

SunCon seen winning RM5.6bil in contracts

Maybank IB says its job replenishment prospect still robust

PETALING JAYA: Sunway Construction Group Bhd (SunCon) stands to secure up to RM5.6bil worth of new jobs this year, says Maybank IB Research.

The research house, which has maintained its “buy” recommendation for the stock with a higher target price of RM1.65, said that SunCon’s job replenishment prospect this year remains robust with potential job wins from railway, bus rapid transit (BRT), highways and building projects.

“The group continues to tender actively for both infrastructure and building jobs to enhance its solid orderbook of RM3.7bil, with another RM5.6bil of potential job wins this year.

SunCon is our top mid-cap pick as a pure construction play riding on upcoming infrastructure jobs,” it said in a report.

SunCon stands a good chance of securing sizeable contracts due to its solid track record in major projects such as the Klang Valley Mass Rapid Transit (KVMRT) Lines 1 and 2 as well as the Sunway BRT project.

Additionally, it has also pre-qualified for major highway construction projects including the Pan Borneo Highway, Damansara-Shah Alam Highway and the Sungai Besi-



Track record: File picture showing passengers boarding a bus at a BRT Sunway station. Maybank IB said Suncon stands a good chance of securing sizeable contracts due to its solid track record in major projects such as the Sunway BRT, MRT 1 and MRT 2 projects.

Ulu Kelang Elevated Expressway.

According to Maybank IB, SunCon is now in the midst of submitting tenders for the individual construction packages of the highways.

At the same time, it is eyeing design-build projects, foundation jobs and property developments undertaken by the Sunway Group.

“Aside from infrastructure, SunCon is also eyeing the building construction contract from IKEA in Tebrau, Johor.

Its expertise in precast concrete and existing precast manufacturing plants in the state would provide it with an advantage in bidding for the IKEA project which has a signif-

icant precast concrete component,” Maybank IB noted.

The firm forecast SunCon to win RM2.5bil in contracts for 2016 while noting that there is potential upside to its current estimates. Every additional RM100mil worth of contracts won would increase its target price for the stock by 3%, it added.