

THE STAR – 21 FEBRUARY 2024

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# More job opportunities in store for SunCon in FY24

## ANALYST REPORTS

Wednesday, 21 Feb  
2024

10:50 AM MYT



KUALA LUMPUR: Analysts are bullish on Sunway Construction Bhd's (SunCon) potential to secure more jobs in FY24 after blowing past the job replenishment target last year.

The construction firm, which secured RM2.5bil of contract wins in FY23, exceeded its management's target of RM2bil.

According to analysts, SunCon, which is poised to benefit from upcoming mega infrastructure projects, is also turning its attention to niche market segments.

In a post-results note, Hong Leong Investment Bank (HLIB) Research said the group is poised to grow its annual replenishment to RM2.5bil to RM3bil in FY24.

This would comprise about RM1bil in internal projects and the remaining RM1.5bil to RM2bil would come from external projects such as data centres, precast, warehouses and factories, it said.

The research firm said it expects to see some contracts flowing in by 1QFY24.

"Additionally, we see multiple upside risks to management's conservative target given that projects like Free Commercial Zone (FCZ) in Iskandar Puteri (Phase 1 to be completed by 2025), mixed-development Cochrane project, MRT3 (CMC301 and 302: about RM13bil) and Song Hau 2 power plant (RM6.3bil) were not included.

"This adds to opportunities coming on top of a vibrant data centre market."

In 4QFY23, SunCon posted revenue of RM871.5mil and core profit after tax, amortisation and minority interests (Patami) of RM51.6mil.

A second interim dividend of three sen was declared, bringing the total dividend in FY23 to six sen for a payout ratio of 53%.

HLIB, which maintained its "buy" call, conservatively maintained its estimates on SunCon with a target price of RM2.95, despite the FY23 earnings exceeding its expectations at 109% of forecast.

Meanwhile, TA Securities Research raised its earnings estimates on SunCon in line with a higher job replenishment forecast following its FY23 performance.

"We raise our FY24 and FY25 earnings estimates by 13.9% and 11.2% to RM181.8mil and RM198.4mil, respectively, after factoring in higher job replenishment assumptions of RM2.8bil pa (previously RM2.5bil pa).

"We forecast FY26 net profit to grow by 10% year-on-year (y-o-y) to RM218.2mil, supported by a job replenishment assumption of RM3bil," it said.

TA, which upgraded SunCon to a "hold", said it rolled over its base year valuation to 2025 to arrive at a new target price of RM2.76, up from RM1.73 previously.