

Sunway Construction Group Bhd

Target Price: **RM2.60 BUY**



ALLIANCE DBS RESEARCH (JUN 16): Sunway Construction Group (SCG) is the largest listed pure-play construction company in Malaysia. Given its strong record with MRT, LRT and BRT jobs previously, SCG is on a strong footing to bag several key infrastructure packages and building projects. SCG has also established itself as the only construction specialist to be involved in all three Rapid Line infra projects (MRT, LRT and BRT).

Its precast division is a strong proxy to the growing demand for HDB residences in Singapore, where the government has a target to build an additional 88,000 units of public housing in FY16-FY19. With premium EBIT margins recorded over the past few years, the business is ROE-enhancing and also synergistic to its construction business.

SCG will be bidding for LRT3, private and public sector building jobs and internal projects from the property arm of its holding company. For FY17E, management is guiding for RM2 billion worth of new wins from a combination of LRT3, internal jobs, precast projects and other private sector building jobs.