

ONLINE NEWS

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## Business

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# Mid-sized contracts for SunCon after RM268mil building contract



KUALA LUMPUR: There are still several small to mid-sized contracts on the cards for the remainder of the year for Sunway Construction Group Bhd (SunCon) after securing a recent contract worth RM268mil to build the International School of Kuala Lumpur, according to Hong Leong Investment Bank Research said (HLIB).

Apart from that, the research house on Tuesday said that SunCon has also been pre-qualified for the LRT3 and reckon it has a decent chance to secure the job given its experience with the LRT extension and MRT1.

It added that check with the management at the same time reveal that SunCon was no longer in the running for some of the major highway jobs such as the Pan Borneo, SUKE and DASH.

This was because the management felt that the margins on these jobs were not appealing from a risk-to-reward perspective, it noted.

HLIB, which is maintaining a buy call on the stock with a target price of RM1.84, said with this recent job ( school building contract ) in the bag, SunCon's year-to-date job wins stands at RM2.4bil, almost achieving management's full year guidance of RM2.5bil.

SunCon's orderbook currently stands at a record RM4.9bil, implying a healthy cover of 2.6 times on financial year 2015 revenue. The research house attributed the buy rating for the stock as SunCon is a well-managed company with commendable execution capability, putting it in a polar position to ride on the robust flow of mega contracts expected this year.