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Malaysia Infrastructure

Reuters SCOG.KL
Bloomberg SCGB MK

Priced on 23 August 2023
KLSE Comp @ 1,440.1

12M hi/lo RM1.81/1.43

12M price target RM1.95
±% potential +8%

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

Market cap US\$503m

3M ADV US\$0.2m

Foreign s'holding 1.0%

Major shareholders

Sunway Berhad 54.4%
Sungei Way Corp Sdn Bhd 10.1%

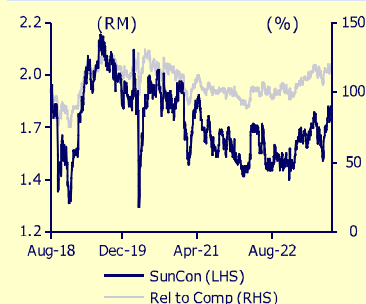
Blended ESG Score (%)*

Overall	75.9
Country average	71.2
GEM sector average	70.5

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

Stock performance (%)

	1M	3M	12M
Absolute	6.5	6.5	16.1
Relative	4.5	4.4	19.6
Abs (US\$)	6.5	4.7	12.6



Source: Bloomberg

Regaining revenue momentum

Better revenue and margin improving as new jobs progress

SunCon's 1H23 PATMI of RM60.8m (-9% YoY) formed 43% of forecast for FY23. On sequentially improved construction revenue (Figure 1), progress in data centre jobs and our expectation that projects that are still nascent will attain profit recognition thresholds later, we see its results as in line, and leave our FY23 forecast unchanged. Despite a cashflow drag during construction for the India project, a dividend of 3sen/share for the first half was retained, at a higher payout versus 1H22. We maintain our O-PF rating but lift our target price slightly, from RM1.92 to RM1.95.

Third straight quarter of construction revenue recovery, but not in margins yet

QoQ, construction of the RM1.7bn data centre, its largest project, picked-up pace (Figure 5), but with SunCon, having earlier this month, announced the project owner was given till end-December to negotiate specifications with new end-users implies work acceleration will be next year. Including this job, the Johor rapid transit link, and some others, form a sizeable mix of jobs below 10% completion, at c.60% of its RM5.8bn order book. Margin uplift will come in later quarters, we opine, after clocking in at 7.3% in 2Q23 versus 7.7% a quarter ago. India highways combined for a similar margin in 2Q23 at 7.3%, but is also exhibiting faster work one (Figure 5).

Order book win momentum remains strong

After a two quarter hiatus, SunCon added to its pre-cast book in 2Q with YTD wins of RM75m. Its total order book wins are RM1.59bn and form 80%/72% of guidance/our estimate. Its pre-cast, pre-tax margin rose to 4.7% in 2Q23, and we view operating leverage and Singapore dollar strength to help the bottom line. Meanwhile, supported by a tender book of RM27bn, the ability to meet order-book targets could count on data centres and warehousing, and is not strictly dependent on mega projects such as MRT3. Of note, the Vietnam power plant job is still pending financial close of the owner.

Dividends were a positive point

Due to a hybrid annuity model for India projects, negative operating cashflow narrowed QoQ. We expect India's MC highway to be completed by year-end, and thereafter annuity payments will lighten the working capital drag. Even so, a dividend of 3sen/share represented a slightly higher 64% payout ratio (1H22: 54%).

Retain O-PF rating and slight nudge up target price for recent power project win

Our forecast changes in FY25 relate to the expected commercialisation of 29.9 MW corporate green power programme award. Accordingly, we lift our target price slightly to RM1.95, adding solar (DCF) to our PE-based core sectors (14x PE).

Financials

Year to 31 December	21A	22A	23CL	24CL	25CL
Revenue (RMm)	1,729	2,155	2,562	2,888	2,776
Rev forecast change (%)	-	-	0.0	0.0	0.8
Net profit (RMm)	113	142	142	178	188
NP forecast change (%)	-	-	0.0	0.0	2.2
EPS (sen)	8.7	11.0	11.0	13.7	14.5
CL/consensus (13) (EPS%)	-	-	98	106	108
EPS growth (% YoY)	54.7	26.4	(0.4)	25.2	5.8
PE (x)	20.7	16.3	16.4	13.1	12.4
Dividend yield (%)	2.9	3.1	3.7	4.2	4.4
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
Profit & Loss (RMm)						
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)
Gross Profit (ex-D&A)	164	210	231	9.7	282	309
SG&A and other expenses	-	-	-		-	-
Op Ebitda	164	210	231	9.7	282	309
Depreciation/amortisation	(27)	(24)	(34)		(38)	(49)
Op Ebit	136	187	197	5.5	243	260
Net interest inc/(exp)	11	(4)	(13)		(20)	(27)
Other non-Op items	5	2	2	5	2	2
Profit before tax	152	184	186	0.8	225	235
Taxation	(41)	(45)	(37)		(45)	(47)
Profit after tax	111	139	148	7	180	188
Minority interest	2	4	(7)		(3)	0
Net profit	113	142	142	(0.4)	178	188
Adjusted profit	113	142	142	(0.4)	178	188
Cashflow (RMm)						
Operating profit	136	187	197	5.5	243	260
Depreciation/amortisation	27	24	34	42.6	38	49
Working capital changes	83	(382)	(233)		(49)	(4)
Other items	(29)	(68)	(37)		(45)	(47)
Net operating cashflow	218	(240)	(40)		187	258
Capital expenditure	(35)	(112)	(70)		(70)	(190)
Free cashflow	183	(352)	(110)		117	68
M&A/Others	(19)	29	12	(57.9)	11	15
Net investing cashflow	(54)	(83)	(58)		(59)	(175)
Increase in loans	(71)	233	150	(35.6)	150	270
Dividends	(52)	(90)	(89)		(98)	(103)
Net equity raised/other	-	0	-		0	0
Net financing cashflow	(122)	143	61	(57.5)	52	167
Incr/(decr) in net cash	42	(180)	(37)		180	250
Exch rate movements	14	(24)	(2)		(29)	(40)
Balance sheet (RMm)						
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
Total assets	1,864	2,236	2,634	17.8	2,998	3,287
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
Total liabs & equity	1,864	2,236	2,634	17.8	2,998	3,287
Ratio analysis						
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

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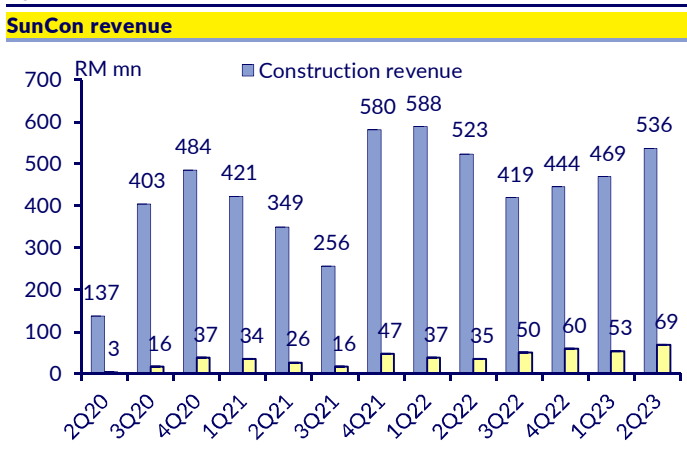
Regaining revenue momentum

Figure 1

SunCon: financials								
FYE 31 Dec (RM m)	2Q23	2Q22	YoY % Chg	1Q23	QoQ % Chg	1H23	1H22	YoY % Chg
Revenue	604.1	557.9	8%	522.1	16%	1,126.2	1,182.5	(5%)
Operating expenses	(562.5)	(517.6)	9%	(484.3)	16%	(1,047.8)	(1,100.7)	(5%)
Other income	5.0	2.1	144%	4.9	3%	9.9	3.4	187%
EBITDA	52.0	48.5	7%	46.9	11%	98.9	97.6	1%
Depreciation	(5.3)	(6.1)	(13%)	(5.3)	1%	(10.6)	(12.3)	(14%)
EBIT	46.7	42.4	n.m.	41.7	12%	88.4	85.3	4%
Interest income	6.7	3.2	112%	4.1	64%	10.8	5.4	101%
Interest expense	(11.5)	(3.2)	260%	(8.3)	39%	(19.7)	(4.3)	355%
JV/Associate	0.3	0.6	n.m.	-	n.m.	0.3	3.8	(92%)
Pre-tax profit	42.3	43.0	(2%)	37.5	13%	79.8	90.1	(12%)
Tax	(9.0)	(9.3)	(4%)	(8.9)	1%	(17.9)	(20.9)	(14%)
Effective tax rate	21.3%	21.7%	n.m.	24%	n.m.	22.4%	23.2%	(3%)
Minority interest	(0.27)	(1.33)	(80%)	(0.8)	(67%)	(1.1)	(2.5)	(56%)
Net profit	33.3	32.3	3%	27.83	20%	60.8	66.8	(9%)
EPS (sen)	2.56	2.51	2%	2.16	19%	4.7	5.2	(9%)
EBIT margin	7.7%	7.6%		8.0%		7.8%	7.2%	
PBT margin	7.0%	7.7%		7.2%		7.1%	7.6%	

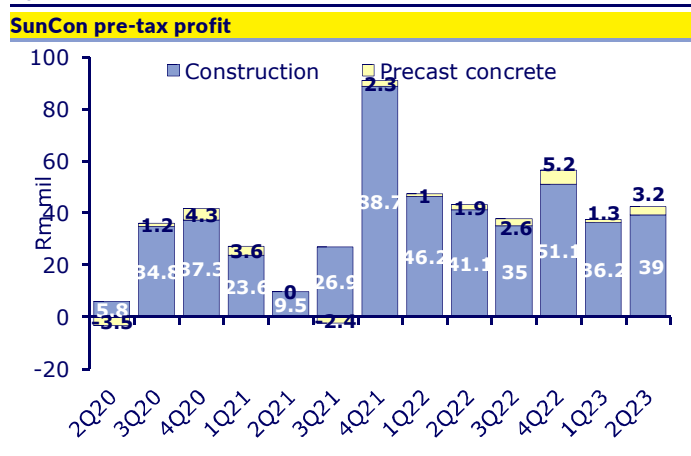
Source: CLSA, Company

Figure 2



Source: CLSA, Company

Figure 3

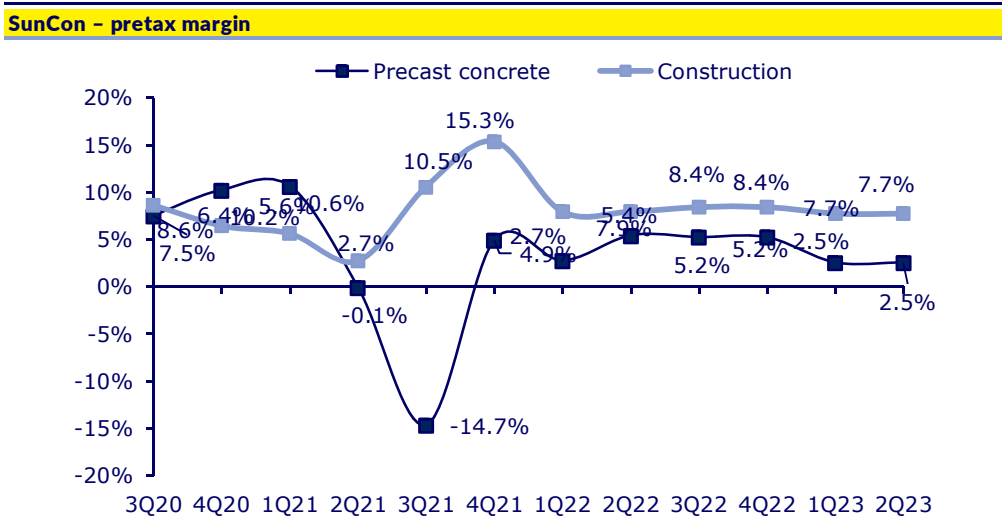


Source: CLSA, Company

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Figure 4



Source: CLSA, Company

Figure 5

Construction order book showing key projects - outstanding value and also QoQ movement

RM mn	Outstanding value				QoQ change		
	3Q22	4Q22	1Q23	2Q23	4Q22 vs 3Q22	1Q23 vs 4Q22	2Q23 vs 1Q23
JHBX1X0	-	1700	1656	1593	n.a.	44	63
RTS link	-	-	605	587	n.a.	n.a.	18
Thorapalli Jittandahalli	429	393	363	305	36	30	58
Meensurutti Chidambaram	178	169	144	98	9	25	46
LSS4 Gopeng	-	200	166	126	n.a.	34	40
LSS4 sharp venutres	-	185	158	126	n.a.	27	32
Sunway Belfield	311	275	236	202	36	39	34
Sunway South Quay Superstructure	-	515	472	417	n.a.	43	55
Sunway South Quay Sq Superstructure (VO)	-	-	607	607	n.a.	n.a.	0
SMC 4 + VO	175	129	102	77	46	27	25

Source: CLSA, Company

The difference with our previous RM1.92 valuation is the 3 sen per share from the solar project which is a new area

Figure 6

Valuation		
PE method of valuation		Remarks
Earnings (24CL)	14.0x, ie 1sd above KLCON PE (10 year mean)	178
Multiple applied		14
(a) Total for construction + precast		2,485
(b) Solar*		29
(c) Total		2,514
Number of shares (unit million)		1,293
Value per share/TP (RM)		1.95

* Assumptions for solar		Remarks
Free cashflow to firm	113	Discounted based on 7% WACC over 21 years
Less: debt	(84)	80% debt of RM120m Capex assumption (RM4m per megawatt on 29.9 MW)
Equity	29	

Source: CLSA

Figure 7

SunCon - earnings changes						
		2021	2022	23CL	24CL	25CL
Revenue (RM mn)	Revised	1,729	2,155	2,562	2,888	2,776
	Previous	1,729	2,155	2,562	2,888	2,755
	Forecast change	n.a.	n.a.	0%	0%	1%
Net profit (RM mn)	Revised	113	135	142	178	188
	Previous	113	135	142	178	184
	Forecast change	n.a.	n.a.	0%	0%	2%

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.

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
Growth (%)							
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
Margins (%)							
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
Returns (%)							
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
Other key ratios (%)							
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



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
Current assets	1,710	1,742	1,612	1,637	1,999	2,331	2,479
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
Total assets	1,905	1,906	1,864	2,236	2,634	2,998	3,287
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
Current liabilities	1,120	1,195	992	1,103	1,285	1,415	1,349
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
Total liabilities	1,280	1,267	1,147	1,415	1,747	2,027	2,231
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)
Shareholder funds	623	637	699	737	796	878	963
Minorities/other equity	2	2	18	84	90	93	93
Total equity	625	639	717	821	887	971	1,056
Total liabs & equity	1,905	1,906	1,864	2,236	2,634	2,998	3,287
Total debt	286	301	238	481	631	781	1,051
Net debt	(407)	(339)	(458)	(11)	177	176	237
Adjusted EV	1,874	1,940	1,760	2,176	2,371	2,373	2,434
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
Key ratios							
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
Gearing							
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)
Working capital analysis							
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
Capital employed analysis							
Sales/Capital employed (%)	809.4	518.5	668.0	266.1	240.8	251.6	214.7
EV/Capital employed (%)	857.4	647.9	679.8	268.7	222.9	206.8	188.2
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
Other ratios (%)							
PB (x)	3.7	3.7	3.3	3.2	2.9	2.6	2.4
EV/Ebitda (x)	10.3	15.7	10.8	10.3	10.3	8.4	7.9
EV/OCF (x)	11.8	26.8	8.1	(9.1)	(59.6)	12.7	9.4
EV/FCF (x)	12.2	26.8	9.6	(6.2)	(21.6)	20.2	35.9
EV/Sales (x)	1.1	1.2	1.0	1.0	0.9	0.8	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
Net operating cashflow	158	72	218	(240)	(40)	187	258
Capital expenditure	(5)	0	(35)	(112)	(70)	(70)	(190)
Free cashflow	154	72	183	(352)	(110)	117	68
Acq/inv/disposals	(47)	-	(53)	-	-	-	-
Int, invt & associate div	25	17	34	29	12	11	15
Net investing cashflow	(26)	17	(54)	(83)	(58)	(59)	(175)
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
Net financing cashflow	72	(147)	(122)	143	61	52	167
Incr/(decr) in net cash	204	(58)	42	(180)	(37)	180	250
Exch rate movements	6	4	14	(24)	(2)	(29)	(40)
Opening cash	484	693	640	696	492	453	604
Closing cash	693	640	696	492	453	604	814
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
Growth (%)							
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
Other key ratios (%)							
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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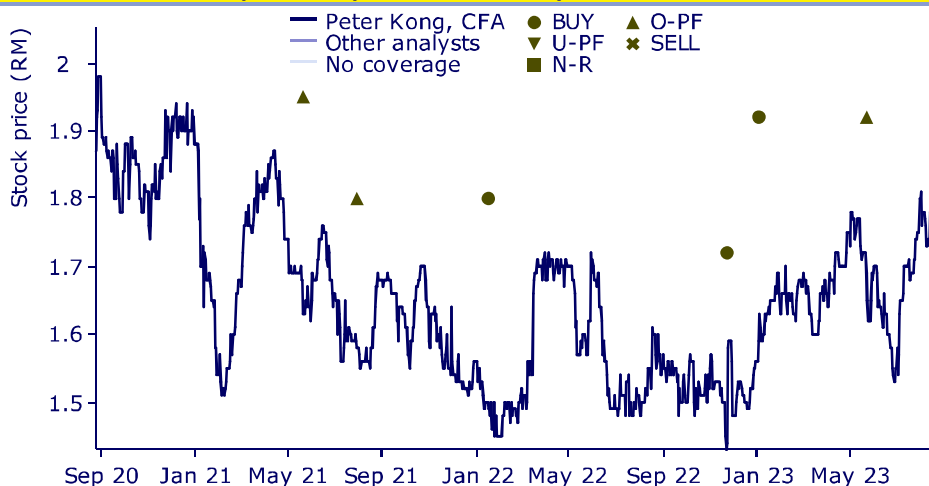
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Important disclosures

Recommendation history of Sunway Construction Group Bhd SCGB MK



Date	Rec	Target	Date	Rec	Target
LATEST	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
23 Nov 2022	BUY	1.72			

Source: CLSA

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