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24 February 2022

Malaysia Infrastructure

Reuters SCOG.KL
Bloomberg SCGB MK

Priced on 23 February 2022
KLSE Comp @ 1,586.1

12M hi/lo RM1.87/1.45

12M price target RM1.80
±% potential +22%

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

Market cap US\$456m

3M ADV US\$0.1m

Foreign s'holding 1.0%

Major shareholders

Sunway Berhad 54.4%
Sungei Way Corp Sdn Bhd 10.1%

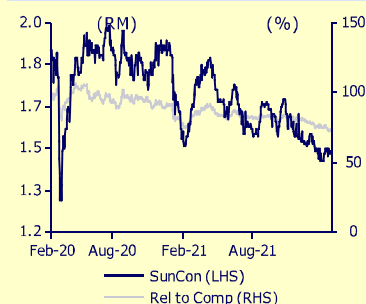
Blended ESG Score (%)*

Overall 75.9
Country average 71.1
GEM sector average 74.0

*Click to visit company page on cls.com for details

Stock performance (%)

	1M	3M	12M
Absolute	1.4	(6.3)	(10.8)
Relative	(2.4)	(10.1)	(12.0)
Abs (US\$)	1.4	(6.4)	(14.1)



Source: Bloomberg

The best for last

Positive margin adjustment and revenue pickup propel final quarter

Having normalised pre-cast operations in Oct, Sunway Construction had strong 4Q21 revenue, effectively equalling its best quarter in four years. This is evidence that revenue ramp-up is steady, supporting visibility on earnings and, at c.12.3x PE (2023), this is less demanding to historical average (c15x). We keep a BUY. SunCon also had its highest quarterly profit since listing, thanks to margin adjustment. Excluding one-off legal provisions, FY21 Patmi (up 78% YoY) beat expectations.

Consecutive quarter of margin calibration; revenue momentum strong

While 4Q21 revenue was flat YoY, profits doubled as pretax margin expanded QoQ to 15.3%. For a second straight quarter, upward recalibration of margin for jobs wrapping up boosted the bottom line. We estimate at least RM20 of additional income recognised for FY21 assuming 8% as normalised margin (reported: 9.3%). With c.30% of its RM4.8bn order book to be delivered by 2022 (not all jobs obtained full time extension), this anchors revenue accelerating in 2022. Crucially, the slightly delayed India Thorapalli Chidambaran highway has received notice to commence.

Back to black for pre-cast segment

Despite factoring in higher steel price assumptions, the pre-cast segment reversed the past two quarters of losses for a small profit in 4Q21 (pretax margin 5%). With Singapore's housing development board targeting launching 23,000 flats each in 2022/23 (up 35% from 2021 launches), SunCon's state-of-the-art pre-cast facility should be running in 2H22 to benefit from increased demand.

We see RM2bn order book as achievable in 2022

RM1.45bn 2021 order book haul fell short of the RM2bn target but met CLSA's. We are confident SunCon can meet its RM2bn awards target in 2022. Stronger project launches by its parent are not expected but jobs locally and in India could fill the gap. Higher pre-cast replenishment of c.RM300m is crucial to lift utilisation once pre-cast plant comes online, underpinning overall pretax margins at c.8% for 2023 (pre-cast: 10%). Forecast changes reflect housekeeping on job run rates.

Retain BUY

Our target price is based on 15.2x 23CL earnings (a pre-Covid-19 average since listing), which we deem fair, as catalysts of projects are still brewing despite lockdown woes likely being over. SunCon also benefits from a stream of internal jobs and thus is seen as justifying one standard deviation over the KLCON five-year mean PEs. A FY21 60% dividend payout was a miss to our assumptions (CL: 70%).

Financials

Year to 31 December	20A	21A	22CL	23CL	24CL
Revenue (RMm)	1,553	1,729	2,575	2,614	2,478
Rev forecast change (%)	-	-	(3.1)	(6.8)	-
Net profit (RMm)	73	113	154	156	159
NP forecast change (%)	-	-	(2.0)	(0.5)	-
EPS (sen)	5.6	8.7	11.9	12.0	12.3
CL/consensus (10) (EPS%)	-	-	123	110	-
EPS growth (% YoY)	(43.7)	54.7	37.1	0.8	1.9
PE (x)	26.3	17.0	12.4	12.3	12.1
Dividend yield (%)	2.7	3.5	4.7	4.7	5.1
ROE (%)	11.6	16.9	21.0	19.4	18.2
Net debt/equity (%)	(53.1)	(63.9)	(27.6)	(10.8)	(17.7)

Source: www.cls.com

Financials at a glance

Year to 31 December	2020A	2021A	2022CL	(% YoY)	2023CL	2024CL
Profit & Loss (RMm)						
Revenue	1,553	1,729	2,575	48.9	2,614	2,478
Cogs (ex-D&A)	(1,429)	(1,566)	(2,318)		(2,344)	(2,205)
Gross Profit (ex-D&A)	124	164	257	57.3	270	273
SG&A and other expenses	-	-	-		-	-
Op Ebitda	124	164	257	57.3	270	273
Depreciation/amortisation	(33)	(27)	(55)		(60)	(65)
Op Ebit	91	136	203	48.8	210	208
Net interest inc/(exp)	10	11	2	(83.6)	(6)	(12)
Other non-Op items	0	5	5	7	5	5
Profit before tax	101	152	209	37.6	209	202
Taxation	(28)	(41)	(42)		(42)	(40)
Profit after tax	73	111	168	51.3	167	162
Minority interest	(1)	2	(13)		(12)	(3)
Net profit	73	113	154	37.1	156	159
Adjusted profit	73	113	154	37.1	156	159
Cashflow (RMm)						
Operating profit	91	136	203	48.8	210	208
Depreciation/amortisation	33	27	55	99.7	60	65
Working capital changes	(29)	83	(298)		(205)	(5)
Other items	(23)	(29)	(42)		(42)	(40)
Net operating cashflow	72	218	(82)		23	227
Capital expenditure	0	(35)	(50)		(50)	(50)
Free cashflow	72	183	(132)		(27)	177
M&A/Others	17	(19)	17		15	16
Net investing cashflow	17	(54)	(33)		(35)	(34)
Increase in loans	(85)	(71)	150		150	150
Dividends	(62)	(52)	(98)		(97)	(99)
Net equity raised/other	-	-	-		-	-
Net financing cashflow	(147)	(122)	52		53	51
Incr/(decr) in net cash	(58)	42	(63)		41	245
Exch rate movements	4	14	(24)		(16)	(22)
Balance sheet (RMm)						
Cash & equivalents	640	696	609	(12.5)	633	856
Accounts receivable	1,048	850	1,399	64.6	1,618	1,554
Other current assets	54	66	98	48.5	115	123
Fixed assets	104	125	115	(8.1)	100	80
Investments	49	127	127	0	127	127
Intangible assets	4	0	0		0	0
Other non-current assets	7	1	1	0	1	1
Total assets	1,906	1,864	2,348	26	2,593	2,740
Short-term debt	234	93	93	0	93	93
Accounts payable	955	891	1,143	28.2	1,156	1,087
Other current liabs	6	8	8	0	8	8
Long-term debt/CBs	67	145	295	103.2	445	595
Provisions/other LT liabs	6	10	10	0	10	10
Shareholder funds	637	699	769	9.9	839	902
Minorities/other equity	2	18	31	74.7	43	45
Total liabs & equity	1,906	1,864	2,348	26	2,593	2,740
Ratio analysis						
Revenue growth (% YoY)	(12.2)	11.4	48.9		1.5	(5.2)
Ebitda margin (%)	8.0	9.5	10.0		10.3	11.0
Ebit margin (%)	5.8	7.9	7.9		8.0	8.4
Net profit growth (%)	(43.7)	54.7	37.1		0.8	1.9
Op cashflow growth (% YoY)	(54.3)	201.1	(137.8)		nm	887.0
Capex/sales (%)	0.0	2.0	1.9		1.9	2.0
Net debt/equity (%)	(53.1)	(63.9)	(27.6)		(10.8)	(17.7)
Net debt/Ebitda (x)	-	-	-		-	-
ROE (%)	11.6	16.9	21.0		19.4	18.2
ROIC (%)	24.6	49.8	53.7		29.8	25.0

Source: www.clsa.com

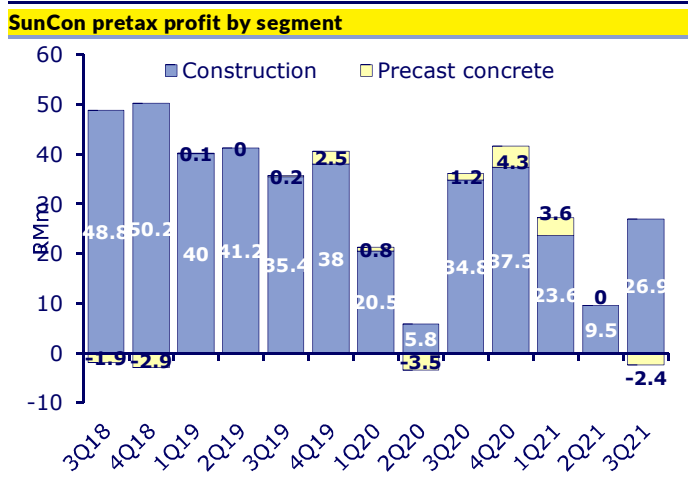
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Figure 1

SunCon financials									
FYE 31 Dec (RMm)	4Q21	4Q20	YoY % Chg	3Q21	QoQ % Chg	FY21	FY20	YoY % Chg	Remark
Revenue	626.6	627.2	0%	272.1	130%	1,729.2	1,552.7	11%	
Operating expenses	(556.0)	(600.7)	(7%)	(253.8)	119%	(1,612.2)	(1,484.6)	9%	Includes impairment of RM10.4m in 4Q21 for doubtful debt
Other income	14.3	12.2	17%	3.8	276%	22.5	22.5	0%	
Ebitda	91.6	46.7	96%	28.9	216%	166.8	124.1	34%	
Depreciation	(6.6)	(7.8)	(16%)	(6.9)	(4%)	(27.4)	(33.4)	(18%)	
Ebit	84.9	38.8	n.m.	22.1	285%	139.4	90.6	54%	
Interest income	1.0	3.0	(68%)	1.0	0%	4.2	17.4	(76%)	
Interest expense	(1.1)	(0.3)	223%	(0.9)	17%	(4.6)	(6.9)	(34%)	
JV/associates	6.2	0.0	n.m.	2.4	161%	13.3	-	n.m.	
Pretax profit	91.0	41.6	119%	24.5	272%	152.2	101.1	51%	Includes a RM17.3m legal provision in 4Q21
Tax	(26.0)	(11.5)	126%	(5.0)	424%	(41.5)	(27.8)	49%	
Effective tax rate	28.6%	27.7%	n.m.	20.3%	n.m.	27.3%	27.5%	n.m.	
Minority interest	0.26	(0.14)	(285%)	0.22	18%	(1.84)	0.54	(441%)	
Net profit	64.7	30.2	114%	19.3	235%	112.6	72.8	55%	
EPS (sen)	5.01	2.34	114%	1.50	234%	8.73	5.64	55%	
Ebit margin	13.6%	6.2%		8.1%		8.1%	5.8%		
PBT margin	14.5%	6.6%		9.0%		8.8%	6.5%		

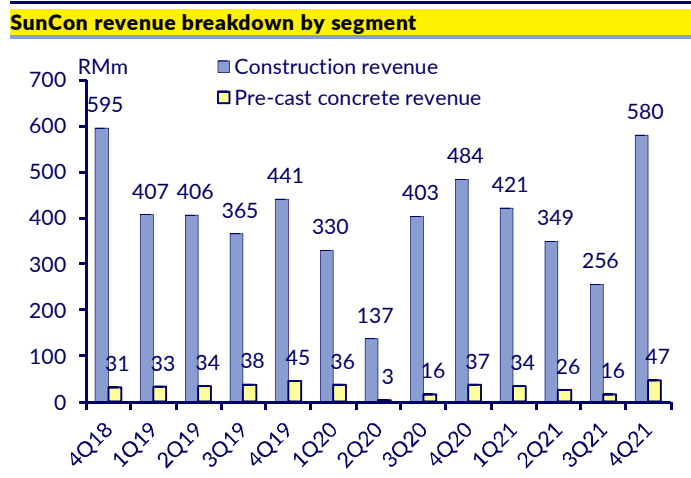
Source: SunCon, CLSA

Figure 2



Source: SunCon

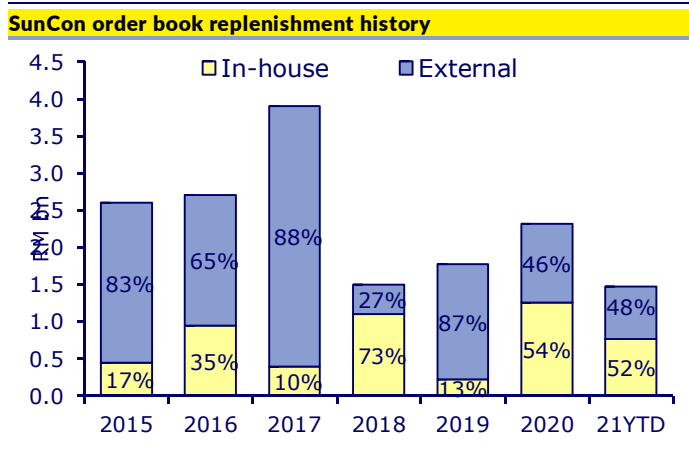
Figure 3



Source: SunCon

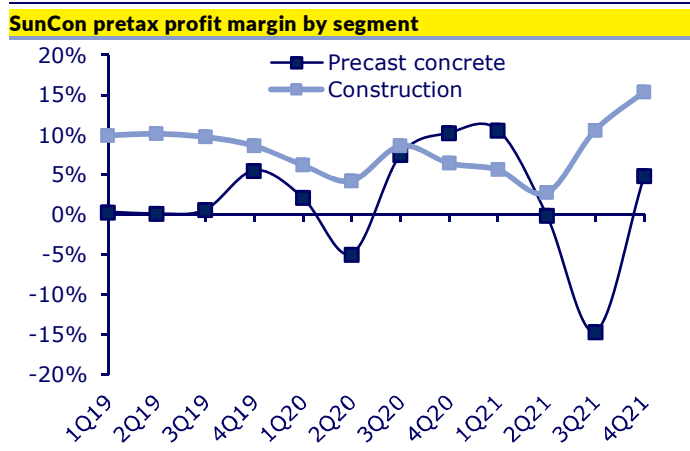


Figure 4



Source: SunCon

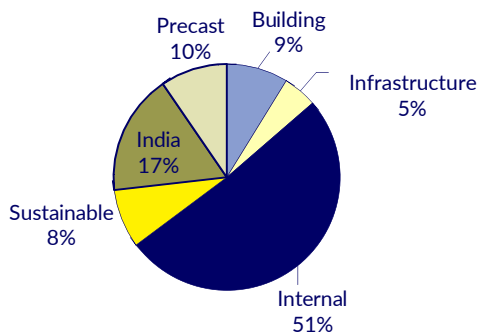
Figure 5



Source: SunCon

Figure 6

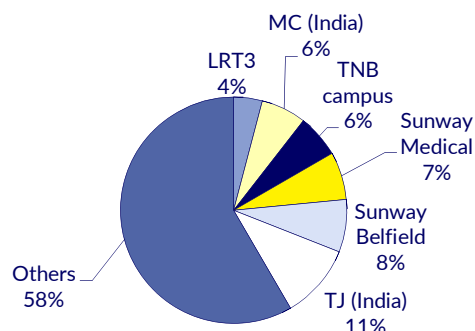
Order book outstanding by type (RM4.8bn as of end-Dec-21)



Source: SunCon. Note: MC = Meensurutti-Chidambaran; TJ = Thorapalli-Jittandahalli

Figure 7

Order book: outstanding by project (RM4.8bn as of end-Dec-21)



Source: SunCon

Figure 8

SunCon valuations

PE valuation method	Remarks	RMm
Earnings (23CL)		155.7
Multiple applied	15.2x (PE multiple at one standard deviation above the five-year KLCON sector mean of 13.7x)	15.2
Total		2,366.3
Number of shares (m units)		1,293
Value per share (RM)		1.80 Rounded

Source: CLSA

Valuation details

Our target price is derived from 15.2x 23CL 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.

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	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Revenue	2,257	1,769	1,553	1,729	2,575	2,614	2,478
Cogs (ex-D&A)	(2,042)	(1,587)	(1,429)	(1,566)	(2,318)	(2,344)	(2,205)
Gross Profit (ex-D&A)	215	181	124	164	257	270	273
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	-	-	-	-	-	-	-
Other SG&A	-	-	-	-	-	-	-
Other Op Expenses ex-D&A	-	-	-	-	-	-	-
Op Ebitda	215	181	124	164	257	270	273
Depreciation/amortisation	(53)	(40)	(33)	(27)	(55)	(60)	(65)
Op Ebit	162	141	91	136	203	210	208
Interest income	16	25	17	16	17	15	16
Interest expense	(8)	(13)	(7)	(5)	(16)	(22)	(28)
Net interest inc/(exp)	8	12	10	11	2	(6)	(12)
Associates/investments	-	4	0	5	5	5	5
Forex/other income	-	-	-	-	-	-	-
Asset sales/other cash items	-	-	-	-	-	-	-
Provisions/other non-cash items	-	-	-	-	-	-	-
Asset revaluation/Exceptional items	-	-	-	-	-	-	-
Profit before tax	170	157	101	152	209	209	202
Taxation	(38)	(27)	(28)	(41)	(42)	(42)	(40)
Profit after tax	132	130	73	111	168	167	162
Preference dividends	-	-	-	-	-	-	-
Profit for period	132	130	73	111	168	167	162
Minority interest	0	(1)	(1)	2	(13)	(12)	(3)
Net profit	131	129	73	113	154	156	159
Extraordinaries/others	0	0	0	0	0	0	0
Profit available to ordinary shares	131	129	73	113	154	156	159
Dividends	(90)	(90)	(52)	(68)	(90)	(90)	(97)
Retained profit	41	39	21	45	64	65	62
Adjusted profit	131	129	73	113	154	156	159
EPS (sen)	10.2	10.0	5.6	8.7	11.9	12.0	12.3
Adj EPS [pre excep] (sen)	10.2	10.0	5.6	8.7	11.9	12.0	12.3
Core EPS (sen)	10.2	10.0	5.6	8.7	11.9	12.0	12.3
DPS (sen)	7.0	7.0	4.0	5.3	7.0	7.0	7.5

Profit & loss ratios

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Growth (%)							
Revenue growth (% YoY)	8.7	(21.6)	(12.2)	11.4	48.9	1.5	(5.2)
Ebitda growth (% YoY)	6.0	(15.5)	(31.6)	32.0	57.3	4.9	1.1
Ebit growth (% YoY)	(1.9)	(12.9)	(35.8)	50.5	48.8	3.8	(1.0)
Net profit growth (%)	(3.5)	(1.5)	(43.7)	54.7	37.1	0.8	1.9
EPS growth (% YoY)	(3.5)	(1.5)	(43.7)	54.7	37.1	0.8	1.9
Adj EPS growth (% YoY)	(3.5)	(1.5)	(43.7)	54.7	37.1	0.8	1.9
DPS growth (% YoY)	0.0	0.0	(42.9)	31.3	33.3	0.0	7.1
Core EPS growth (% YoY)	(3.5)	(1.5)	(43.7)	54.7	37.1	0.8	1.9
Margins (%)							
Gross margin (%)	9.5	10.2	8.0	9.5	10.0	10.3	11.0
Ebitda margin (%)	9.5	10.2	8.0	9.5	10.0	10.3	11.0
Ebit margin (%)	7.2	8.0	5.8	7.9	7.9	8.0	8.4
Net profit margin (%)	5.8	7.3	4.7	6.5	6.0	6.0	6.4
Core profit margin	5.8	7.3	4.7	6.5	6.0	6.0	6.4
Op cashflow margin	7.1	9.0	4.7	12.6	(3.2)	0.9	9.2
Returns (%)							
ROE (%)	22.9	21.3	11.6	16.9	21.0	19.4	18.2
ROA (%)	6.8	6.3	3.4	5.3	7.7	6.8	6.2
ROIC (%)	52.1	42.4	24.6	49.8	53.7	29.8	25.0
ROCE (%)	76.4	64.1	35.0	48.8	48.4	30.8	26.6
Other key ratios (%)							
Effective tax rate (%)	22.4	17.2	27.5	27.3	20.0	20.0	20.0
Ebitda/net int exp (x)	-	-	-	-	-	42.9	23.4
Exceptional or extraord. inc/PBT (%)	0.0	0.0	-	-	-	-	-
Dividend payout (%)	68.9	70.0	71.0	60.3	58.6	58.1	61.1

Source: www.clsa.com

Balance sheet (RMm)

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Cash & equivalents	485	693	640	696	609	633	856
Accounts receivable	885	818	1,048	850	1,399	1,618	1,554
Inventories	30	25	34	46	46	46	46
Other current assets	198	174	20	20	52	68	76
Current assets	1,597	1,710	1,742	1,612	2,106	2,366	2,533
Fixed assets	164	139	104	125	115	100	80
Investments	45	49	49	127	127	127	127
Goodwill	4	4	4	0	0	0	0
Other intangible assets	0	0	0	0	0	0	0
Other non-current assets	3	4	7	1	1	1	1
Total assets	1,812	1,905	1,906	1,864	2,348	2,593	2,740
Short term loans/OD	114	233	234	93	93	93	93
Accounts payable	995	885	955	891	1,143	1,156	1,087
Accrued expenses	-	-	-	-	-	-	-
Taxes payable	14	1	4	7	7	7	7
Other current liabs	0	0	2	1	1	1	1
Current liabilities	1,123	1,120	1,195	992	1,243	1,257	1,188
Long-term debt/leases/other	-	53	67	145	295	445	595
Convertible bonds	-	-	-	-	-	-	-
Provisions/other LT liabs	97	107	6	10	10	10	10
Total liabilities	1,220	1,280	1,267	1,147	1,549	1,712	1,793
Share capital	259	259	259	259	259	259	259
Retained earnings	361	399	410	471	540	610	673
Reserves/others	(28)	(35)	(31)	(30)	(30)	(30)	(30)
Shareholder funds	591	623	637	699	769	839	902
Minorities/other equity	1	2	2	18	31	43	45
Total equity	593	625	639	717	799	881	947
Total liabs & equity	1,812	1,905	1,906	1,864	2,348	2,593	2,740
Total debt	114	286	301	238	388	538	688
Net debt	(371)	(407)	(339)	(458)	(221)	(96)	(168)
Adjusted EV	1,498	1,460	1,526	1,346	1,596	1,733	1,664
BVPS (sen)	45.7	48.2	49.3	54.1	59.5	64.9	69.7

Balance sheet ratios

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Key ratios							
Current ratio (x)	1.4	1.5	1.5	1.6	1.7	1.9	2.1
Growth in total assets (% YoY)	(3.9)	5.1	0.1	(2.2)	26.0	10.4	5.7
Growth in capital employed (% YoY)	9.4	(1.2)	37.0	(13.5)	123.4	35.8	(0.8)
Net debt to operating cashflow (x)	-	-	-	-	-	-	-
Gross debt to operating cashflow (x)	0.7	1.8	4.2	1.1	(4.7)	23.3	3.0
Gross debt to Ebitda (x)	0.5	1.6	2.4	1.5	1.5	2.0	2.5
Net debt/Ebitda (x)	-	-	-	-	-	-	-
Gearing							
Net debt/equity (%)	(62.7)	(65.0)	(53.1)	(63.9)	(27.6)	(10.8)	(17.7)
Gross debt/equity (%)	19.2	45.8	47.1	33.2	48.5	61.0	72.6
Interest cover (x)	21.4	12.6	15.6	33.2	14.2	10.5	8.1
Debt cover (x)	1.4	0.6	0.2	0.9	(0.2)	0.0	0.3
Net cash per share (sen)	28.7	31.5	26.2	35.4	17.1	7.4	13.0
Working capital analysis							
Inventory days	4.9	6.3	7.6	9.4	7.3	7.2	7.6
Debtor days	157.7	175.7	219.4	200.4	159.4	210.6	233.6
Creditor days	194.7	216.1	235.1	215.3	160.2	179.0	185.7
Working capital/Sales (%)	4.6	7.4	9.1	1.0	13.4	21.7	23.5
Capital employed analysis							
Sales/Capital employed (%)	1,019.8	809.4	518.5	667.8	445.1	332.8	318.1
EV/Capital employed (%)	677.0	668.1	509.7	519.8	275.9	220.6	213.6
Working capital/Capital employed (%)	46.5	59.7	47.2	6.4	59.8	72.3	74.6
Fixed capital/Capital employed (%)	74.0	63.5	34.7	48.2	19.8	12.7	10.3
Other ratios (%)							
PB (x)	3.2	3.1	3.0	2.7	2.5	2.3	2.1
EV/Ebitda (x)	7.0	8.1	12.3	8.2	6.2	6.4	6.1
EV/OCF (x)	9.4	9.2	21.1	6.2	(19.4)	75.2	7.3
EV/FCF (x)	14.5	9.5	21.1	7.4	(12.1)	(64.3)	9.4
EV/Sales (x)	0.7	0.8	1.0	0.8	0.6	0.7	0.7
Capex/depreciation (%)	106.6	11.7	0.0	127.0	91.3	83.7	77.2

Source: www.clsa.com

Cashflow (RMm)

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Operating profit	162	141	91	136	203	210	208
Operating adjustments	0	0	12	0	0	0	0
Depreciation/amortisation	53	40	33	27	55	60	65
Working capital changes	(11)	28	(29)	83	(298)	(205)	(5)
Interest paid / other financial expenses	(8)	(13)	(6)	(4)	0	0	0
Tax paid	(37)	(38)	(29)	(29)	(42)	(42)	(40)
Other non-cash operating items	1	1	0	4	0	0	0
Net operating cashflow	159	158	72	218	(82)	23	227
Capital expenditure	(56)	(5)	0	(35)	(50)	(50)	(50)
Free cashflow	103	154	72	183	(132)	(27)	177
Acq/inv/disposals	26	(47)	-	(53)	-	-	-
Int, invt & associate div	(28)	25	17	34	17	15	16
Net investing cashflow	(58)	(26)	17	(54)	(33)	(35)	(34)
Increase in loans	(21)	162	(85)	(71)	150	150	150
Dividends	(97)	(91)	(62)	(52)	(98)	(97)	(99)
Net equity raised/others	-	-	-	-	-	-	-
Net financing cashflow	(118)	72	(147)	(122)	52	53	51
Incr/(decr) in net cash	(16)	204	(58)	42	(63)	41	245
Exch rate movements	13	6	4	14	(24)	(16)	(22)
Opening cash	487	484	693	640	696	609	633
Closing cash	484	693	640	696	609	633	856
OCF PS (sen)	12.3	12.3	5.6	16.8	(6.4)	1.8	17.6
FCF PS (sen)	8.0	11.9	5.6	14.2	(10.2)	(2.1)	13.7

Cashflow ratio analysis

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Growth (%)							
Op cashflow growth (% YoY)	238.7	(0.7)	(54.3)	201.1	(137.8)	nm	887.0
FCF growth (% YoY)	-	48.8	(52.9)	152.9	(172.3)	-	-
Capex growth (%)	2.7	(91.6)	(100.0)	-	43.6	0.0	0.0
Other key ratios (%)							
Capex/sales (%)	2.5	0.3	0.0	2.0	1.9	1.9	2.0
Capex/op cashflow (%)	35.2	3.0	0.0	16.0	(60.8)	217.0	22.0
Operating cashflow payout ratio (%)	56.7	57.1	71.5	31.2	-	392.6	42.6
Cashflow payout ratio (%)	56.7	57.1	71.5	31.2	-	392.6	42.6
Free cashflow payout ratio (%)	87.6	58.9	71.5	37.1	-	-	54.6

DuPont analysis

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Ebit margin (%)	7.2	8.0	5.8	7.9	7.9	8.0	8.4
Asset turnover (x)	1.2	1.0	0.8	0.9	1.2	1.1	0.9
Interest burden (x)	1.0	1.1	1.1	1.1	1.0	1.0	1.0
Tax burden (x)	0.8	0.8	0.7	0.7	0.8	0.8	0.8
Return on assets (%)	6.8	6.3	3.4	5.3	7.7	6.8	6.2
Leverage (x)	3.2	3.1	3.0	2.8	2.8	2.9	2.9
ROE (%)	22.9	21.3	11.6	16.9	21.0	19.4	18.2

EVA® analysis

Year to 31 December	2018A	2019A	2020A	2021A	2022CL	2023CL	2024CL
Ebit adj for tax	126	117	66	99	162	168	167
Average invested capital	241	275	266	199	302	565	665
ROIC (%)	52.1	42.4	24.6	49.8	53.7	29.8	25.0
Cost of equity (%)	12.1	12.1	12.1	12.1	12.1	12.1	12.1
Cost of debt (adj for tax)	3.9	4.1	3.6	3.6	4.0	4.0	4.0
Weighted average cost of capital (%)	12.1	12.1	12.1	12.1	12.1	12.1	12.1
EVA/IC (%)	40.0	30.3	12.5	37.7	41.6	17.7	12.9
EVA (RMm)	96	83	33	75	126	100	86

Source: www.clsa.com



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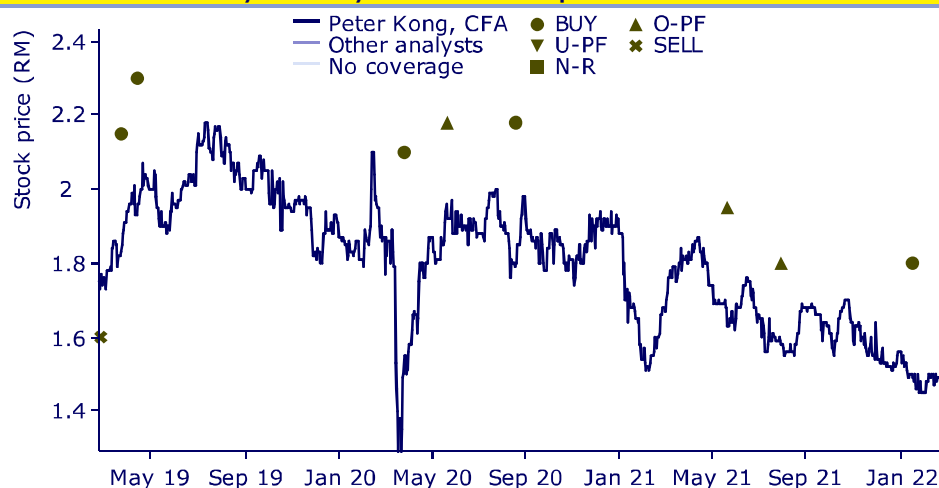
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Important disclosures

Recommendation history of Sunway Construction Group Bhd SCGB MK



Date	Rec	Target	Date	Rec	Target
17 Jan 2022	BUY	1.80	27 Mar 2020	BUY	2.10
30 Jul 2021	O-PF	1.80	15 Apr 2019	BUY	2.30
21 May 2021	O-PF	1.95	25 Mar 2019	BUY	2.15
19 Aug 2020	BUY	2.18	26 Feb 2019	SELL	1.60
22 May 2020	O-PF	2.18			

Source: CLSA

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