

<https://www.nst.com.my/business/2022/11/845975/suncon-likely-achieve-rm15bil-orderbook-target-says-rhb-research>

## SunCon likely to achieve RM1.5bil orderbook target, says RHB Research

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RHB has maintained its 'Buy' call on SunCon with an unchanged target price of RM1.93.

KUALA LUMPUR: Sunway Construction Group Bhd's (SunCon) financial year 2022 (FY22) orderbook replenishment target of RM1.5 billion will likely be met, RHB Research said.

The bank-backed research firm said this was despite the highly possible delay of the award for Mass Rapid Transit 3 (MRT3) civil work packages to the first quarter (Q1) of 2023 (from Q4 2022).

"This is backed by SunCon's RM1 billion-RM1.5 billion tender book, of which the contents are related to factories and data centres.

"Moreover, its listed parent should continue to support earnings visibility whereby 46 per cent of its orderbook comes from internal building contracts from its parent company," it said in a note today.

Yesterday, SunCon secured a contract from Sunway Flora Sdn Bhd worth RM278 million, with an estimated timeframe of 36 months from November 1, 2022.

The job is related to the main building works for the proposed development of two blocks of residential condominiums, consisting of a podium, carpark, common facilities and a swimming pool on the land located at Jalan Tiara, Taman Mutiara, Bukit Jalil.

RHB Research said the profit before tax margin for this job is expected to range between five and eight per cent.

The latest job win brings SunCon's year-to-date (YTD) wins to RM881.3 million.

"We estimate SunCon's latest outstanding orderbook to be at RM4.4 billion, which should support earnings visibility well into FY24.

"All in, jobs that were internally secured by its parent make up 40 per cent of the total new job wins in FY22," it said.

Separately, SunCon announced that it had accepted the letter of award worth RM185 million by Sharp Ventures Solar (SVS) involving engineering, procurement, construction and commissioning (EPCC) works on a solar photovoltaic energy-generating facility, with ancillary equipment and facilities with generating capacity of 50 megawatts (MW) located in Kapar, Klang.

However, the letter of intent for this job was issued by SVS on December 27, 2021, hence, it has been accounted for as part of the company's FY21 new job wins.

"If the job was to be considered as a new contract won in FY22, the new job orders for SunCon would be RM1.1 billion – which is still within our FY22 contract replenishment target," it added.

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