



Hong Leong Investment Bank expects Sunway Construction Bhd's workers to be fully vaccinated against Covid-19 by the end of next month, which will allow it to resume full operations. FILE PIC

RM1.87 TARGET PRICE

HLIB Research maintains 'buy' call on SunCon

KUALA LUMPUR: Sunway Construction Bhd's (SunCon) first half earnings of RM28 million fell short of Hong Leong Investment Bank's (HLIB Research) expectations.

The developer's performance was 29 per cent below HLIB Research's estimates and 24 per cent below consensus expectations.

"This was mainly due to weaker-than-expected margins for both its construction and precast

businesses," said the research firm.

HLIB Research said SunCon expected its construction workers to be fully vaccinated against Covid-19 by the end of next month, adding that this would allow the company to resume full operations.

It said SunCon's latest order book stood at RM4.8 billion, which translated into a healthy 3.1 times cover.

"While lumpy awards may still

materialise, we reckon this could take place late into the year, leading to slower ramping up of works.

"We cut our financial year 2021 earnings forecast by 25 per cent and maintain our 'buy' call on SunCon with an unchanged target price of RM1.87.

"We believe, given its impressive execution track record, that SunCon is well-positioned to participate in pump-priming initiatives," it added.