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## Malaysia Infrastructure

Reuters SCOG.KL  
Bloomberg SCGB MK

Priced on 5 October 2023  
KLSE Comp @ 1,415.6

12M hi/lo RM1.95/1.43

12M price target RM2.08  
±% potential +9%

Shares in issue 1,292.9m  
Free float (est.) 45.6%

Market cap US\$534m

3M ADV US\$0.2m

Foreign s'holding 1.0%

#### Major shareholders

Sunway Berhad 54.4%  
Sungei Way Corp Sdn Bhd 10.1%

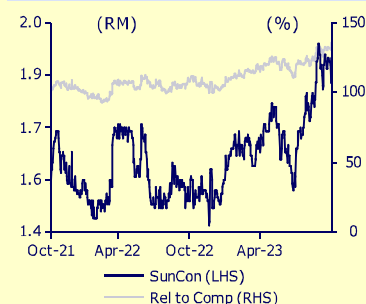
#### Blended ESG Score (%)\*

Overall	75.9
Country average	71.2
GEM sector average	71.5

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#### Stock performance (%)

	1M	3M	12M
Absolute	(0.5)	17.2	22.4
Relative	2.2	15.1	22.9
Abs (US\$)	(0.5)	17.2	23.0



Source: Bloomberg

## On the double

### Guidance on order book wins surpassed with two announced jobs

SunCon made several announcements, including a data centre award in Johor and a warehouse job in Port Klang. These two jobs secured its 2023 wins above its guidance but met our estimate. We raise our PE-based target price from RM1.95 to RM2.08 as we roll forward our earnings base year to FY25. SunCon may also start some work on the Vietnam power plant, which may expose it to some risk.

### Another data centre award

Including its 50% share in the Kajima-Suncon JV and the K2 data centre project, the total job awards for 2023 is at RM2.2bn. This is above of its RM2bn guidance but in line with our full-year estimate. The K2 data centre project was awarded by K2 Strategic Infrastructure Malaysia. While the RM190m value of this award is smaller than its earlier data centre job of RM1.7bn, the 14-month duration is relatively fast, so we think the margin will be at the higher end of the 5%-8% typical guidance.

### Same playbook on a larger contract for a warehouse

The Daiso global distribution centre (GDC) award is RM595.4m, in which SunCon has a 50% share (RM298m) in an unincorporated joint venture with Japanese contractor Kajima. Warehouse jobs are not frequent for SunCon, although the playbook is familiar. In 2017, SunCon was awarded a smaller RM140m warehouse job for Nippon Express, wherein it also partnered with Japanese firm Taisei Corp. The Daiso award has a higher price tag at RM352psf, versus that of Nippon Express at c.RM205psf. Thus, we estimate its pre-tax margin at a decent 6%.

### SunCon's work on Vietnam power plant may expose it to some payment risk

The Song Hau 2 thermal power plant has been awaiting a notice to proceed (NTP), which has now been extended to June 2024 under an addendum. This indicates the US\$2.42bn project, in which SunCon has a 55% share as a contractor, may still be facing challenges to achieving financial close. This project has not been included in SunCon's order book. However, under a limited NTP (addendum), up to US\$9.5m of works from the original contract amount can be carried out first. In our view, this may expose SunCon to some payment risk, though we believe the company would ensure funds are earmarked for repayment by the project owner.

### Target price increases to RM2.08 based on rollover of base year to FY25

We maintain our earnings estimates, as our job win forecast for 2023 has been met. Guidance of RM2bn is also unchanged. We roll forward our earnings base year to FY25, lifting our target price from RM1.95 to RM2.08, based on a 14x PE multiple.

#### Financials

Year to 31 December	21A	22A	23CL	24CL	25CL
Revenue (RMm)	1,729	2,155	2,562	2,888	2,776
Net profit (RMm)	113	142	142	178	188
EPS (sen)	8.7	11.0	11.0	13.7	14.5
CL/consensus (13) (EPS%)	-	-	100	110	108
EPS growth (% YoY)	54.7	26.4	(0.4)	25.2	5.8
PE (x)	21.9	17.3	17.4	13.9	13.1
Dividend yield (%)	2.7	2.9	3.5	3.9	4.2
FCF yield (%)	7.4	(14.3)	(4.4)	4.8	2.7
PB (x)	3.5	3.3	3.1	2.8	2.6
ROE (%)	16.9	19.8	18.5	21.2	20.4
Net debt/equity (%)	(63.9)	(1.3)	20.0	18.2	22.4

Source: www.cls.com

Change in target price

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## Financials at a glance

Year to 31 December	2021A	2022A	2023CL	(% YoY)	2024CL	2025CL
<b>Profit &amp; Loss (RMm)</b>						
Revenue	1,729	2,155	2,562	18.9	2,888	2,776
Cogs (ex-D&A)	(1,566)	(1,945)	(2,332)		(2,606)	(2,467)
<b>Gross Profit (ex-D&amp;A)</b>	<b>164</b>	<b>210</b>	<b>231</b>	<b>9.7</b>	<b>282</b>	<b>309</b>
SG&A and other expenses	-	-	-		-	-
<b>Op Ebitda</b>	<b>164</b>	<b>210</b>	<b>231</b>	<b>9.7</b>	<b>282</b>	<b>309</b>
Depreciation/amortisation	(27)	(24)	(34)		(38)	(49)
<b>Op Ebit</b>	<b>136</b>	<b>187</b>	<b>197</b>	<b>5.5</b>	<b>243</b>	<b>260</b>
Net interest inc/(exp)	11	(4)	(13)		(20)	(27)
Other non-Op items	5	2	2	5	2	2
<b>Profit before tax</b>	<b>152</b>	<b>184</b>	<b>186</b>	<b>0.8</b>	<b>225</b>	<b>235</b>
Taxation	(41)	(45)	(37)		(45)	(47)
<b>Profit after tax</b>	<b>111</b>	<b>139</b>	<b>148</b>	<b>7</b>	<b>180</b>	<b>188</b>
Minority interest	2	4	(7)		(3)	0
<b>Net profit</b>	<b>113</b>	<b>142</b>	<b>142</b>	<b>(0.4)</b>	<b>178</b>	<b>188</b>
<b>Adjusted profit</b>	<b>113</b>	<b>142</b>	<b>142</b>	<b>(0.4)</b>	<b>178</b>	<b>188</b>
<b>Cashflow (RMm)</b>						
<b>Operating profit</b>	<b>136</b>	<b>187</b>	<b>197</b>	<b>5.5</b>	<b>243</b>	<b>260</b>
Depreciation/amortisation	27	24	34	42.6	38	49
Working capital changes	83	(382)	(233)		(49)	(4)
Other items	(29)	(68)	(37)		(45)	(47)
<b>Net operating cashflow</b>	<b>218</b>	<b>(240)</b>	<b>(40)</b>		<b>187</b>	<b>258</b>
Capital expenditure	(35)	(112)	(70)		(70)	(190)
<b>Free cashflow</b>	<b>183</b>	<b>(352)</b>	<b>(110)</b>		<b>117</b>	<b>68</b>
M&A/Others	(19)	29	12	(57.9)	11	15
<b>Net investing cashflow</b>	<b>(54)</b>	<b>(83)</b>	<b>(58)</b>		<b>(59)</b>	<b>(175)</b>
Increase in loans	(71)	233	150	(35.6)	150	270
Dividends	(52)	(90)	(89)		(98)	(103)
Net equity raised/other	-	0	-		0	0
<b>Net financing cashflow</b>	<b>(122)</b>	<b>143</b>	<b>61</b>	<b>(57.5)</b>	<b>52</b>	<b>167</b>
Incr/(decr) in net cash	42	(180)	(37)		180	250
Exch rate movements	14	(24)	(2)		(29)	(40)
<b>Balance sheet (RMm)</b>						
Cash & equivalents	696	492	453	(7.8)	604	814
Accounts receivable	850	989	1,404	42	1,582	1,521
Other current assets	66	157	142	(9.7)	145	145
Fixed assets	125	372	408	9.7	440	580
Investments	127	223	223	0	223	223
Intangible assets	0	0	0		0	0
Other non-current assets	1	4	4	0	4	4
<b>Total assets</b>	<b>1,864</b>	<b>2,236</b>	<b>2,634</b>	<b>17.8</b>	<b>2,998</b>	<b>3,287</b>
Short-term debt	93	172	172	0	172	172
Accounts payable	891	917	1,099	19.8	1,228	1,162
Other current liabs	8	14	14	0	14	14
Long-term debt/CBs	145	309	459	48.6	609	879
Provisions/other LT liabs	10	3	3	0	3	3
Shareholder funds	699	737	796	8	878	963
Minorities/other equity	18	84	90	8	93	93
<b>Total liabs &amp; equity</b>	<b>1,864</b>	<b>2,236</b>	<b>2,634</b>	<b>17.8</b>	<b>2,998</b>	<b>3,287</b>
<b>Ratio analysis</b>						
Revenue growth (% YoY)	11.4	24.6	18.9		12.7	(3.9)
Ebitda margin (%)	9.5	9.8	9.0		9.7	11.1
Ebit margin (%)	7.9	8.7	7.7		8.4	9.4
Net profit growth (%)	54.7	26.4	(0.4)		25.2	5.8
Op cashflow growth (% YoY)	201.1	(210.4)	nm		nm	37.5
Capex/sales (%)	2.0	5.2	2.7		2.4	6.8
Net debt/equity (%)	(63.9)	(1.3)	20.0		18.2	22.4
Net debt/Ebitda (x)	-	-	0.8		0.6	0.8
ROE (%)	16.9	19.8	18.5		21.2	20.4
ROIC (%)	49.8	38.4	21.9		22.0	20.8

Source: www.clsa.com

Find CLSA research on Bloomberg, Thomson Reuters, FactSet and CapitalIQ - and profit from our evalu@tor proprietary database at clsa.com



## On the double

We increase our PE-based target price from RM1.95 to RM2.08 as we roll forward our earnings base year to FY25.

Figure 1

SunCon: target price calculation		
PE method of valuation	Current	Previously
Earnings (25CL) (RMm)	188	178
PE multiple applied (x)	14	14
(a) Total for construction + precast (RMm)	2,630	2,485
(b) Solar (RMm)	64	29
(c) Total (RMm)	2,694	2,514
Number of shares (m)	1,293	1,293
Value per share/target price (RM)	<b>2.08</b>	1.95

Source: CLSA

### Valuation details

Our target price is derived from 14.0x 24CL earnings, one standard deviation above the 10-year mean PE for the KL Construction index. We accord an above-sector average PE, given the company's flow of internal jobs and strong balance sheet. We also include solar segment valuations based on 21 year concession and a WACC of 7%.

### Investment risks

The main concern is construction risk. Specific risks include lower-than-expected margins (below 5-8%) or if the amount of projects secured falls below our expectation, either due to an inability to secure projects or project rollout delays. Higher-than-expected steel price increases could cut into margins as SunCon hedges steel needs for a future six-month period. On the precast segment, another risk is margin recovery timing, currently in the doldrums due to competition. Prolonged Covid-19 could also reduce operating efficiency.



## Detailed financials

### Profit & Loss (RMm)

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
Revenue	1,769	1,553	1,729	2,155	2,562	2,888	2,776
Cogs (ex-D&A)	(1,587)	(1,429)	(1,566)	(1,945)	(2,332)	(2,606)	(2,467)
Gross Profit (ex-D&A)	181	124	164	210	231	282	309
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	-	-	-	-	-	-	-
Other SG&A	-	-	-	-	-	-	-
Other Op Expenses ex-D&A	-	-	-	-	-	-	-
Op Ebitda	181	124	164	210	231	282	309
Depreciation/amortisation	(40)	(33)	(27)	(24)	(34)	(38)	(49)
Op Ebit	141	91	136	187	197	243	260
Interest income	25	17	16	14	12	11	15
Interest expense	(13)	(7)	(5)	(18)	(25)	(31)	(42)
Net interest inc/(exp)	12	10	11	(4)	(13)	(20)	(27)
Associates/investments	4	0	5	2	2	2	2
Forex/other income	-	-	-	-	-	-	-
Asset sales/other cash items	-	-	-	-	-	-	-
Provisions/other non-cash items	-	-	-	-	-	-	-
Asset revaluation/Exceptional items	-	-	-	-	-	-	-
Profit before tax	157	101	152	184	186	225	235
Taxation	(27)	(28)	(41)	(45)	(37)	(45)	(47)
Profit after tax	130	73	111	139	148	180	188
Preference dividends	-	-	-	-	-	-	-
Profit for period	130	73	111	139	148	180	188
Minority interest	(1)	(1)	2	4	(7)	(3)	0
Net profit	129	73	113	142	142	178	188
Extraordinaries/others	0	0	0	0	0	0	0
Profit available to ordinary shares	129	73	113	142	142	178	188
Dividends	(90)	(52)	(68)	(71)	(85)	(97)	(103)
Retained profit	39	21	45	71	56	81	84
Adjusted profit	129	73	113	142	142	178	188
EPS (sen)	10.0	5.6	8.7	11.0	11.0	13.7	14.5
Adj EPS [pre excep] (sen)	10.0	5.6	8.7	11.0	11.0	13.7	14.5
Core EPS (sen)	10.0	5.6	8.7	11.0	11.0	13.7	14.5
DPS (sen)	7.0	4.0	5.3	5.5	6.6	7.5	8.0

### Profit & loss ratios

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
<b>Growth (%)</b>							
Revenue growth (% YoY)	(21.6)	(12.2)	11.4	24.6	18.9	12.7	(3.9)
Ebitda growth (% YoY)	(15.5)	(31.6)	32.0	28.5	9.7	22.1	9.8
Ebit growth (% YoY)	(12.9)	(35.8)	50.5	36.9	5.5	23.8	6.7
Net profit growth (%)	(1.5)	(43.7)	54.7	26.4	(0.4)	25.2	5.8
EPS growth (% YoY)	(1.5)	(43.7)	54.7	26.4	(0.4)	25.2	5.8
Adj EPS growth (% YoY)	(1.5)	(43.7)	54.7	26.4	(0.4)	25.2	5.8
DPS growth (% YoY)	0.0	(42.9)	31.3	4.8	20.0	13.6	6.7
Core EPS growth (% YoY)	(1.5)	(43.7)	54.7	26.4	(0.4)	25.2	5.8
<b>Margins (%)</b>							
Gross margin (%)	10.2	8.0	9.5	9.8	9.0	9.7	11.1
Ebitda margin (%)	10.2	8.0	9.5	9.8	9.0	9.7	11.1
Ebit margin (%)	8.0	5.8	7.9	8.7	7.7	8.4	9.4
Net profit margin (%)	7.3	4.7	6.5	6.6	5.5	6.1	6.8
Core profit margin	7.3	4.7	6.5	6.6	5.5	6.1	6.8
Op cashflow margin	9.0	4.7	12.6	(11.1)	(1.6)	6.5	9.3
<b>Returns (%)</b>							
ROE (%)	21.3	11.6	16.9	19.8	18.5	21.2	20.4
ROA (%)	6.3	3.4	5.3	6.9	6.5	6.9	6.6
ROIC (%)	42.4	24.6	49.8	38.4	21.9	22.0	20.8
ROCE (%)	64.1	35.0	48.8	34.9	21.0	22.0	21.3
<b>Other key ratios (%)</b>							
Effective tax rate (%)	17.2	27.5	27.3	24.6	20.0	20.0	20.0
Ebitda/net int exp (x)	-	-	-	50.7	17.8	14.2	11.5
Exceptional or extraord. inc/PBT (%)	0.0	-	-	-	-	-	-
Dividend payout (%)	70.0	71.0	60.3	49.9	60.2	54.6	55.0

Source: www.clsa.com

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## Balance sheet (RMm)

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
Cash & equivalents	693	640	696	492	453	604	814
Accounts receivable	818	1,048	850	989	1,404	1,582	1,521
Inventories	25	34	46	53	53	53	53
Other current assets	174	20	20	104	88	91	91
<b>Current assets</b>	<b>1,710</b>	<b>1,742</b>	<b>1,612</b>	<b>1,637</b>	<b>1,999</b>	<b>2,331</b>	<b>2,479</b>
Fixed assets	139	104	125	372	408	440	580
Investments	49	49	127	223	223	223	223
Goodwill	4	4	0	0	0	0	0
Other intangible assets	0	0	0	0	0	0	0
Other non-current assets	4	7	1	4	4	4	4
<b>Total assets</b>	<b>1,905</b>	<b>1,906</b>	<b>1,864</b>	<b>2,236</b>	<b>2,634</b>	<b>2,998</b>	<b>3,287</b>
Short term loans/OD	233	234	93	172	172	172	172
Accounts payable	885	955	891	917	1,099	1,228	1,162
Accrued expenses	-	-	-	-	-	-	-
Taxes payable	1	4	7	7	7	7	7
Other current liabs	0	2	1	8	8	8	8
<b>Current liabilities</b>	<b>1,120</b>	<b>1,195</b>	<b>992</b>	<b>1,103</b>	<b>1,285</b>	<b>1,415</b>	<b>1,349</b>
Long-term debt/leases/other	53	67	145	309	459	609	879
Convertible bonds	-	-	-	-	-	-	-
Provisions/other LT liabs	107	6	10	3	3	3	3
<b>Total liabilities</b>	<b>1,280</b>	<b>1,267</b>	<b>1,147</b>	<b>1,415</b>	<b>1,747</b>	<b>2,027</b>	<b>2,231</b>
Share capital	259	259	259	259	259	259	259
Retained earnings	399	410	471	516	575	657	741
Reserves/others	(35)	(31)	(30)	(37)	(37)	(37)	(37)
<b>Shareholder funds</b>	<b>623</b>	<b>637</b>	<b>699</b>	<b>737</b>	<b>796</b>	<b>878</b>	<b>963</b>
Minorities/other equity	2	2	18	84	90	93	93
<b>Total equity</b>	<b>625</b>	<b>639</b>	<b>717</b>	<b>821</b>	<b>887</b>	<b>971</b>	<b>1,056</b>
<b>Total liabs &amp; equity</b>	<b>1,905</b>	<b>1,906</b>	<b>1,864</b>	<b>2,236</b>	<b>2,634</b>	<b>2,998</b>	<b>3,287</b>
Total debt	286	301	238	481	631	781	1,051
Net debt	(407)	(339)	(458)	(11)	177	176	237
Adjusted EV	2,016	2,082	1,902	2,318	2,513	2,515	2,576
BVPS (sen)	48.2	49.3	54.1	57.0	61.6	67.9	74.5

## Balance sheet ratios

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
<b>Key ratios</b>							
Current ratio (x)	1.5	1.5	1.6	1.5	1.6	1.6	1.8
Growth in total assets (% YoY)	5.1	0.1	(2.2)	20.0	17.8	13.8	9.6
Growth in capital employed (% YoY)	(1.2)	37.0	(13.6)	212.9	31.4	7.9	12.6
Net debt to operating cashflow (x)	-	-	-	-	(4.5)	0.9	0.9
Gross debt to operating cashflow (x)	1.8	4.2	1.1	(2.0)	(15.8)	4.2	4.1
Gross debt to Ebitda (x)	1.6	2.4	1.5	2.3	2.7	2.8	3.4
Net debt/Ebitda (x)	-	-	-	-	0.8	0.6	0.8
<b>Gearing</b>							
Net debt/equity (%)	(65.0)	(53.1)	(63.9)	(1.3)	20.0	18.2	22.4
Gross debt/equity (%)	45.8	47.1	33.2	58.6	71.1	80.4	99.5
Interest cover (x)	12.6	15.6	33.2	11.1	8.3	8.2	6.5
Debt cover (x)	0.6	0.2	0.9	(0.5)	(0.1)	0.2	0.2
Net cash per share (sen)	31.5	26.2	35.4	0.8	(13.7)	(13.7)	(18.3)
<b>Working capital analysis</b>							
Inventory days	6.3	7.6	9.4	9.3	8.4	7.5	7.9
Debtor days	175.7	219.4	200.4	155.7	170.4	188.7	204.0
Creditor days	216.1	235.1	215.3	169.7	157.8	162.9	176.9
Working capital/Sales (%)	7.4	9.1	1.0	10.0	16.9	16.8	17.6
<b>Capital employed analysis</b>							
Sales/Capital employed (%)	809.4	518.5	668.0	266.1	240.8	251.6	214.7
EV/Capital employed (%)	922.4	695.4	734.7	286.3	236.2	219.1	199.2
Working capital/Capital employed (%)	59.7	47.2	6.4	26.5	40.7	42.2	37.8
Fixed capital/Capital employed (%)	63.5	34.7	48.2	45.9	38.3	38.3	44.9
<b>Other ratios (%)</b>							
PB (x)	4.0	3.9	3.5	3.3	3.1	2.8	2.6
EV/Ebitda (x)	11.1	16.8	11.6	11.0	10.9	8.9	8.3
EV/OCF (x)	12.7	28.8	8.7	(9.7)	(63.2)	13.4	10.0
EV/FCF (x)	13.1	28.8	10.4	(6.6)	(22.9)	21.4	38.0
EV/Sales (x)	1.1	1.3	1.1	1.1	1.0	0.9	0.9
Capex/depreciation (%)	11.7	0.0	127.0	470.6	206.7	183.9	384.1

Source: www.clsa.com

## Cashflow (RMm)

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
Operating profit	141	91	136	187	197	243	260
Operating adjustments	0	12	0	0	0	0	0
Depreciation/amortisation	40	33	27	24	34	38	49
Working capital changes	28	(29)	83	(382)	(233)	(49)	(4)
Interest paid / other financial expenses	(13)	(6)	(4)	(18)	0	0	0
Tax paid	(38)	(29)	(29)	(51)	(37)	(45)	(47)
Other non-cash operating items	1	0	4	0	0	0	0
<b>Net operating cashflow</b>	<b>158</b>	<b>72</b>	<b>218</b>	<b>(240)</b>	<b>(40)</b>	<b>187</b>	<b>258</b>
Capital expenditure	(5)	0	(35)	(112)	(70)	(70)	(190)
<b>Free cashflow</b>	<b>154</b>	<b>72</b>	<b>183</b>	<b>(352)</b>	<b>(110)</b>	<b>117</b>	<b>68</b>
Acq/inv/disposals	(47)	-	(53)	-	-	-	-
Int, invt & associate div	25	17	34	29	12	11	15
<b>Net investing cashflow</b>	<b>(26)</b>	<b>17</b>	<b>(54)</b>	<b>(83)</b>	<b>(58)</b>	<b>(59)</b>	<b>(175)</b>
Increase in loans	162	(85)	(71)	233	150	150	270
Dividends	(91)	(62)	(52)	(90)	(89)	(98)	(103)
Net equity raised/others	-	-	-	0	-	0	0
<b>Net financing cashflow</b>	<b>72</b>	<b>(147)</b>	<b>(122)</b>	<b>143</b>	<b>61</b>	<b>52</b>	<b>167</b>
Incr/(decr) in net cash	204	(58)	42	(180)	(37)	180	250
Exch rate movements	6	4	14	(24)	(2)	(29)	(40)
<b>Opening cash</b>	<b>484</b>	<b>693</b>	<b>640</b>	<b>696</b>	<b>492</b>	<b>453</b>	<b>604</b>
<b>Closing cash</b>	<b>693</b>	<b>640</b>	<b>696</b>	<b>492</b>	<b>453</b>	<b>604</b>	<b>814</b>
OCF PS (sen)	12.3	5.6	16.8	(18.6)	(3.1)	14.5	20.0
FCF PS (sen)	11.9	5.6	14.2	(27.2)	(8.5)	9.1	5.2

## Cashflow ratio analysis

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
<b>Growth (%)</b>							
Op cashflow growth (% YoY)	(0.7)	(54.3)	201.1	(210.4)	nm	nm	37.5
FCF growth (% YoY)	48.8	(52.9)	152.9	(292.5)	-	-	(42.2)
Capex growth (%)	(91.6)	(100.0)	-	221.1	(37.4)	0.0	171.4
<b>Other key ratios (%)</b>							
Capex/sales (%)	0.3	0.0	2.0	5.2	2.7	2.4	6.8
Capex/op cashflow (%)	3.0	0.0	16.0	(46.5)	(175.9)	37.3	73.7
Operating cashflow payout ratio (%)	57.1	71.5	31.2	-	-	51.7	40.1
Cashflow payout ratio (%)	57.1	71.5	31.2	-	-	51.7	40.1
Free cashflow payout ratio (%)	58.9	71.5	37.1	-	-	82.5	152.4

## DuPont analysis

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
Ebit margin (%)	8.0	5.8	7.9	8.7	7.7	8.4	9.4
Asset turnover (x)	1.0	0.8	0.9	1.1	1.1	1.0	0.9
Interest burden (x)	1.1	1.1	1.1	1.0	0.9	0.9	0.9
Tax burden (x)	0.8	0.7	0.7	0.8	0.8	0.8	0.8
Return on assets (%)	6.3	3.4	5.3	6.9	6.5	6.9	6.6
Leverage (x)	3.1	3.0	2.8	2.7	2.9	3.0	3.1
ROE (%)	21.3	11.6	16.9	19.8	18.5	21.2	20.4

## EVA® analysis

Year to 31 December	2019A	2020A	2021A	2022A	2023CL	2024CL	2025CL
Ebit adj for tax	117	66	99	141	157	195	208
Average invested capital	275	266	199	366	717	886	1,001
ROIC (%)	42.4	24.6	49.8	38.4	21.9	22.0	20.8
Cost of equity (%)	10.9	10.9	10.9	10.9	10.9	10.9	10.9
Cost of debt (adj for tax)	4.1	3.6	3.6	3.8	4.0	4.0	4.0
Weighted average cost of capital (%)	10.9	10.9	10.9	10.9	10.9	10.9	10.9
EVA/IC (%)	31.5	13.7	38.9	27.5	11.0	11.1	9.9
EVA (RMm)	87	37	77	101	79	98	99

Source: www.clsa.com



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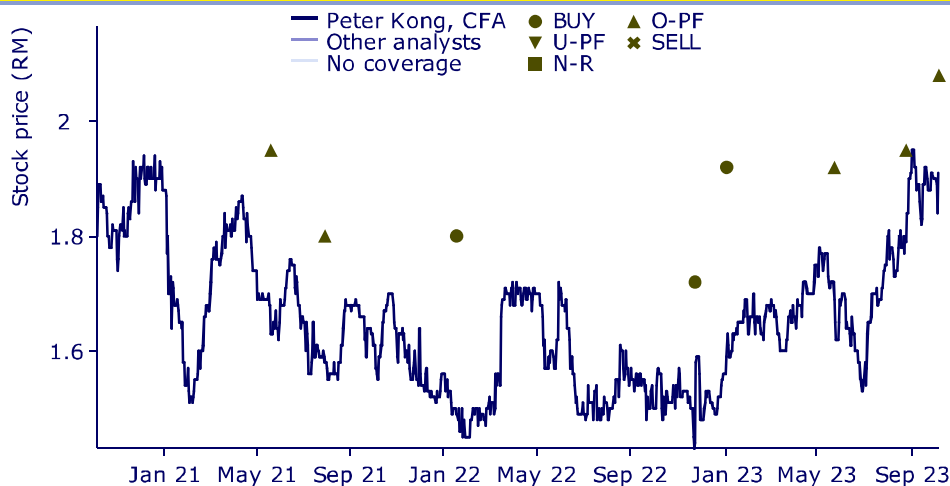
- SunCon (SCGB MK - RM1.91 - OUTPERFORM)
- Daiso (N-R)
- K2 Strategic Infrastructure Malaysia (N-R)
- Kajima (1812 JP - ¥2,327 - BUY)
- Nippon Express (9147 JP - ¥7,664 - U-PF)
- Taisei (1801 JP - ¥5,017 - SELL)

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**Recommendation history of Sunway Construction Group Bhd SCGB MK**



Date	Rec	Target	Date	Rec	Target
LATEST	O-PF	2.08	23 Nov 2022	BUY	1.72
24 Aug 2023	O-PF	1.95	17 Jan 2022	BUY	1.80
23 May 2023	O-PF	1.92	30 Jul 2021	O-PF	1.80
03 Jan 2023	BUY	1.92	21 May 2021	O-PF	1.95

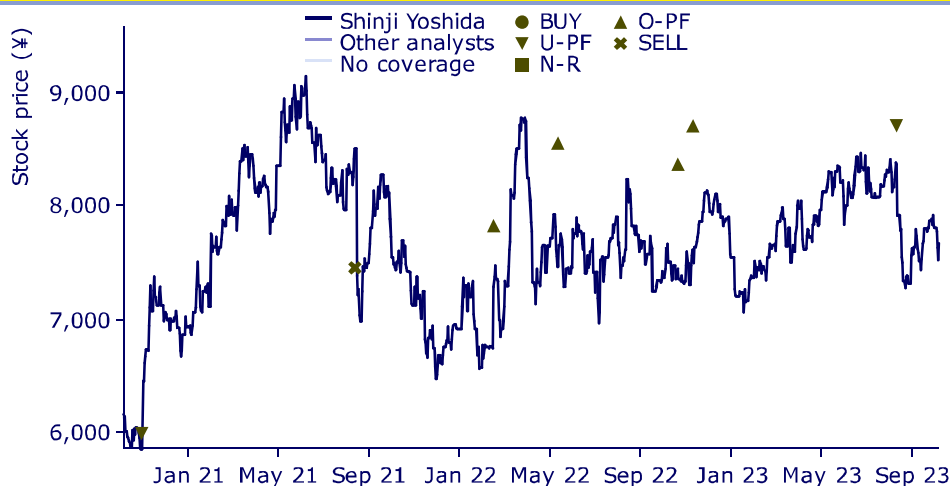
Source: CLSA

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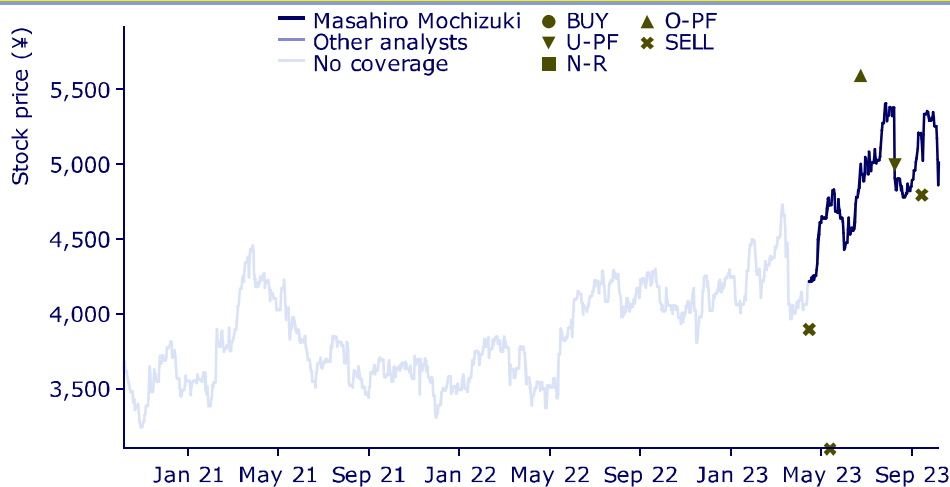
**Recommendation history of Nippon Express Co Ltd 9147 JP**



Date	Rec	Target	Date	Rec	Target
09 Aug 2023	U-PF	8,700.00	15 Feb 2022	O-PF	7,820.00
09 Nov 2022	O-PF	8,700.00	13 Aug 2021	SELL	7,450.00
20 Oct 2022	O-PF	8,360.00	31 Oct 2020	U-PF	5,990.00
12 May 2022	O-PF	8,550.00			

Source: CLSA

**Recommendation history of Taisei Corporation 1801 JP**

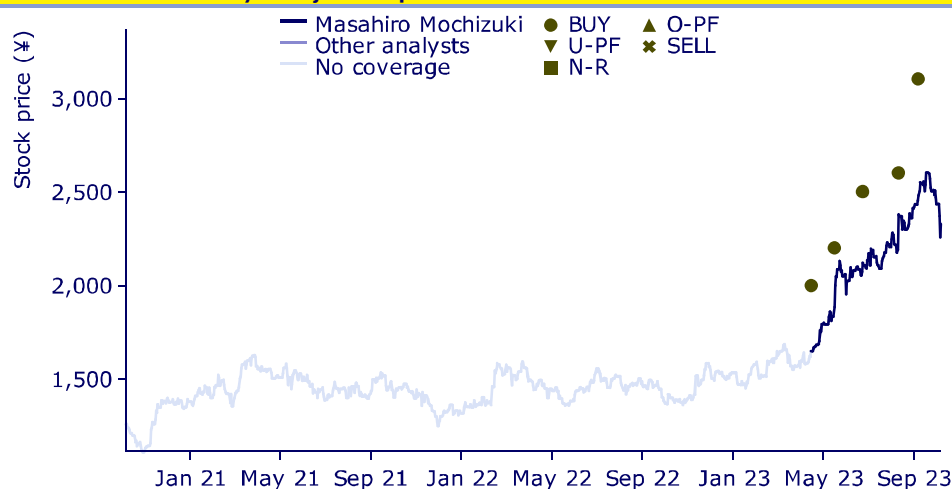


Date	Rec	Target	Date	Rec	Target
12 Sep 2023	SELL	4,800.00	12 May 2023	SELL	3,100.00
07 Aug 2023	U-PF	5,000.00	14 Apr 2023	SELL	3,900.00
22 Jun 2023	O-PF	5,600.00			

Source: CLSA



### Recommendation history of Kajima Corporation 1812 JP



Date	Rec	Target	Date	Rec	Target
04 Sep 2023	BUY	3,100.00	15 May 2023	BUY	2,200.00
09 Aug 2023	BUY	2,600.00	14 Apr 2023	BUY	2,000.00
22 Jun 2023	BUY	2,500.00			

Source: CLSA

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