

NEWS

HLIB confident on SunCon outlook

HEALTHY RATIO:

Sunway Construction's order book estimated at record RM5b

KUALA LUMPUR

THE Sunway Group is confident that its subsidiary Sunway Construction Bhd (SunCon) can secure new contracts worth RM2.5 billion this year, said Hong Leong Investment Bank Bhd (HLIB).

SunCon had so far achieved 55 per cent of the target. It has tendered for the Pan Borneo Highway contracts as well as qualified for the estimated RM4 billion Sungai Besi-Ulu Kelang Expressway and RM4 billion Damansara-Shah Alam Elevated Expressway projects, it said in a report.

HLIB said SunCon should rake in at least another RM300 million based on a 30 per cent stake

in the Pan Borneo Highway project at a conservative RM1 billion contract sum.

Apart from that, it was undergoing prequalification for the RM9 billion Light Rail Transit Line 3 project.

"There are also several private sector jobs such as Ikea Mall in Tebrau (RM300 million), where SunCon is one of the three prequalified names, an aero maintenance facility (more than RM100 million) near Subang Airport and contracts from its parent company (RM400 million to RM500 million)."

The bulk of the contracts secured so far this year came from MRT Corp.

The latter announced on Monday

it had awarded Package V201 of the Sungai Buloh-Serdang-Putrajaya Mass Rail Transit (MRT2) line worth RM1.21 billion to SunCon.

The package spans 4.9km from Sungai Buloh to Persiaran Dagang, which is scheduled for completion in the second quarter of 2021.

"SunCon's bid is said to be the lowest among the four bidders for Package V201. Despite that, we reckon that margins for this MRT2 job are likely to be higher than that for MRT1," it said.

HLIB estimated SunCon's order book to stand at a record RM5 billion, translating to a healthy cover ratio of 2.6 times on financial year 2015 revenue.

