

## SunCon on track to meet its order book targets

**Sunway Construction Group Bhd (Sept 15, RM2.32)**

**Maintain underperform with an unchanged target price (TP) of RM2.00:** Yesterday, Sunway Construction Group Bhd (SunCon) announced that it has secured a Perumahan Penjawat Awam Malaysia 1Malaysia (PPA1M) project worth RM581.7 million from Liziz Standaco Sdn Bhd. The project comprises construction works for six blocks of 29-storey PPA1M apartment in Kota Baru, Kelantan slated for delivery in the first quarter of 2020.

We remain "neutral" on this contract given that the year-to-date

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(YTD) wins of RM1.6 billion (comprising nine projects) is still within our financial year 2017 replenishment target of RM2 billion — accounting for 80% with a remainder of RM400 million to be achieved.

Assuming a pre-tax margin assumption of 8%, the contract will contribute about RM14 million to SunCon's bottom line per annum.

Currently, SunCon's outstanding order book stands at RM4.7 billion providing earnings visibility for the next two to three years. We believe SunCon is on track to meet their and our order book replenishment target of RM2 billion, given that it has already secured RM1.6 billion worth of jobs YTD excluding its MRT2 station works, which is expected to be lumpy. We are also expecting SunCon to at least bag a package of civil works from LRT3. — *Kenanga Research, Sept 15*

### Sunway Construction Group Bhd

FYE DEC (RM MIL)	2016A	2017E	2018E
Turnover	1,788.8	2,339.0	2,414.3
Ebit	149.6	185.3	185.7
PBT	153.7	193.7	195.9
Net profit (NP)	123.5	145.2	146.9
Core NP	117.7	145.2	146.9
Consensus (CNP)	na	150.6	170.0
Basic EPS (sen)	9.1	11.2	11.4
EPS growth (%)	-3	18	1
NDPS (sen)	5.0	3.9	4.0
Basic PER (x)	25.3	20.5	20.2
BV/Share (RM)	0.38	0.45	0.53
Net gearing (x)	-0.7	-0.9	-0.7
Dividend yield (%)	2.2	1.7	1.7

Source: Kenanga Research