Securities

AFFIN HWANG CAPITAL

Out think. Out perform.

Impact of government restrictions

Sunway Construction's (SunCon) operation has been adversely impacted by the government's Movement Control Order (MCO). Its revenue run rate is about RM150-200m per month in 2020 so far. SunCon is applying for government approval to resume work on its construction projects during the 15-28 April 2020 extended period of the MCO. We cut our core 2020 EPS forecast by 12% to reflect slow progress billings. We believe SunCon is relatively more resilient and it remains our top sector BUY with a higher TP of RM1.94, based on 10% discount to RNAV.

Earnings impact from slow progress billings

Based on SunCon's current order book of about RM5.5bn and construction schedule, its revenue run rate should hit about RM150-200m per month. Based on a net profit margin of 6%, 2020E earnings will be reduced by RM9-12m per month with the MCO remaining in effect. But the slow progress billing in January and February due to the festive holidays and the stopping of construction works since 18 March will adversely impact its revenue. We cut our 2020 revenue forecast by 2% to RM1.9bn to reflect slower progress billings due to the disruptions caused by the MCO and Covid-19.

Weak earnings in 1Q20

Taking in lower revenue while incurring around RM20m per month of fixed cost (including staff salaries, bonus provisions, and depreciation) will have hit its bottom line in 1Q20. However, its fixed cost at about 15% of total cost indicates that its cost structure is relatively flexible. SunCon continues to pay its day-wage workers as goodwill despite them not working during the MCO. We cut the 2020 core EPS by 12% to reflect slower progress billings.

Applying to resume works

We understand that SunCon is applying to the authorities for the resumption of work on its existing projects during the 15-28 April 2020 extended MCO period. A key requirement under the new government directive is the provision of central labour quarters (CLQ) for construction projects to resume work during the MCO. We gather that SunCon has CLQs for its LRT3, MRT2 and Johor projects. Hence, we believe the government will likely allow the projects to resume with strict guidelines to ensure social distancing of workers at sites.

Top mid-cap construction BUY

We upgrade our RNAV/share estimate to RM2.15 from RM1.91 previously after rolling forward the valuation base year to 2021E. We raise our sustainable construction earnings assumption to RM130m from RM110m previously. Based on the same 10% discount to RNAV, we raise our TP to RM1.94 from RM1.72, and maintain our BUY call. Key downside risks: low order book replenishment and slow progress billings on existing projects.

Earnings & Valuation Summary

FYE 31 Dec	2018A	2019A	2020E	2021E	2022E
Revenue (RMm)	2,256.7	1,768.7	1,901.7	2,219.8	2,416.6
EBITDA (RMm)	221.1	185.2	185.5	203.7	217.0
Pretax profit (RMm)	182.7	157.4	156.9	176.1	190.8
Net profit (RMm)	144.4	129.3	118.2	132.9	144.0
EPS (sen)	11.2	10.0	9.2	10.3	11.2
PER (x)	15.7	17.5	19.1	17.0	15.7
Core net profit (RMm)	150.4	133.2	118.2	132.9	144.0
Core EPS (sen)	11.6	10.3	9.2	10.3	11.2
Core EPS growth (%)	15.8	(11.3)	(11.3)	12.4	8.4
Core PER (x)	15.0	17.0	19.1	17.0	15.7
Net DPS (sen)	7.0	7.0	6.0	7.0	7.0
Dividend Yield (%)	4.0	4.0	3.4	4.0	4.0
EV/EBITDA (x)	8.6	10.1	9.9	9.0	8.2
Chg in EPS (%)			(11.7)	(0.4)	4.2
Affin/Consensus (x)			0.8	0.9	0.9

Source: Company, Bloomberg, Affin Hwang estimates

Company Update

Sunway Construction

SCGB MK
Sector: Construction

RM1.75 @ 15 April 2020

BUY (maintain)

Upside: 11%

Price Target: RM1.94

Previous Target: RM1.72

Price Performance

	1M	3M	12M
Absolute	-2.2%	-5.9%	-10.7%
Rel to KLCI	-5.3%	7.5%	5.0%

Stock Data

Issued shares (m)	1,289
Mkt cap (RMm)/(US$m)	2,256/520
Avg daily vol - 6mth (m)	0.7
52-wk range (RM)	1.25-2.2
Est free float	19.9%
BV per share (RM)	0.48
P/BV (x)	3.6
Net cash/(debt) (RMm) (4Q19)	398
ROE (2020E)	18.4%
Derivatives	No
Shariah Compliant	Yes

Key Shareholders

Sunway Berhad	64.7%
EPF	8.6%
Skim Amanah Saham Bumiputera	4.3%

Source: Affin Hwang, Bloomberg

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Won RM505m Indian highway project recently …

SunCon and RNS Infrastructure Limited were awarded the project to upgrade the Thorapalli Agraharam-Jittandahalli Section of the NH-844 highway in Tamil Nadu to four lanes (TJ Project) by the National Highways Authority of India (NHAI) on 26 March 2020. The contract sum is Rs.864.51 Crore (RM504.6m) in addition to a 15-year operating and maintenance (O&M) contract at Rs.7.08 Crore (RM4.1m) p.a. The project will be operated under the Hybrid Annuity Model (HAM) for a concession period of 15 years plus a 2-year construction period. Suncon and RNS will form a 60:40 joint venture (JV) to undertake the project. Under the HAM, NHAI will pay 40% of the project cost during the 2-year construction period and the remaining 60% is paid over 15 years as a fixed annuity amount plus interest.

… that will contribute construction earnings over the next 2 years

We gather that the construction profit will be recognised over the 2-year construction period and estimated PBT margin is more than 10%. The annuity and interest payments from NHAI over the 15-year period is sufficient to cover the O&M cost for the JV, ie, insignificant earnings from the O&M operation. However, we gather that the commencement of construction works will likely be delayed given the lockdown imposed by the Indian government due to the Covid-19 outbreak since 25 March 2020.

Execution risk reduced due to terms of the contract

We understand that there is no financial impact from the delay since the JV is given up to 4Q20 to reach a financial close and to start construction on the project under the terms of the HAM contract. The upfront payment equivalent to 10% of the construction cost that will be paid by NHAI to the JV provides sufficient working capital for the project until mid-2021. If the government lockdown delays the completion of the highway within 2 years, there are also force majeure clauses that will protect the JV from penalties.

Lifts order book by RM303m

We understand that SunCon's share of earnings from the RM505m project is based on its 60% stake in a JV to be formed. Given the challenging conditions in Malaysia, we view SunCon's ability to secure the overseas project in India positively. RNS was previously SunCon's local partner for its first 2 infrastructure projects when the latter ventured into India in 2001. Its RM303m share of works for this project comprise about 30% of our RM1bn new contract win assumption for 2020E and will likely lift its remaining order book to about RM5.5bn.

High order book to sustain activities

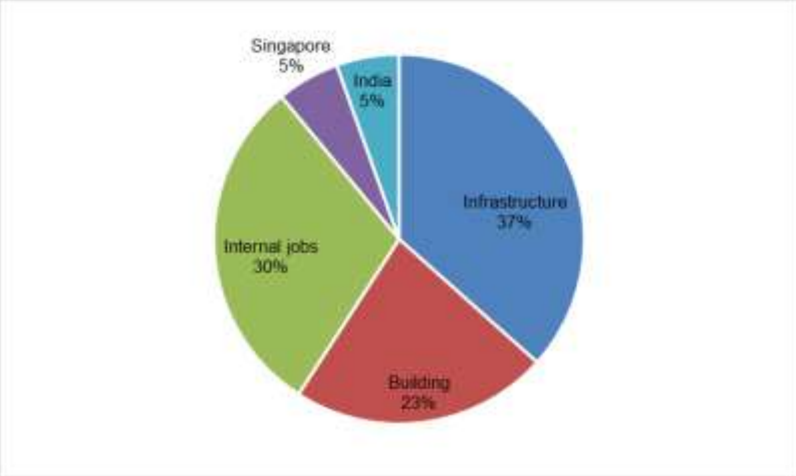
SunCon's current order book of about RM5.5bn is equivalent to 3.1x 2019 revenue. Hence, its order book is sufficient to sustain its construction activities over the long term. But earnings visibility is clouded by the impact of the current MCO in Malaysia and order book replenishment uncertainties. SunCon has submitted tenders for RM7bn worth of projects with overseas projects contributing 50% of its tender book. The overseas projects include 2 highways and a metro railway in India, building projects in Myanmar and piling jobs in the Philippines and Singapore. About 40% of the local tenders relate to building projects for government-linked companies. There are risks that some of the project awards are being delayed given the financial and execution problems due to the pandemic.

Fig 1: Order book

Project	Completion	Contract value (RMm)	Outstanding value (RMm)
Infrastructure			
MRT V201 + S201 (Sg Buloh - Persiaran Dagang)	2Q21	1,213	163
LRT3: Package GS07-08	2Q21	2,178	1,718
Piling works	Various	99	24
LRT3: Package GS06, 07 + 7MD7 (Piling)	Various	99	65
Sentul West Station (MEP)	1Q21	57	57
		3,646	**2,027**
Building			
Putrajaya Parcel F	1Q19	1,610	33
PPA1M project in Kota Bharu	2Q21	582	76
TNB HQ Campus (Ph 2)	2Q21	781	704
Petronas Learning Centre	2Q21	310	299
Oxley (MEP)	2Q22	68	67
IOI Mall (MEP)	2Q21	68	68
		3,419	**1,247**
Internal			
Sunway Medical Centre 4 (2 towers)	4Q21	512	379
Sunway Serene - Serviced Residences	3Q21	449	261
Sunway Velocity Ph 2	4Q21	352	300
Sunway Velocity Ph 3C4	2Q21	100	75
Sunway GeoLake	1Q21	223	82
Carnival Mall Extension	1Q21	286	226
Sunway Medical Centre Seberang Jaya	1Q21	180	146
BB Solar	4Q19	8	0
Big Box Hotel	3Q20	100	72
Parcel CP2 (Piling)	3Q21	119	111
Sunway Pyramid Solar	2Q20	3	3
		2,332	**1,655**
Singapore			
Precast	Various	331	157
Precast - New orders in 2019	Various	160	147
		491	**304**
India			
NH-844 Highway (Thorapalli Agraharam-Jittandahalli Section)	4Q22	303	303
		303	**303**
Grand total		**10,191**	**5,536**

Source: Company

Fig 2: Order book breakdown by type of projects



Source: Company, Affin Hwang estimates

Strong balance sheet

SunCon's net cash of RM407m or RM0.32/share as at end-2019 puts the group in a better position to weather the current downturn in the construction sector and Malaysian economy. Its current ratio of 1.5x and liquidity ratio of 0.6x as at end-2019 indicate the group's ability to meet its short-term liabilities. Based on its fixed cash cost of RM14m per month, the net cash is sufficient to sustain it for 29 months without revenue or resorting to new debt.

Earnings cut for slower progress billings in 2020E

We cut our 2020E core EPS by 12% to reflect slower progress billings for its ongoing projects. Our 2021E core EPS is not significantly changed, assuming works on ongoing projects will resume in full force next year. We lift the 2022E core EPS by 4% assuming higher progress billings to catch up on delayed works in 2020. Based on our sensitivity analysis (Fig 4), every RM100m increase in revenue will lift the 2020E core EPS by 5.3% and every 1ppt increase in the EBIT margin will the raise 2020E core EPS by 12.4%, and vice versa. Hence, the core EPS forecast is sensitive to changes in revenue and EBIT margin assumptions.

Fig 3: Changes in revenue, core net profit and core EPS forecasts

Year to 31 Dec (RMm)	2020E	2021E	2022E
Old revenue	2,146.0	2,107.8	2,176.3
New revenue	1,901.7	2,219.8	2,416.6
Change (%)	**(11.4)**	**5.3**	**11.0**
Old core net profit	133.9	133.4	138.1
New core net profit	118.2	132.9	144.0
Change (%)	**(11.7)**	**(0.4)**	**4.2**
Old core EPS (sen)	10.4	10.3	10.7
New core EPS (sen)	9.2	10.3	11.2
Change (%)	**(11.7)**	**(0.4)**	**4.2**

Source: Affin Hwang estimates

Fig 4: Core EPS sensitivity to change in assumptions

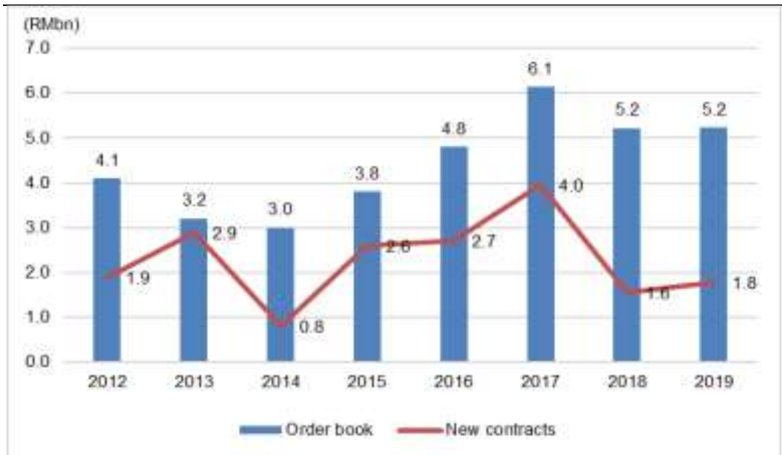
Year to 31 Dec	Core EPS change (%) 2020E	2021E
Revenue change +RM100m	+5.3	+4.5
EBIT margin change +1 ppt	+12.4	+12.9

Source: Affin Hwang estimates

Earnings contraction in 2020E

We expect core EPS contraction of 11% yoy in 2020E due to slower progress billings despite a high order book. But we expect core EPS to rebound to a growth of 12% yoy in 2021E as works resume fully next year. We assume new contract wins of RM1.0bn/RM1.2bn/RM2.0bn in 2020E/21E/22E respectively. SunCon's track record in securing new contracts has been good in the past despite the lack of government projects. SunCon is able to secure projects from its parent Sunway Bhd (about 30% of the current order book) and the private sector (including GLCs). We expect EBIT margins to ease in 2020-21E due to low margins expected for ongoing building projects such as the Petronas Learning Centre and Tenaga Headquarters.

Fig 5: Annual new contract wins and remaining year-end order book



Source: Affin Hwang estimates, Bloomberg

Fig 6: Segmental revenue and EBIT breakdown

Year to 31 Dec	2018	2019	2020E	2021E	2022E
Revenue	**2,256.7**	**1,768.7**	**1,901.7**	**2,219.8**	**2,416.6**
- Construction	2,123.2	1,618.9	1,789.0	2,038.6	2,248.5
- Precast concrete	133.6	149.8	112.7	181.2	168.1
- Others	0.0	0.0	0.0	0.0	0.0
EBIT	**181.2**	**144.9**	**144.8**	**162.6**	**175.5**
- Construction	173.9	135.3	132.7	149.5	157.4
- Precast concrete	1.3	5.8	12.1	13.2	18.1
- Others	6.0	0.0	0.0	0.0	0.0
EBIT margin (%)	**8.0**	**8.2**	**7.6**	**7.3**	**7.3**
- Construction	8.2	8.4	7.4	7.3	7.0
- Precast concrete	0.9	3.8	10.8	7.3	10.8

Source: Affin Hwang estimates, company

More resilient relative to peers

We continue to like SunCon for its relatively low reliance on Malaysian government projects to replenish its order book. Its strong balance sheet position and high order book currently will likely sustain its activities and operations. It is also not involved in property development compared to its peers and hence faces relatively low financial risk in the event of a prolonged property downturn. SunCon's current 2021E PER of 17x is attractive compared to the construction sector's weighted-average PER of 19x and its 5-year mean of 18x. SunCon's ex-cash 2021E PER is lower at 14x, and its 2020E Price/Book of 3.4x is below the 5-year mean of 4.0x.

Fig 7: Construction peer comparison

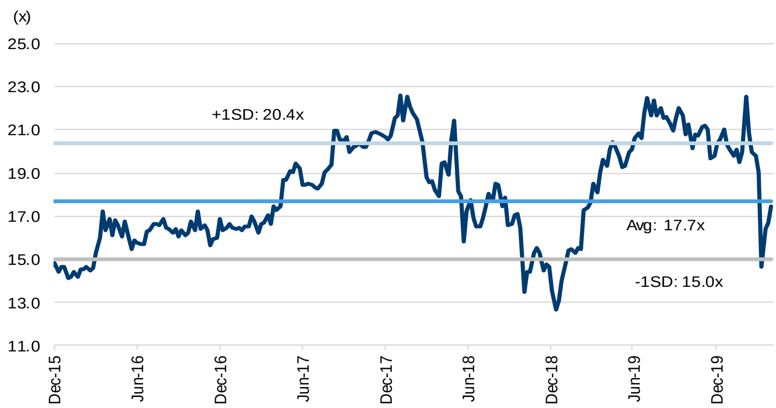
Company Name	Stock Code	Rating	Share Pr (RM)	TP (RM)	Mkt Cap (RMbn)	Year end	Core PE (x) CY20E	Core PE (x) CY21E	Core EPS growth (%) CY20E	Core EPS growth (%) CY21E	EV/EBITDA (x) CY20E	P/BV (x) CY20E	ROE (%) CY20E	Div Yield CY20E	RNAV/ share	Sh Pr discount to RNAV	TP Discount to RNAV
GAMUDA	GAM MK	SELL	3.15	2.04	7.9	Jul	13.6	14.7	(12.8)	(6.9)	12.7	1.0	6.9	3.8	3.30	5	40
IJM CORP	IJM MK	SELL	1.78	1.24	6.5	Mar	31.8	30.5	(27.1)	4.2	11.7	0.6	1.8	1.7	2.06	14	40
MRCB	MRC MK	SELL	0.52	0.31	2.3	Dec	111.3	117.2	(159.6)	(5.0)	35.9	0.5	0.4	3.4	0.89	42	65
WCT	WCTHG MK	HOLD	0.46	0.37	0.6	Dec	9.6	6.3	(42.9)	44.7	10.1	0.2	2.0	3.7	1.24	63	70
SUNWAY CONSTRUCTIO	SCGB MK	BUY	1.75	1.94	2.3	Dec	19.1	17.0	(11.3)	12.4	9.9	3.4	17.8	3.4	2.15	19	10
AME ELITE	AME MK	BUY	1.40	1.52	0.6	Mar	11.1	10.1	8.4	10.2	6.7	0.9	8.3	1.8	3.05	54	50
GABUNGAN AQRS	AQRS MK	HOLD	0.79	0.78	0.4	Dec	10.1	10.3	14.0	(1.9)	9.7	1.2	7.3	5.1	1.12	29	30
PINTARAS	PINT MK	HOLD	2.57	2.33	0.4	Jun	8.0	8.5	8.6	(5.6)	3.3	1.2	14.9	7.0	NA	NA	NA
TALIWORKS	TWK MK	BUY	0.80	1.02	1.6	Dec	18.4	24.4	76.2	(24.3)	13.0	1.6	8.9	8.3	1.27	37	20
HSS ENGINEERING	HSS MK	HOLD	0.43	0.32	0.2	Dec	24.5	23.0	574.3	6.8	9.6	0.9	3.9	0.0	NA	NA	NA
Average					**22.8**		**18.5**	**18.6**	**(8.6)**	**(0.6)**	**12.2**	**1.2**	**4.1**	**3.8**		**33**	**41**
Avg ex Gamuda, MRCB, IJM					**6.1**		**14.4**	**13.4**	**(2.4)**	**14.6**	**9.5**	**1.4**	**6.3**	**4.2**		**40**	**36**

Source: Affin Hwang estimates, Bloomberg

Note: Pricing as of 15 April 2020

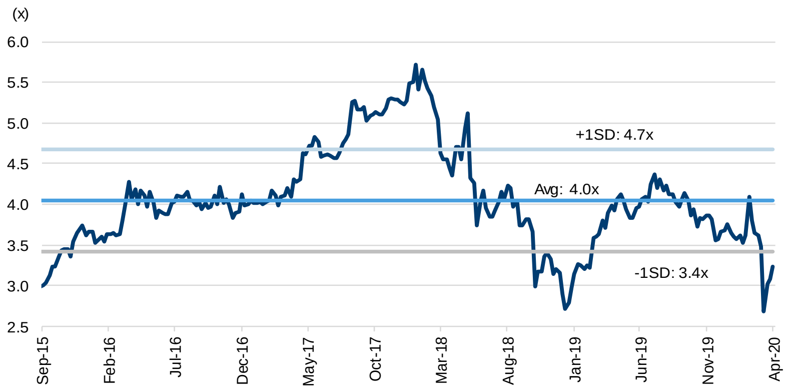
Note: When a report covers six or more subject companies please access important disclosures for Daiwa Capital Markets Hong Kong Limited at **http://www.hk.daiwacm.com/research_disclaimer.html** *or contact your investment representative or Daiwa Capital Markets Hong Kong Limited at Level 26, One Pacific Place, 88 Queensway, Hong Kong.*

Fig 8: 12-month forward PER



Source: Affin Hwang estimates, Bloomberg

Fig 9: 12-month forward Price/Book



Source: Affin Hwang estimates, Bloomberg

Upgrade RNAV and target price

We lift our RNAV/share estimate to RM2.15 from RM1.91 previously after rolling over the valuation base year to 2021E. We raise our construction sustainable earnings to RM130m from RM110m previously. Based on the same 10% discount to RNAV, we raise our 12-month TP to RM1.94 from RM1.72 previously. We reiterate our BUY call on SunCon with potential upside of 11% to our new TP.

Fig 10: RNAV and target price

Segments	Stake (%)	New RNAV (RMm)	Old RNAV (RMm)	Change (%)
Construction @ PER 15x sustainable earnings of RM120m	100	1,950	1,650	18
Pre-cast concrete @ PER 15x sustainable earnings of RM25m	100	375	375	0
Investment in Singapore IPPH JV @ book value	50	44	44	0
Net cash/(debt)		407	398	2
RNAV		**2,776**	**2,467**	**13**
No. of shares (m)		1,291	1,291	0
RNAV/share (RM)		**2.15**	**1.91**	**13**
Target price at 10% discount to RNAV/share		**1.94**	**1.72**	**13**

Source: Affin Hwang estimates

Sunway Construction – FINANCIAL SUMMARY

Profit & Loss Statement

FYE 31 Dec (RMm)	2018	2019	2020E	2021E	2022E
Revenue	**2,256.7**	**1,768.7**	**1,901.7**	**2,219.8**	**2,416.6**
Operating expenses	(2,035.6)	(1,583.5)	(1,716.2)	(2,016.1)	(2,199.6)
EBITDA	**221.1**	**185.2**	**185.5**	**203.7**	**217.0**
Depreciation	(40.0)	(40.3)	(40.7)	(41.1)	(41.5)
EBIT	**181.2**	**144.9**	**144.8**	**162.6**	**175.5**
Net int income/(expense)	6.8	12.0	7.7	9.1	10.8
Associates' contribution	0.7	4.4	4.4	4.4	4.4
Forex gain/(loss)	0.5	(0.2)	0.0	0.0	0.0
Exceptional gain/(loss)	(6.5)	(3.7)	0.0	0.0	0.0
Pretax profit	**182.7**	**157.4**	**156.9**	**176.1**	**190.8**
Tax	(38.0)	(27.1)	(37.7)	(42.3)	(45.8)
Minority interest	(0.3)	(1.0)	(1.0)	(1.0)	(1.0)
Net profit	**144.4**	**129.3**	**118.2**	**132.9**	**144.0**

Balance Sheet Statement

FYE 31 Dec (RMm)	2018	2019	2020E	2021E	2022E
Fixed assets	177.0	138.7	106.3	73.5	40.3
Other long term assets	53.9	56.5	119.8	182.1	244.4
Total non-current assets	**230.9**	**195.2**	**226.1**	**255.6**	**284.7**
Cash and equivalents	484.9	692.6	676.6	630.8	659.2
Stocks	30.0	25.1	34.1	35.0	40.2
Debtors	971.5	941.7	1,115.3	1,285.8	1,328.2
Other current assets	50.8	50.4	50.4	50.4	50.4
Total current assets	**1,537.1**	**1,709.8**	**1,876.4**	**2,002.1**	**2,078.1**
Creditors	939.6	885.2	1,076.8	1,213.5	1,279.8
Short term borrowings	113.6	233.4	186.7	149.4	119.5
Other current liabilities	9.5	1.6	3.6	16.1	30.2
Total current liabilities	**1,062.7**	**1,120.2**	**1,267.1**	**1,378.9**	**1,429.5**
Long term borrowings	10.7	61.6	70.5	70.5	70.5
Other long term liabilities	102.9	98.1	98.1	98.1	98.1
Total long term liabilities	**113.6**	**159.7**	**168.6**	**168.6**	**168.6**
Shareholders' Funds	**590.2**	**623.0**	**663.6**	**706.0**	**759.4**
Minority interests	**1.4**	**2.2**	**3.2**	**4.2**	**5.2**

Cash Flow Statement

FYE 31 Dec (RMm)	2018	2019	2020E	2021E	2022E
EBIT	181.2	144.9	144.8	162.6	175.5
Depreciation & amortisation	40.0	40.3	40.7	41.1	41.5
Working capital changes	(10.4)	21.9	8.9	(34.7)	18.8
Cash tax paid	(37.4)	(38.4)	(37.7)	(42.3)	(45.8)
Others	19.3	19.4	19.7	22.6	26.0
Cashflow from operation	**192.6**	**188.1**	**176.5**	**149.3**	**216.1**
Capex	(54.8)	(4.8)	(8.3)	(8.3)	(8.3)
Disposal/(purchases)	(19.5)	(46.6)	(60.0)	(59.0)	(59.0)
Others	0.0	0.0	0.0	0.0	0.0
Cash flow from investing	**(74.2)**	**(51.4)**	**(68.3)**	**(67.3)**	**(67.3)**
Debt raised/(repaid)	(10.3)	170.6	(46.7)	(37.3)	(29.9)
Equity raised/(repaid)	0.0	(5.7)	0.0	0.0	0.0
Net interest income/(exp)	0.0	0.0	0.0	0.0	0.0
Dividends paid	(96.9)	(90.6)	(77.6)	(90.5)	(90.5)
Others	(24.5)	167.9	0.0	0.0	0.0
Cash flow from financing	**(131.7)**	**242.2**	**(124.3)**	**(127.8)**	**(120.4)**
Free Cash Flow	**137.8**	**183.3**	**168.2**	**141.1**	**207.8**

Source: Company, Affin Hwang estimates

Key Financial Ratios and Margins

FYE 31 Dec (RMm)	2018	2019	2020E	2021E	2022E
Growth					
Revenue (%)	8.7	(21.6)	7.5	16.7	8.9
EBITDA (%)	13.7	(16.3)	0.2	9.8	6.5
Core net profit (%)	15.8	(11.4)	(11.3)	12.4	8.4
Profitability					
EBITDA margin (%)	9.8	10.5	9.8	9.2	9.0
PBT margin (%)	8.1	8.9	8.2	7.9	7.9
Net profit margin (%)	6.4	7.3	6.2	6.0	6.0
Effective tax rate (%)	20.8	17.2	22.0	22.0	22.0
ROA (%)	3.8	3.3	2.8	2.9	2.9
Core ROE (%)	26.5	22.0	18.4	19.4	19.7
ROCE (%)	88.5	66.6	64.1	62.4	61.9
Dividend payout ratio (%)	62.7	70.0	65.6	68.1	62.9
Liquidity					
Current ratio (x)	1.4	1.5	1.5	1.5	1.5
Op. cash flow (RMm)	192.6	188.1	176.5	149.3	216.1
Free cashflow (RMm)	137.8	183.3	168.2	141.1	207.8
FCF/share (sen)	10.7	14.2	13.0	10.9	16.1
Asset management					
Debtors turnover (days)	157.1	194.3	214.1	211.4	200.6
Stock turnover (days)	4.8	5.2	6.5	5.8	6.1
Creditors turnover (days)	152.0	182.7	206.7	199.5	193.3
Capital structure					
Net gearing (%)	(62.9)	(65.3)	(64.5)	(59.5)	(63.0)
Interest cover (x)	NA	NA	NA	NA	NA

Quarterly Profit & Loss

FYE 31 Dec (RMm)	4Q18	1Q19	2Q19	3Q19	4Q19
Revenue	**626.0**	**440.0**	**440.2**	**402.6**	**485.9**
Operating expenses	(556.2)	(394.9)	(387.1)	(355.2)	(446.2)
EBITDA	**69.8**	**45.1**	**53.1**	**47.3**	**39.7**
Depreciation	(10.8)	(10.1)	(16.3)	(10.0)	(3.9)
EBIT	**59.0**	**35.0**	**36.8**	**37.4**	**35.8**
Net int income/(expense)	1.2	1.9	3.6	1.2	5.3
Associates' contribution	0.7	0.0	0.0	0.0	4.4
Forex gain/(loss)	(1.1)	(0.1)	0.3	(0.1)	(0.5)
Exceptional items	(12.7)	3.3	0.5	(2.9)	(4.5)
Pretax profit	**47.2**	**40.1**	**41.2**	**35.6**	**40.5**
Tax	(10.4)	(8.5)	(8.2)	(2.5)	(7.8)
Minority interest	(0.3)	(0.6)	0.2	0.5	(1.1)
Net profit	**36.5**	**31.0**	**33.2**	**33.5**	**31.6**
Core net profit	**50.3**	**27.9**	**32.3**	**36.5**	**36.7**
Margins (%)					
EBITDA	11.1	10.2	12.1	11.8	8.2
PBT	7.5	9.1	9.4	8.8	8.3
Net profit	5.8	7.0	7.5	8.3	6.5

Important Disclosures and Disclaimer

Equity Rating Structure and Definitions

BUY	Total return is expected to exceed +10% over a 12-month period
HOLD	Total return is expected to be between -5% and +10% over a 12-month period
SELL	Total return is expected to be below -5% over a 12-month period
NOT RATED	Affin Hwang Investment Bank Berhad does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation

The total expected return is defined as the percentage upside/downside to our target price plus the net dividend yield over the next 12 months.

OVERWEIGHT	Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months
NEUTRAL	Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months
UNDERWEIGHT	Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months

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