

Sunway Construction Group (SCGB MK)

Results in-line; reinstated to Shariah list

BUY

Share Price MYR 2.07
 12m Price Target MYR 2.30 (+11%)
 Previous Price Target MYR 1.90

Maintain BUY

1Q17 earnings were in-line with our FY17 full year forecast. Robust outstanding orderbook of MYR4.6b as of end-March 2017 will provide for medium-term earnings visibility. SCG's official reinstatement into the Securities Commission's Shariah compliant list should also be a positive catalyst for the stock. Re-rating SCG to a higher 18x FY18 PER (from 15x) in-line with Gamuda and IJM. We believe SCG is the bellwether in the pure play construction space. Our TP is subsequently raised to MYR2.30.

1Q17 earnings in line

1Q17 net profit of MYR35m (+19% YoY, +8% QoQ) was within expectations at 24%/22% of ours/consensus full-year forecasts. YoY, 1Q17 construction works recognition of MYR351m (-6% YoY, -25% QoQ) was lower due to completion of jobs from its building division and slower progress of its new projects. However, construction EBIT margin expanded in 1Q17 by 1.1 ppts YoY (+3.3 ppts QoQ) due to a recently completed project and an award sum from one of its arbitration cases.

Precast continues to grow

1Q17 precast revenue increased by 36% YoY to MYR69m in tandem with the higher sales price for certain precast components. As a result, EBIT for precast was up 37% YoY on the back of flattish margins. SCG estimates that its outstanding precast orderbook of MYR241m should sustain its earnings for the next year.

Reinstated back to the Shariah list

SCG's outstanding orderbook of MYR4.6b, of which MYR894m was won in 1Q17, will support earnings growth into 2017. Having only assumed MYR1b of job wins for FY17, we believe there is upside potential to our earnings estimates as SCG has already secured MYR894m in the first quarter of FY17. It continues to vie for jobs from KVLRT 3, TRX, Gemas-JB double track rail and KL-Klang BRT. Its official inclusion back into the Shariah list, we believe, would be a positive catalyst for its share price.

Company Description

Sunway Construction Group offers integrated construction services and has precast concrete business in Singapore.

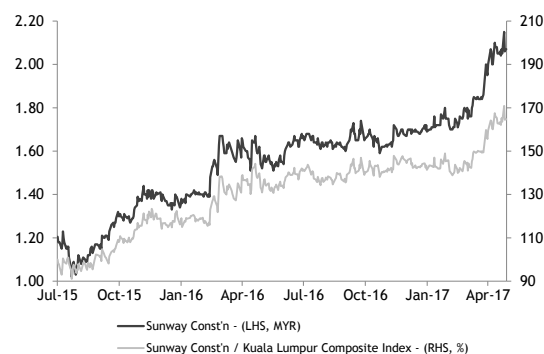
Statistics

52w high/low (MYR) 2.15/1.51
 3m avg turnover (USDm) 0.6
 Free float (%) 27.1
 Issued shares (m) 1,293
 Market capitalisation MYR2.7B
 USD626M

Major shareholders:

Sunway Bhd. 54.4%
 Active Equity Sdn. Bhd. 10.1%
 True Paragon Sdn. Bhd. 3.9%

Price Performance



	-1M	-3M	-12M
Absolute (%)	4	18	34
Relative to index (%)	3	13	24

Source: FactSet

FYE Dec (MYR m)	FY15A	FY16A	FY17E	FY18E	FY19E
Revenue	1,917	1,789	2,347	2,219	2,127
EBITDA	178	189	209	228	177
Core net profit	128	124	146	162	123
Core EPS (sen)	9.9	9.6	11.3	12.6	9.5
Core EPS growth (%)	11.9	(3.3)	18.0	11.4	(24.1)
Net DPS (sen)	4.0	5.0	3.9	4.4	3.3
Core P/E (x)	21.0	21.7	18.4	16.5	21.7
P/BV (x)	5.9	5.4	4.6	3.9	3.5
Net dividend yield (%)	1.9	2.4	1.9	2.1	1.6
ROAE (%)	32.6	26.2	27.0	25.3	16.8
ROAA (%)	9.2	8.0	8.9	9.4	6.9
EV/EBITDA (x)	8.7	9.9	10.3	9.1	11.3
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Consensus net profit	-	-	153	166	174
MKE vs. Consensus (%)	-	-	(4.5)	(2.3)	(29.2)

Wong Chew Hann
 wchewh@maybank-ib.com
 (603) 2297 8686

Adrian Wong
 adrian.wkj@maybank-ib.com
 (603) 2297 8675

SCG summary results table

	Quarterly results				
	1Q17	1Q16	% YoY	4Q16	% QoQ
FY Dec (RM m)					
Turnover	419.5	424.4	(1.1)	553.1	(24.2)
EBIT	42.1	35.4	18.8	37.0	13.5
Net interest	2.1	2.1	(1.0)	0.6	253.5
Pre-tax profits	44.2	37.5	17.7	37.6	17.3
Tax	(9.5)	(8.5)	12.4	(5.7)	68.4
Minority Interests	0.0	-	NM	0.1	NM
Net profit	34.7	29.1	19.3	32.1	8.1
	1Q17	1Q16	+/- ppt	4Q16	+/- ppt
EBIT margin (%)	10.0	8.3	1.7	6.7	3.3
Pretax margin (%)	10.5	8.8	1.7	6.8	3.7
Tax rate (%)	21.6	22.6	(1.0)	15.0	6.5
Revenue:	1Q17	1Q16	% YoY	4Q16	% QoQ
Construction	350.7	373.8	(6.2)	466.5	(24.8)
Precast concrete	68.8	50.5	36.2	86.6	(20.6)
Total	419.5	424.3	(1.1)	553.1	(24.2)
EBIT					
Construction	26.3	23.9	10.0	19.7	33.3
Precast concrete	15.8	11.5	37.1	17.3	(8.9)
Total	42.1	35.4	18.8	37.0	13.5
EBIT margin (%)	1Q17	1Q16	+/- ppt	4Q16	+/- ppt
Construction	7.5	6.4	1.1	4.2	3.3
Precast concrete	22.9	22.8	0.1	20.0	2.9
Total	10.0	8.3	1.7	6.7	3.3

Source: Company

Sunway Construction: Orderbook of MYR4.6b

At end-Mar 2017	Contract value (MYR m)	Outstanding (MYR m)
Infrastructure		
KVMRT 2, V201 (Sg Buloh-Persiaran Dagang)	1,213	1,101
KVMRT 2, V201 - Advance Works	53	39
SUKE - Cheras to Ulu Kelang - Bore Piling #	18	18
DASH - Puncak Perdana to Kota Damansara - Bore Piling #	16	16
Coastal Highway Southern Link	170	5
Building		
Putrajaya Parcel F	1,610	1,147
KLCC (NEC + Package 2 & 2a)	646	196
HUKM (MEP works)	66	66
International School of KL	268	209
Gas District Cooling (Plant 1) #	152	152
Others	26	5
Internal		
Sunway Velocity 2 Linked Bridge	20	5
Sunway Velocity Hotel & Office	101	38
Sunway Velocity Medical Centre	185	144
Sunway Medical Centre 3 (sub & superstructure)	167	24
Sunway Medical Centre 4 (2 towers)	428	396
Sunway Iskandar - Citrine Svc Apt	213	17
Sunway Geo Retail Shops & Flexi Suites Phase 2	244	97
Sunway Iskandar 88 Units Shoplots	57	50
Sunway Iskandar - Emerald Residences	175	105
Sunway Iskandar - Retail Complex	100	93
Sunway Property - Kelana Jaya Condo #	449	449
Others	31	16
Precast	713	234
TOTAL	7,118	4,624

Secured in 2017; Source: Company

FYE 31 Dec	FY15A	FY16A	FY17E	FY18E	FY19E
Key Metrics					
P/E (reported) (x)	12.6	16.6	18.4	16.5	21.7
Core P/E (x)	21.0	21.7	18.4	16.5	21.7
P/BV (x)	5.9	5.4	4.6	3.9	3.5
P/NTA (x)	6.0	5.5	4.6	3.9	3.5
Net dividend yield (%)	1.9	2.4	1.9	2.1	1.6
FCF yield (%)	7.9	2.6	9.2	4.5	4.7
EV/EBITDA (x)	8.7	9.9	10.3	9.1	11.3
EV/EBIT (x)	11.4	12.5	12.2	10.8	14.3

INCOME STATEMENT (MYR m)

Revenue	1,916.9	1,788.8	2,347.4	2,219.0	2,126.5
Gross profit	403.0	419.9	424.8	448.2	400.8
EBITDA	178.2	188.6	209.0	228.4	177.0
Depreciation	(41.9)	(39.1)	(32.2)	(35.2)	(36.9)
EBIT	136.3	149.6	176.7	193.2	140.1
Net interest income / (exp)	4.5	4.1	8.6	13.7	15.3
Associates & JV	(0.1)	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
Pretax profit	140.8	153.7	185.3	206.8	155.4
Income tax	(13.0)	(30.0)	(39.6)	(44.5)	(32.3)
Minorities	0.0	(0.1)	0.0	0.0	0.0
Reported net profit	127.7	123.5	145.7	162.3	123.1
Core net profit	127.7	123.5	145.7	162.3	123.1
Preferred Dividends	0.0	0.0	0.0	0.0	0.0

BALANCE SHEET (MYR m)

Cash & Short Term Investments	390.5	465.8	661.9	726.3	809.1
Accounts receivable	834.8	911.5	853.0	814.1	786.2
Inventory	17.3	24.0	26.3	24.3	23.6
Property, Plant & Equip (net)	162.5	134.3	146.7	153.7	157.2
Intangible assets	3.6	3.6	3.6	3.6	3.6
Investment in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other assets	106.4	28.1	28.1	28.1	28.1
Total assets	1,515.1	1,567.3	1,719.6	1,750.1	1,807.9
ST interest bearing debt	136.8	136.5	136.5	136.5	136.5
Accounts payable	913.3	924.8	982.4	907.3	885.1
LT interest bearing debt	0.0	0.0	0.0	0.0	0.0
Other liabilities	13.0	12.0	12.0	12.0	12.0
Total Liabilities	1,063.5	1,073.4	1,130.9	1,055.9	1,033.7
Shareholders Equity	451.0	493.2	587.9	693.4	773.5
Minority Interest	0.6	0.8	0.8	0.8	0.8
Total shareholder equity	451.7	494.0	588.7	694.2	774.2
Perpetual securities	0.0	0.0	0.0	0.0	0.0
Total liabilities and equity	1,515.1	1,567.3	1,719.6	1,750.1	1,807.9

CASH FLOW (MYR m)

Pretax profit	140.8	153.7	185.3	206.8	155.4
Depreciation & amortisation	41.9	39.1	32.2	35.2	36.9
Adj net interest (income)/exp	4.5	4.1	8.6	13.7	15.3
Change in working capital	111.7	(59.0)	113.7	(34.1)	6.3
Cash taxes paid	(29.6)	(31.7)	(39.6)	(44.5)	(32.3)
Other operating cash flow	(33.4)	(26.2)	(8.6)	(13.7)	(15.3)
Cash flow from operations	236.0	79.9	291.7	163.4	166.3
Capex	(24.3)	(10.8)	(44.6)	(42.2)	(40.4)
Free cash flow	211.7	69.1	247.1	121.3	125.9
Dividends paid	(70.0)	(84.0)	(51.0)	(56.8)	(43.1)
Change in Debt	1.6	(0.3)	0.0	0.0	0.0
Other invest/financing cash flow	(25.3)	97.5	0.0	0.0	0.0
Net cash flow	118.0	82.2	196.1	64.5	82.8

FYE 31 Dec	FY15A	FY16A	FY17E	FY18E	FY19E
Key Ratios					
Growth ratios (%)					
Revenue growth	1.9	(6.7)	31.2	(5.5)	(4.2)
EBITDA growth	17.9	5.9	10.8	9.3	(22.5)
EBIT growth	24.4	9.8	18.1	9.3	(27.5)
Pretax growth	(7.0)	9.2	20.6	11.6	(24.9)
Reported net profit growth	2.3	(3.3)	18.0	11.4	(24.1)
Core net profit growth	11.9	(3.3)	18.0	11.4	(24.1)
Profitability ratios (%)					
EBITDA margin	9.3	10.5	8.9	10.3	8.3
EBIT margin	7.1	8.4	7.5	8.7	6.6
Pretax profit margin	7.3	8.6	7.9	9.3	7.3
Payout ratio	40.5	52.3	35.0	35.0	35.0
DuPont analysis					
Net profit margin (%)	6.7	6.9	6.2	7.3	5.8
Revenue/Assets (x)	1.3	1.1	1.4	1.3	1.2
Assets/Equity (x)	3.4	3.2	2.9	2.5	2.3
ROAE (%)	32.6	26.2	27.0	25.3	16.8
ROAA (%)	9.2	8.0	8.9	9.4	6.9
Liquidity & Efficiency					
Cash conversion cycle	(50.5)	(60.5)	(38.5)	(51.7)	(46.5)
Days receivable outstanding	147.7	175.7	135.3	135.2	135.5
Days inventory outstanding	4.5	5.4	4.7	5.1	5.0
Days payables outstanding	202.7	241.7	178.6	192.1	187.0
Dividend cover (x)	2.5	1.9	2.9	2.9	2.9
Current ratio (x)	1.3	1.3	1.4	1.5	1.6
Leverage & Expense Analysis					
Asset/Liability (x)	1.4	1.5	1.5	1.7	1.7
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Net gearing (%) (excl. perps)	net cash	net cash	net cash	net cash	net cash
Net interest cover (x)	na	na	na	na	na
Debt/EBITDA (x)	0.8	0.7	0.7	0.6	0.8
Capex/revenue (%)	1.3	0.6	1.9	1.9	1.9
Net debt/ (net cash)	(253.6)	(329.3)	(525.4)	(589.8)	(672.6)

Source: Company; Maybank

Research Offices

REGIONAL

Sadiq CURRIMBHOY

Regional Head, Research & Economics
(65) 6231 5836 sadiq@maybank-ke.com.sg

WONG Chew Hann, CA

Regional Head of Institutional Research
(603) 2297 8686 wchewh@maybank-ib.com

ONG Seng Yeow

Regional Head of Retail Research
(65) 6231 5839 ongsengyeow@maybank-ke.com.sg

TAN Sin Mui

Director of Research
(65) 6231 5849 sinmui@kimeng.com.hk

ECONOMICS

Suhaimi ILIAS

Chief Economist
Malaysia | Philippines
(603) 2297 8682 suhaimi_iliast@maybank-ib.com

CHUA Hak Bin

Regional Thematic Macroeconomist
(65) 6231 5830 chuahb@maybank-ke.com.sg

LEE Ju Ye

Singapore
(65) 6231 5844 leejuye@maybank-ke.com.sg

Tim LEELAHAPHAN

Thailand
(66) 2658 6300 ext 1420
tim.l@maybank-ke.co.th

Saktiandi SUPAAT

Head, FX Research
(65) 6320 1379 saktiandi@maybank.com.sg

STRATEGY

Sadiq CURRIMBHOY

Global Strategist
(65) 6231 5836 sadiq@maybank-ke.com.sg

Willie CHAN

Hong Kong / Regional
(852) 2268 0631 williechan@kimeng.com.hk

MALAYSIA

WONG Chew Hann, CA Head of Research

(603) 2297 8686 wchewh@maybank-ib.com

• Strategy

Desmond CH'NG, ACA

(603) 2297 8680
desmond.chng@maybank-ib.com

• Banking & Finance

LIAW Thong Jung

(603) 2297 8688 tjliaw@maybank-ib.com

• Oil & Gas Services - Regional

ONG Chee Ting, CA

(603) 2297 8678 ct.ong@maybank-ib.com

• Plantations - Regional

Mohshin AZIZ

(603) 2297 8692 mohshin.aziz@maybank-ib.com

• Aviation - Regional • Petrochem

YIN Shao Yang, CPA

(603) 2297 8916 samuel.y@maybank-ib.com

• Gaming - Regional • Media

TAN Chi Wei, CFA

(603) 2297 8690 chiwei.t@maybank-ib.com

• Power • Telcos

WONG Wei Sum, CFA

(603) 2297 8679 weisum@maybank-ib.com

• Property

LEE Yen Ling

(603) 2297 8691 lee.yl@maybank-ib.com

• Building Materials • Glove • Ports • Shipping

Ivan YAP

(603) 2297 8612 ivan.yap@maybank-ib.com

• Automotive • Semiconductor • Technology

Kevin WONG

(603) 2082 6824 kevin.wong@maybank-ib.com

• REITs • Consumer Discretionary

LIEW Wei Han

(603) 2297 8676 weihan.l@maybank-ib.com

• Consumer Staples

TEE Sze Chiah Head of Retail Research

(603) 2082 6858 szechiah.t@maybank-ib.com

Nik Ihsan Raja Abdullah, MSTA, CFTe

(603) 2297 8694
nikmohdihsan.ra@maybank-ib.com

HONG KONG / CHINA

Howard WONG Head of Research

(852) 2268 0648
howardwong@kimeng.com.hk

• Strategy

• Oil & Gas - Regional

Benjamin HO

(852) 2268 0632 benjaminho@kimeng.com.hk

• Consumer & Auto

Christopher WONG

(852) 2268 0652 christopherwong@kimeng.com.hk

• HK & China Properties

Jacqueline KO, CFA

(852) 2268 0633 jacquelineko@kimeng.com.hk

• Consumer Staples & Durables

Ka Leong LO, CFA

(852) 2268 0630 klllo@kimeng.com.hk

• Consumer Discretionary & Auto

Mitchell KIM

(852) 2268 0634 mitchellkim@kimeng.com.hk

• Internet & Telcos

Ning MA, CFA

(852) 2268 0672 ningma@kimeng.com.hk

• Insurance

Ricky NG, CFA

(852) 2268 0689 rickyng@kimeng.com.hk

• Regional Renewables

• HK & China Properties

Sonija LI, CFA, FRM

(852) 2268 0641 sonijali@kimeng.com.hk

• Gaming

Stefan CHANG, CFA

(852) 2268 0675 stefanchang@kimeng.com.hk

• Technology - Regional

Tony Ren, MBA, CFA

(852) 2268 0640 tonyren@kimeng.com.hk

• Healthcare & Pharmaceutical

INDIA

Jigar SHAH Head of Research

(91) 22 6623 2632 jigar@maybank-ke.co.in

• Strategy • Oil & Gas • Automobile • Cement

Vishal MODI

(91) 22 6623 2607 vishal@maybank-ke.co.in

• Banking & Financials

Neerav DALAL

(91) 22 6623 2606 neerav@maybank-ke.co.in

• Software Technology • Telcos

Vishal PERIWAL

(91) 22 6623 2605 vishalperiwala@maybank-ke.co.in

• Infrastructure

SINGAPORE

Neel SINHA Head of Research

(65) 6231 5838 neelsinha@maybank-ke.com.sg

• Strategy

• SMID Caps - Regional

Gregory YAP

(65) 6231 5848 gyap@maybank-ke.com.sg

• SMID Caps

• Technology & Manufacturing • Telcos

CHUA Su Tye

(65) 6231 5842 chuasutye@maybank-ke.com.sg

• REITs

Derrick HENG, CFA

(65) 6231 5843 derrickheng@maybank-ke.com.sg

• Transport • Property • REITs (Office)

John CHEONG, CFA

(65) 6231 5845 johncheong@maybank-ke.com.sg

• Small & Mid Caps • Healthcare

NG Li Hiang

(65) 6231 5840 nglihiang@maybank-ke.com.sg

• Banks

INDONESIA

Isnাপutra ISKANDAR Head of Research

(62) 21 8066 8680
isnaputra.iskandar@maybank-ke.co.id

• Strategy • Metals & Mining • Cement

Rahmi MARINA

(62) 21 8066 8689
rahmi.marina@maybank-ke.co.id

• Banking & Finance

Aurellia SETIABUDI

(62) 21 8066 8691
aurellia.setiabudi@maybank-ke.co.id

• Property

Pandu ANUGRAH

(62) 21 8066 8688
pandu.anugrah@maybank-ke.co.id

• Infra • Construction • Transport • Telcos

Janni ASMAN

(62) 21 8066 8687
janni.asman@maybank-ke.co.id

• Cigarette • Healthcare • Retail

Adhi TASMIN

(62) 21 8066 8694
adhi.tasmin@maybank-ke.co.id

• Plantations

PHILIPPINES

LoveLL SARREAL

(63) 2 849 8841
lovel_sarreal@maybank-atrke.com

• Consumer • Media • Cement

Rommel RODRIGO

(63) 2 849 8839
rommel_rodrigo@maybank-atrke.com

• Conglomerates • Property • Gaming

• Ports / Logistics

Katherine TAN

(63) 2 849 8843
kat_tan@maybank-atrke.com

• Banks • Construction

THAILAND

Maria LAPIZ Head of Institutional Research

Dir (66) 2257 0250 | (66) 2658 6300 ext 1399

Maria.L@maybank-ke.co.th

• Strategy • Consumer • Materials • Ind. Estates

Sittichai DUANGRATTANACHAYA

(66) 2658 6300 ext 1393
Sittichai.D@maybank-ke.co.th

• Services Sector • Transport

Yupapan POLPORNPRASERT

(66) 2658 6300 ext 1395
yupapan.p@maybank-ke.co.th

• Oil & Gas

Tanawat RUENBANTERNG

(66) 2658 6300 ext 1394
Tanawat.R@maybank-ke.co.th

• Banks & Diversified Financials

Vorapoj HONGPINOY

(66) 2658 6300 ext 1392
Vorapoj.h@maybank-ke.co.th

• Real Estate & Contractors

Sukit UDOMSIRIKUL Head of Retail Research

(66) 2658 6300 ext 5090
Sukit.u@maybank-ke.co.th

Surachai PRAMUALCHAROENKIT

(66) 2658 6300 ext 1470
Surachai.p@maybank-ke.co.th

• Auto • Conmat • Contractor • Steel

Suttatip PEERASUB

(66) 2658 6300 ext 1430
suttatip.p@maybank-ke.co.th

• Media • Commerce

Sutthichai KUMWORACHAI

(66) 2658 6300 ext 1400
sutthichai.k@maybank-ke.co.th

• Energy • Petrochem

Termporn TANTIVIVAT

(66) 2658 6300 ext 1520
termporn.t@maybank-ke.co.th

• Property

Jaroonpan WATTANAWONG

(66) 2658 6300 ext 1404
jaroonpan.w@maybank-ke.co.th

• Transportation • Small cap

VIETNAM

LE Hong Lien, ACCA

Head of Institutional Research
(84) 8 44 555 888 x 8181

lien.le@maybank-kimeng.com.vn

• Strategy • Consumer • Diversified

THAI Quang Trung, CFA,

Deputy Head, Institutional Research
(84) 8 44 555 888 x 8180

trung.thai@maybank-kimeng.com.vn

• Real Estate • Construction • Materials

LE Nguyen Nhat Chuyen

(84) 8 44 555 888 x 8082
chuyen.le@maybank-kimeng.com.vn

• Oil & Gas

NGUYEN Thach Lam

(84) 8 44 555 888 x 8085
thachlam.nguyen@maybank-kimeng.com.vn

• Utilities

NGUYEN Thi Ngan Tuyen,

Head of Retail Research
(84) 8 44 555 888 x 8081

tuyen.nguyen@maybank-kimeng.com.vn

• Food & Beverage • Oil & Gas • Banking

• Plantations

TRUONG Quang Binh,

Deputy Head, Retail Research
(84) 4 44 555 888 x 8087

binh.truong@maybank-kimeng.com.vn

• Rubber Plantation • Tyres and Tubes

• Oil & Gas

TRINH Thi Ngoc Diep

(84) 4 44 555 888 x 8208
diep.trinh@maybank-kimeng.com.vn

• Technology • Utilities • Construction

NGUYEN Thi Sony Tra Mi

(84) 8 44 555 888 x 8084
mi.nguyen@maybank-kimeng.com.vn

• Port Operation • Pharmaceutical

• Food & Beverage

NGUYEN Thanh Lam

APPENDIX I: TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

DISCLAIMERS

This research report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the securities referred to herein. Investors should note that values of such securities, if any, may fluctuate and that each security's price or value may rise or fall. Opinions or recommendations contained herein are in form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from the relevant jurisdiction's stock exchange in the equity analysis. Accordingly, investors' returns may be less than the original sum invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Maybank Investment Bank Berhad, its subsidiary and affiliates (collectively, "MKE") and consequently no representation is made as to the accuracy or completeness of this report by MKE and it should not be relied upon as such. Accordingly, MKE and its officers, directors, associates, connected parties and/or employees (collectively, "Representatives") shall not be liable for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Any information, opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward-looking statements. MKE expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

MKE and its officers, directors and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. One or more directors, officers and/or employees of MKE may be a director of the issuers of the securities mentioned in this report to the extent permitted by law.

This report is prepared for the use of MKE's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of MKE and MKE and its Representatives accepts no liability whatsoever for the actions of third parties in this respect.

This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for distribution only under such circumstances as may be permitted by applicable law. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Without prejudice to the foregoing, the reader is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

Malaysia

Opinions or recommendations contained herein are in the form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from Bursa Malaysia Securities Berhad in the equity analysis.

Singapore

This report has been produced as of the date hereof and the information herein may be subject to change. Maybank Kim Eng Research Pte. Ltd. ("Maybank KERPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact Maybank KERPL in Singapore in respect of any matters arising from, or in connection with, this report. If the recipient of this report is not an accredited investor, expert investor or institutional investor (as defined under Section 4A of the Singapore Securities and Futures Act), Maybank KERPL shall be legally liable for the contents of this report, with such liability being limited to the extent (if any) as permitted by law.

Thailand

Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of Maybank Kim Eng Securities (Thailand) Public Company Limited. Maybank Kim Eng Securities (Thailand) Public Company Limited ("MBKET") accepts no liability whatsoever for the actions of third parties in this respect.

Due to different characteristics, objectives and strategies of institutional and retail investors, the research reports of MBKET Institutional and Retail Research Department may differ in either recommendation or target price, or both. MBKET Retail Research is intended for retail investors (<http://kelive.maybank-ke.co.th>) while Maybank Kim Eng Institutional Research is intended only for institutional investors based outside Thailand only.

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey may be changed after that date. MBKET does not confirm nor certify the accuracy of such survey result.

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, MBKET does not confirm, verify, or certify the accuracy and completeness of the assessment result.

US

This third-party research report is distributed in the United States ("US") to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Maybank Kim Eng Securities USA Inc ("Maybank KESUSA"), a broker-dealer registered in the US (registered under Section 15 of the Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Maybank KESUSA in the US shall be borne by Maybank KESUSA. This report is not directed at you if MKE is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Maybank KESUSA is permitted to provide research material concerning investments to you under relevant legislation and regulations. All U.S. persons receiving and/or accessing this report and wishing to effect transactions in any security mentioned within must do so with: Maybank Kim Eng Securities USA Inc. 777 Third Avenue 21st Floor New York, New York 1- (212) 688-8886 and not with, the issuer of this report.

UK

This document is being distributed by Maybank Kim Eng Securities (London) Ltd (“Maybank KESL”) which is authorized and regulated, by the Financial Conduct Authority and is for Informational Purposes only. This document is not intended for distribution to anyone defined as a Retail Client under the Financial Services and Markets Act 2000 within the UK. Any inclusion of a third party link is for the recipients convenience only, and that the firm does not take any responsibility for its comments or accuracy, and that access to such links is at the individuals own risk. Nothing in this report should be considered as constituting legal, accounting or tax advice, and that for accurate guidance recipients should consult with their own independent tax advisers.

DISCLOSURES**Legal Entities Disclosures**

Malaysia: This report is issued and distributed in Malaysia by Maybank Investment Bank Berhad (15938- H) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets and Services License issued by the Securities Commission in Malaysia. **Singapore:** This report is distributed in Singapore by Maybank KERPL (Co. Reg No 198700034E) which is regulated by the Monetary Authority of Singapore. **Indonesia:** PT Maybank Kim Eng Securities (“PTMKES”) (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the Financial Services Authority (Indonesia). **Thailand:** MBKET (Reg. No.0107545000314) is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Philippines:** Maybank ATRKES (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Maybank Kim Eng Securities Limited (License Number: 117/GP-UBCK) is licensed under the State Securities Commission of Vietnam. **Hong Kong:** KESHK (Central Entity No AAD284) is regulated by the Securities and Futures Commission. **India:** Kim Eng Securities India Private Limited (“KESI”) is a participant of the National Stock Exchange of India Limited and the Bombay Stock Exchange and is regulated by Securities and Exchange Board of India (“SEBI”) (Reg. No. INZ000010538). KESI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) and as Research Analyst (Reg No: INH000000057) **US:** Maybank KESUSA is a member of/ and is authorized and regulated by the FINRA - Broker ID 27861. **UK:** Maybank KESL (Reg No 2377538) is authorized and regulated by the Financial Services Authority.

Disclosure of Interest

Malaysia: MKE and its Representatives may from time to time have positions or be materially interested in the securities referred to herein and may further act as market maker or may have assumed an underwriting commitment or deal with such securities and may also perform or seek to perform investment banking services, advisory and other services for or relating to those companies.

Singapore: As of 26 May 2017, Maybank KERPL and the covering analyst do not have any interest in any companies recommended in this research report.

Thailand: MBKET may have a business relationship with or may possibly be an issuer of derivative warrants on the securities /companies mentioned in the research report. Therefore, Investors should exercise their own judgment before making any investment decisions. MBKET, its associates, directors, connected parties and/or employees may from time to time have interests and/or underwriting commitments in the securities mentioned in this report.

Hong Kong: As of 26 May 2017, KESHK and the authoring analyst do not have any interest in any companies recommended in this research report.

India: As of 26 May 2017, and at the end of the month immediately preceding the date of publication of the research report, KESI, authoring analyst or their associate / relative does not hold any financial interest or any actual or beneficial ownership in any shares or having any conflict of interest in the subject companies except as otherwise disclosed in the research report.

In the past twelve months KESI and authoring analyst or their associate did not receive any compensation or other benefits from the subject companies or third party in connection with the research report on any account what so ever except as otherwise disclosed in the research report.

MKE may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment and may receive compensation for the services provided from the companies covered in this report.

OTHERS**Analyst Certification of Independence**

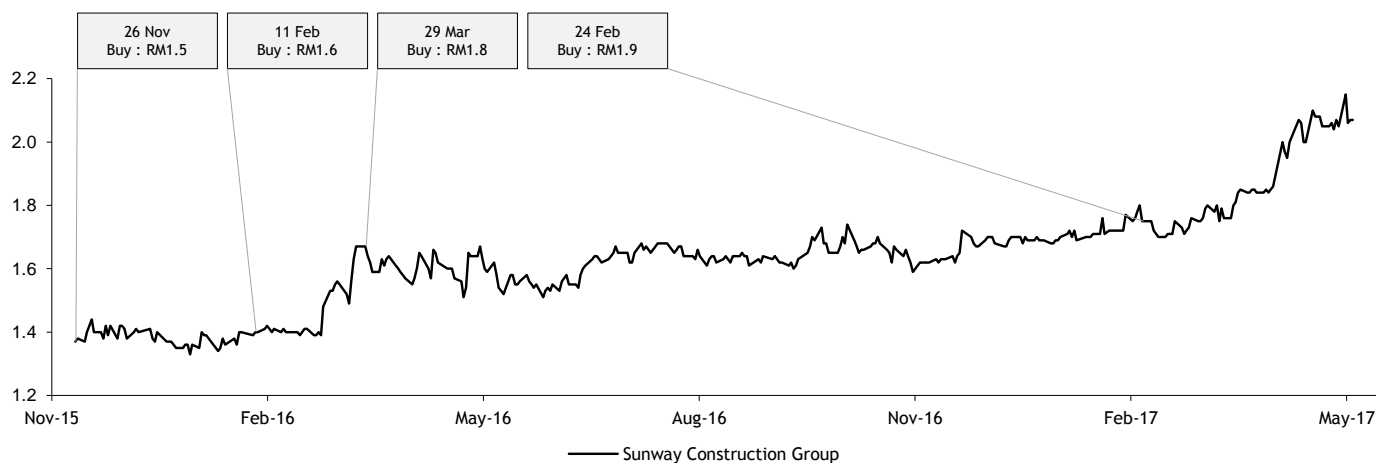
The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Reminder

Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct its own analysis of the product and consult with its own professional advisers as to the risks involved in making such a purchase.

No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without the prior consent of MKE.

Historical recommendations and target price: Sunway Construction Group (SCGB MK)



Definition of Ratings

Maybank Kim Eng Research uses the following rating system

BUY	Return is expected to be above 10% in the next 12 months (excluding dividends)
HOLD	Return is expected to be between - 10% to +10% in the next 12 months (excluding dividends)
SELL	Return is expected to be below -10% in the next 12 months (excluding dividends)

Applicability of Ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

Malaysia

Maybank Investment Bank Berhad
(A Participating Organisation of
Bursa Malaysia Securities Berhad)
33rd Floor, Menara Maybank,
100 Jalan Tun Perak,
50050 Kuala Lumpur
Tel: (603) 2059 1888;
Fax: (603) 2078 4194

Stockbroking Business:
Level 8, Tower C, Dataran Maybank,
No.1, Jalan Maarof
59000 Kuala Lumpur
Tel: (603) 2297 8888
Fax: (603) 2282 5136

Philippines

Maybank ATR Kim Eng Securities Inc.
17/F, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines 1200

Tel: (63) 2 849 8888
Fax: (63) 2 848 5738

South Asia Sales Trading

Kevin Foy
Regional Head Sales Trading
kevinfoy@maybank-ke.com.sg
Tel: (65) 6636-3620
US Toll Free: 1-866-406-7447

Malaysia

Joann Lim
joann.lim@maybank-ib.com
Tel: (603) 2717 5166

Indonesia

Hariantio Liong
hariantio.liong@maybank-ke.co.id
Tel: (62) 21 2557 1177

New York

Andrew Dacey
adacey@maybank-keusa.com
Tel: (212) 688 2956

Vietnam

Patrick Mitchell
patrick.mitchell@maybank-kimeng.com.vn
Tel: (84)-8-44-555-888 x8080

Singapore

Maybank Kim Eng Securities Pte Ltd
Maybank Kim Eng Research Pte Ltd
50 North Canal Road
Singapore 059304

Tel: (65) 6336 9090

Hong Kong

Kim Eng Securities (HK) Ltd
Level 30,
Three Pacific Place,
1 Queen's Road East,
Hong Kong

Tel: (852) 2268 0800
Fax: (852) 2877 0104

Thailand

Maybank Kim Eng Securities
(Thailand) Public Company Limited
999/9 The Offices at Central World,
20th - 21st Floor,
Rama 1 Road Pathumwan,
Bangkok 10330, Thailand

Tel: (66) 2 658 6817 (sales)
Tel: (66) 2 658 6801 (research)

North Asia Sales Trading

Andrew Lee
andrewlee@kimeng.com.hk
Tel: (852) 2268 0283
US Toll Free: 1 877 837 7635

Thailand

Tanasak Krishnasreni
Tanasak.K@maybank-ke.co.th
Tel: (66)2 658 6820

London

Scott Kinnear-Nock
SKinnear-nock@maybank-ke.co.uk
Tel: (44) 207-332-0221

India

Manish Modi
manish@maybank-ke.co.in
Tel: (91)-22-6623-2601

Philippines

Keith Roy
keith_roy@maybank-atrke.com
Tel: (63) 2 848-5288

London

Maybank Kim Eng Securities
(London) Ltd
PNB House
77 Queen Victoria Street
London EC4V 4AY, UK

Tel: (44) 20 7332 0221
Fax: (44) 20 7332 0302

Indonesia

PT Maybank Kim Eng Securities
Sentral Senayan III, 22nd Floor
Jl. Asia Afrika No. 8
Gelora Bung Karno, Senayan
Jakarta 10270, Indonesia

Tel: (62) 21 8066 8500
Fax: (62) 21 8066 8501

Vietnam

Maybank Kim Eng Securities Limited
4A-15+16 Floor Vincom Center Dong
Khoi, 72 Le Thanh Ton St. District 1
Ho Chi Minh City, Vietnam

Tel : (84) 844 555 888
Fax : (84) 8 38 271 030

New York

Maybank Kim Eng Securities USA
Inc
777 Third Avenue, 21st Floor
New York, NY 10017, U.S.A.

Tel: (212) 688 8886
Fax: (212) 688 3500

India

Kim Eng Securities India Pvt Ltd
2nd Floor, The International,
16, Maharishi Karve Road,
Churchgate Station,
Mumbai City - 400 020, India

Tel: (91) 22 6623 2600
Fax: (91) 22 6623 2604

Saudi Arabia

In association with
Anfaal Capital
Villa 47, Tujjar Jeddah
Prince Mohammed bin Abdulaziz
Street P.O. Box 126575
Jeddah 21352

Tel: (966) 2 6068686
Fax: (966) 26068787