 553.7 1.1	2.6 216.1 475.2 1,105.7 1,35.9 1,716.9 1,716.9 1,185.1 134.7 5.2 1,324.9 - 7.0 599.4 1.3	2.6 268.9 470.6 1,105.7 1,35.9 1,712.2 1,185.1 134.7 5.2 1,324.9  7.0 647.3 1.4	2. 316. 485. 1,105. <b>135.</b> 1,727. 1,185. 1,324. <b>5.</b> 1,324. <b>7.</b> 710.
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Cash & equivalent465.8Stock-Trade debtors763.9Other current assets212.5Total current assets1,442.2Trade creditors955.0Short-term borrowings136.5Other current liabilities11.4Total current liabilities11.4Total current liabilities0.6Total long-term liabilities0.6Shart-term borrowings-Other current liabilities0.6Shart-term borrowings-Other long-term liabilities0.6Shareholders' funds493.0Winority interests0.8BV/share (RM)0.38Cash Flow (RMmil, YE 31 Dec)FY16Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow73.9Net cash flow toft389.7	487.2 1,105.7 <b>135.9</b> 1,728.9 1,185.1 134.7 <b>5.2</b> 1,324.9 <b>7.0</b> <b>7.0</b> <b>55</b> 3.7 1.1	475.2 1,105.7 <b>135.9</b> 1,716.9 1,185.1 134.7 <b>5.2</b> 1,324.9 <b>7.0</b> <b>7.0</b> <b>5</b> 99.4 1.3	470.6 1,105.7 <b>135.9</b> 1,712.2 1,185.1 134.7 <b>5.2</b> 1,324.9 <b>7.0</b> <b>7.0</b> <b>647</b> .3 1.4	485. 1,105. <b>135.</b> 1,727. 1,185. 134. <b>5.</b> 1,324. <b>7.</b> <b>7.</b> 710.
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Other current assets212.5Total current assets1,442.2Trade creditors955.0Short-term borrowings136.5Other current liabilities11.4Total current liabilities1,102.9Long-term liabilities0.6Total long-term liabilities0.6Total long-term liabilities0.6Shareholders' funds493.0Winority interests0.8BV/share (RM)0.38Cash Flow (RMmil, YE 31 Dec)FY16Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others9.6Cash flow from investing72.7Debt raised/(repaid)(0.3)Equity raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow73.9	<b>135.9</b> 1,728.9 1,185.1 134.7 <b>5.2</b> 1,324.9 - <b>7.0</b> <b>7.0</b> 553.7 1.1	135.9 1,716.9 1,185.1 134.7 5.2 1,324.9 7.0 7.0 599.4 1.3	<b>135.9</b> 1,712.2 1,185.1 134.7 <b>5.2</b> 1,324.9 <b>7.0</b> <b>7.0</b> <b>647.3</b> 1.4	135. 1,727. 1,185. 134. 5. 1,324. 7. 7. 710.
Other current assets212.5Total current assets1,442.2Trade creditors955.0Short-term borrowings136.5Other current liabilities11.4Total current liabilities1,102.9Long-term borrowings-Other liabilities0.6Total long-term liabilities0.6Total long-term liabilities0.6Shareholders' funds493.0Winority interests0.8BV/share (RM)0.38Cash Flow (RMmil, YE 31 Dec)FY16Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow73.9	<b>135.9</b> 1,728.9 1,185.1 134.7 <b>5.2</b> 1,324.9 - <b>7.0</b> <b>7.0</b> 553.7 1.1	135.9 1,716.9 1,185.1 134.7 5.2 1,324.9 7.0 7.0 599.4 1.3	<b>135.9</b> 1,712.2 1,185.1 134.7 <b>5.2</b> 1,324.9 <b>7.0</b> <b>7.0</b> <b>647.3</b> 1.4	135. 1,727. 1,185. 134. 5. 1,324. 7. 7. 710.
Total current assets1,442.2Trade creditors955.0Short-term borrowings136.5Other current liabilities11.4Total current liabilities1,102.9Long-term liabilities0.6Total long-term liabilities0.6Shareholders' funds493.0Winority interests0.8BV/share (RM)0.38Cash Flow (RMmil, YE 31 Dec)FY16Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others.2Cash flow from investing72.7Debt raised/(repaid).03)Equiv raised/(repaid).2Dividends paid(84.0)Others.2Cash flow from financing(84.4)Net cash flow73.9Net cash flow from financing(84.7)Net cash flow73.9	1,728.9 1,185.1 134.7 <b>5.2</b> 1,324.9 - <b>7.0</b> <b>7.0</b> 553.7 1.1	1,716.9 1,185.1 134.7 <b>5.2</b> 1,324.9 - <b>7.0</b> <b>7.0</b> 599.4 1.3	1,712.2 1,185.1 134.7 <b>5.2</b> 1,324.9 <b>7.0</b> <b>7.0</b> 647.3 1.4	1,727. 1,185. 134. <b>5.</b> 1,324. <b>7.</b> <b>7.</b> 710.
Trade creditors955.0Short-term borrowings136.5Other current liabilities11.4Total current liabilities0.6Total long-term liabilities0.6Total long-term liabilities0.6Shareholders' funds493.0Winority interests0.8BV/share (RM)0.38Cash Flow (RMmil, YE 31 Dec)FY16Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others.2Cash flow from investing72.7Debt raised/(repaid).33Equity raised/(repaid).33Dividends paid(84.0)Others.73.9Net cash flow from financing(84.7)Net cash flow73.9Net cash flow from financing(84.7)Net cash flow73.9	1,185.1 134.7 <b>5.2</b> 1,324.9 <b>7.0</b> <b>7.0</b> 553.7 1.1	1,185.1 134.7 <b>5.2</b> 1,324.9 - <b>7.0</b> 599.4 1.3	1,185.1 134.7 <b>5.2</b> 1,324.9 <b>7.0</b> <b>7.0</b> 647.3 1.4	1,185. 134. <b>5.</b> 1,324. <b>7.</b> <b>7.</b> 710.
Short-term borrowings136.5Other current liabilities11.4Total current liabilities1,102.9Long-term borrowings-Other long-term liabilities0.6Total long-term liabilities0.6Shareholders' funds493.0Winority interests0.8BV/share (RM)0.38Cash Flow (RMmil, YE 31 Dec)FY16Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow73.9	134.7 5.2 1,324.9 7.0 7.0 553.7 1.1	134.7 5.2 1,324.9 7.0 7.0 599.4 1.3	134.7 5.2 1,324.9 7.0 7.0 647.3 1.4	134. 5. 1,324. 7. 7. 710.
Other current liabilities11.4Total current liabilities1,102.9Long-term borrowings-Other long-term liabilities0.6Total long-term liabilities0.6Shareholders' funds493.0Winority interests0.8BV/share (RM)0.38Cash Flow (RMmil, YE 31 Dec)FY16Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow73.9	<b>5.2</b> 1,324.9 - <b>7.0</b> 553.7 1.1	<b>5.2</b> 1,324.9 <b>7.0</b> <b>7.0</b> 599.4 1.3	<b>5.2</b> 1,324.9 <b>7.0</b> <b>7.0</b> 647.3 1.4	<b>5.</b> 1,324. <b>7.</b> 710.
Total current liabilities1,102.9Long-term borrowings-Other long-term liabilities0.6Total long-term liabilities0.6Shareholders' funds493.0Winority interests0.8BV/share (RM)0.38Cash Flow (RMmil, YE 31 Dec)FY16Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)(0.3)Equity raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow from financing(84.4)	1,324.9 <b>7.0</b> <b>7.0</b> 553.7 1.1	1,324.9 <b>7.0</b> <b>7.0</b> 599.4 1.3	1,324.9 - <b>7.0</b> 647.3 1.4	1,324. <b>7.</b> <b>7.</b> 710.
Long-term borrowings-Other long-term liabilities0.6Total long-term liabilities0.6Shareholders' funds493.0Minority interests0.8BV/share (RM)0.38Cash Flow (RMmil, YE 31 Dec)FY16Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow73.9	<b>7.0</b> <b>7.0</b> 553.7 1.1	<b>7.0</b> <b>7.0</b> 599.4 1.3	<b>7.0</b> <b>7.0</b> 647.3 1.4	<b>7.</b> <b>7.</b> 710.
Other long-term liabilities0.6Total long-term liabilities0.6Shareholders' funds493.0Minority interests0.8BV/share (RM)0.38Cash Flow (RMmil, YE 31 Dec)FY16Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)(0.3)Equity raised/(repaid)-2Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow from financing(84.4)Net cash flow73.9	<b>7.0</b> 553.7 1.1	<b>7.0</b> 599.4 1.3	<b>7.0</b> 647.3 1.4	<b>7.</b> 710.
Total long-term liabilities0.6Shareholders' funds493.0Minority interests0.8BV/share (RM)0.38Cash Flow (RMmil, YE 31 Dec)FY16Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)(0.3)Equity raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow from financing(84.7)Net cash flow73.9	<b>7.0</b> 553.7 1.1	<b>7.0</b> 599.4 1.3	<b>7.0</b> 647.3 1.4	<b>7.</b> 710.
Shareholders' funds493.0Minority interests0.8BV/share (RM)0.38Cash Flow (RMmil, YE 31 Dec)FY16Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)(0.3)Equity raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow from financing(84.7)Net cash flow from financing10.1Net cash f	553.7 1.1	599.4 1.3	647.3 1.4	710.
Minority interests0.8BV/share (RM)0.38Cash Flow (RMmil, YE 31 Dec)FY16Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)(0.3)Equity raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow fb/389.7	1.1	1.3	1.4	
BV/share (RM)0.38Cash Flow (RMmil, YE 31 Dec)FY16Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)(0.3)Equity raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow from financing389.7				
Cash Flow (RMmil, YE 31 Dec)FY16Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)(0.3)Equity raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow from financing389.7	0.43	0.46	·	1.
Pretax profit153.7Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)(0.3)Equity raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow b/f389.7			0.50	0.5
Depreciation/Amortisation39.1Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)(0.3)Equity raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow b/f389.7	FY17	FY18F	FY19F	FY20
Net change in working capital(58.7)Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)(0.3)Equity raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow b/f389.7	174.2	196.3	216.4	236.
Others(48.5)Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)(0.3)Equity raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow b/f389.7	37.8	42.2	47.2	52.
Cash flow from operations85.6Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)(0.3)Equity raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow flow b/f389.7	(112.1)	-	-	
Capital expenditure(19.0)Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)(0.3)Equity raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow b/f389.7	(38.8)	(57.5)	(62.1)	(67.0
Net investments & sale of fixed assets2.1Others89.6Cash flow from investing72.7Debt raised/(repaid)(0.3)Equity raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash flow b/f389.7	61.0	181.0	201.5	221.
Others   89.6     Cash flow from investing   72.7     Debt raised/(repaid)   (0.3)     Equity raised/(repaid)   -     Dividends paid   (84.0)     Others   -     Cash flow from financing   (84.4)     Net cash flow   73.9     Net cash flow b/f   389.7	(54.7)	(100.0)	(100.0)	(100.0
Cash flow from investing   72.7     Debt raised/(repaid)   (0.3)     Equity raised/(repaid)   -     Dividends paid   (84.0)     Others   -     Cash flow from financing   (84.4)     Net cash flow   73.9     Net cash flow b/f   389.7	6.2	-	-	
Cash flow from investing   72.7     Debt raised/(repaid)   (0.3)     Equity raised/(repaid)   -     Dividends paid   (84.0)     Others   -     Cash flow from financing   (84.4)     Net cash flow   73.9     Net cash flow b/f   389.7	83.3	-	-	
Debt raised/(repaid)(0.3)Equity raised/(repaid)-Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash/(debt) b/f389.7	34.9	(100.0)	(100.0)	(100.0
Equity raised/(repaid)Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash/(debt) b/f389.7	-	(10010)	(10010)	(10010
Dividends paid(84.0)Others-Cash flow from financing(84.4)Net cash flow73.9Net cash/(debt) b/f389.7	_	_		
OthersCash flow from financing(84.4)Net cash flow73.9Net cash/(debt) b/f389.7	(69.6)	(103.4)	(116.4)	(116.4
Cash flow from financing(84.4)Net cash flow73.9Net cash/(debt) b/f389.7		. ,	• •	•
Net cash flow73.9Net cash/(debt) b/f389.7	(4.4)	10.4	10.1	10.
Net cash/(debt) b/f 389.7	(73.9)	(93.0)	(106.2)	(106.1
	21.9	(12.0)	(4.7)	15.
	465.3	487.6	475.6	470.
Net cash/(debt) c/f 465.3	485.8	475.6	470.9	486.
Key Ratios (YE 31 Dec) FY16	FY17	FY18F	FY19F	FY20
Revenue growth (%) (6.7)	16.1	31.8	(12.2)	18.
EBITDA growth (%) (3.5)	19.6	12.6	11.1	9.
Pretax margin (%) 8.6	8.4	7.2	9.0	8.
Net profit margin (%) 6.9		5.4	6.8	6.
Interest cover (x) nm	6.6	nm	nm	n
Effective tax rate (%) 19.5			24.0	24.
Dividend payout (%) 68.0	nm	24 0	50.0	50.
Debtors turnover (days) 156	nm 20.8	24.0 50.0		14
Stock turnover (days) 2	nm 20.8 40.0	50.0		
Creditors turnover (days) 254	nm 20.8		168	.4

Source: Company, AmInvestment Bank Bhd estimates

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