

Sunway Construction Group Bhd

Target price: **RM1.85 BUY**



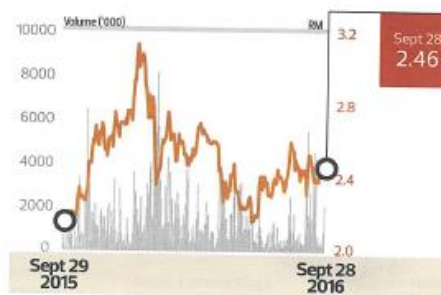
TA SECURITIES (SEPT 27): SunCon has accepted a Letter of Instruction from MMC Gamuda KVMRT (PDP SSP) Sdn Bhd for the advanced construction of viaduct guideways and other associated works between Kampung Muhibbah and Serdang Raya for a total contract sum of RM52.5 million, to be completed by September next year.

The package involves the construction of pile caps, bored piles, realignment of Sungai Midah and temporary decking. This 0.68km stretch is located between the Sungai Besi Expressway, KTM double track and KL-Seremban Highway.

With these job wins, SunCon has secured RM2.6 billion worth of new construction jobs YTD, exceeding management's full-year target and our assumption of RM2.5 billion for 2016. The group's outstanding construction order book currently stands at RM5 billion. We raise our FY16 order book replenishment assumption to RM2.6 billion and FY17 and FY18 earnings forecasts by 2.4% and 1.6% respectively.

Karex Bhd

Target price: **RM2.50 HOLD**



AFFIN HWANG CAPITAL (SEPT 27): Condoms remain the preferred contraceptive method due to their effectiveness and cheap price points. Low per capita consumption and limited users offer large untapped potential for growth, bolstered by greater awareness and healthcare reforms. A high proportion of a younger demographic and strong population growth in emerging markets remain the key drivers for condom demand, which we estimate will reach 41 billion units by 2020.

Karex's expansion of its own-brand manufacturing (OBM) will begin the next structural growth phase, having thrived under the original equipment manufacturing model, which now faces rising production costs and falling average selling prices. The business-to-consumer vertical integration via OBM makes commercial sense, as it allows Karex to capture the supply chain's full economic value from manufacturing to end-consumer distribution.

We maintain our "hold" call on Karex and lift our target price to RM2.50 from RM2.30.

Berjaya Food Bhd

Target price: **RM2 BUY**



MAYBANK IB RESEARCH (SEPT 26): We recently hosted a small investors' meeting with BFood's management, led by CEO Datuk Francis Lee. We remain positive on Berjaya Starbucks' growth potential, which is backed by store expansion and sustained organic growth.

Management remains upbeat on BStarbucks' growth, primarily based on outlet expansion as there are 30 new outlets planned in FY17 as well as organic growth with sales volume growth remaining favourable while BStarbucks is looking to marginally increase product prices by early 2017. We understand that BStarbucks has sustained positive same-store sales growth in the first half of 2QFY17 (August to September).

We also understand that management is looking at turnaround plans for Kenny Rogers Roasters (KRR) in Malaysia and Indonesia and Jollibean. Loss-making outlets may be closed and active promotion efforts will be undertaken. We do not discount that these underperforming entities will be disposed of as they are dragging down BFood's earnings.