

# Sunway Construction Group (SCGB MK)

## 2Q18: Precast a drag

### Maintain HOLD

2Q18 results came in below ours/consensus expectations largely dragged by weak contribution from the precast division as a result of higher steel bar prices. This is despite the stronger showing from the construction segment on the back of high works recognition. Our earnings and TP (15x FY19 PER, -1SD) are unchanged pending an update with management.

### Precast continues to drag earnings

2Q18 net profit of MYR36m (flat YoY and QoQ) brought 1H18 net profit to MYR72m (+3% YoY), meeting just 45%/43% of ours/consensus full-year forecasts. The shortfall in 2Q18 was contributed by the precast segment which reported a lower EBIT of MYR2m (-59% YoY, -37% QoQ), impacted by higher steel bar prices which were above the price during the tender stage. As a result, EBIT margin for the segment fell by 11.2ppts YoY (-2.7ppts QoQ) in 2Q18.

### Construction still supporting growth

YoY, construction continues to see growth, reporting an EBIT of MYR40m (+12% YoY, +2% QoQ) in 2Q18. This is in-line with the topline growth supported by higher works recognition mainly from the KVMRT 2, Parcel F and Putrajaya projects. EBIT margin for the division also remained stable at 7.8% (-1.4ppts YoY, -0.2ppts QoQ.). SCG's outstanding orderbook stood at MYR5.8b as of end-Jun 2018.

### Targeting MYR1.5b of job wins for FY18

Having secured MYR854m of new jobs (incl. precast) as of end-Jun 2018, we believe SCG's internal job win target of MYR1.5-2b in FY18 is achievable. We believe this would largely be supported by the internal property developments within Sunway Group. Our earnings forecasts have assumed MYR1.5b of job wins for FY18. However, we do see downside risk to our earnings with the cost review of the KVLRT 3 and extended duration of its construction period (from 2021 to 2024).

FYE Dec (MYR m)	FY16A	FY17A	FY18E	FY19E	FY20E
Revenue	1,789	2,076	2,536	3,101	3,163
EBITDA	188	202	244	289	275
Core net profit	124	138	164	196	184
Core EPS (sen)	9.6	10.7	12.7	15.2	14.2
Core EPS growth (%)	(2.9)	11.6	19.3	19.5	(6.5)
Net DPS (sen)	5.0	7.0	4.5	5.3	5.0
Core P/E (x)	16.5	19.3	15.9	13.3	14.2
P/BV (x)	4.1	4.8	4.0	3.3	2.9
Net dividend yield (%)	3.2	3.4	2.2	2.6	2.5
ROAE (%)	26.2	26.3	27.1	27.1	21.7
ROAA (%)	8.2	7.9	8.7	9.4	7.8
EV/EBITDA (x)	9.9	14.3	8.8	6.9	6.9
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Consensus net profit	-	-	167	182	189
MKE vs. Consensus (%)	-	-	(1.4)	8.1	(2.7)

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

# HOLD

Share Price	MYR 2.02
12m Price Target	MYR 2.30 (+14%)
Previous Price Target	MYR 2.30

### Company Description

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

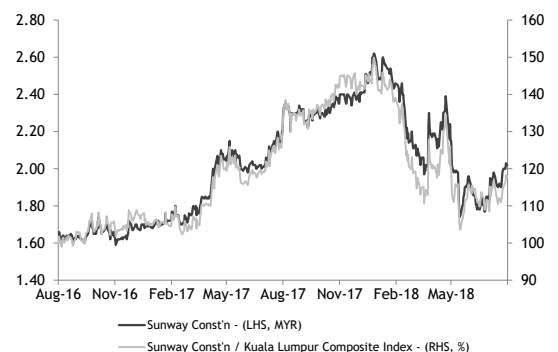
### Statistics

52w high/low (MYR)	2.62/1.74
3m avg turnover (USDm)	0.6
Free float (%)	24.0
Issued shares (m)	1,293
Market capitalisation	MYR2.6B
	USD636M

### Major shareholders:

Sunway Bhd.	54.4%
Active Equity Sdn. Bhd.	10.1%
Employees Provident Fund	6.4%

### Price Performance



	-1M	-3M	-12M
Absolute (%)	9	(6)	(8)
Relative to index (%)	6	(2)	(9)

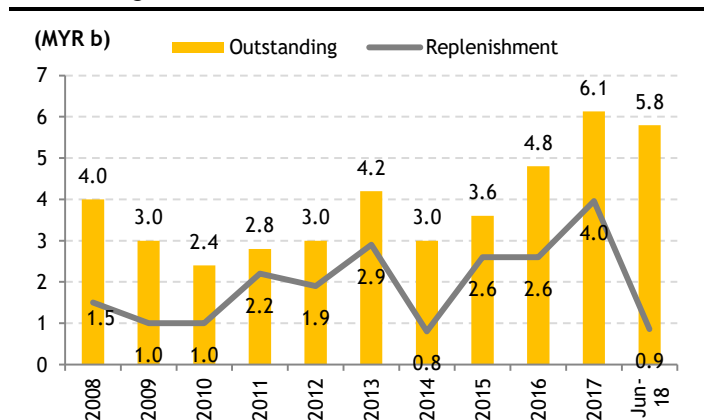
Source: FactSet

## Results summary table

FY Dec (RM m)	Quarterly results					Cumulative		
	2Q18	2Q17	% YoY	1Q18	% QoQ	1H18	1H17	% YoY
Turnover	544.3	417.2	30.4	529.2	2.8	1,073.5	836.8	28.3
EBIT	42.0	40.9	2.8	42.7	(1.7)	84.7	82.0	3.3
Net interest	3.2	1.0	202.4	1.0	226.5	4.1	3.2	30.6
Pre-tax profits	45.2	41.9	7.8	43.7	3.3	88.9	85.2	4.3
Tax	(9.3)	(6.1)	53.0	(7.9)	17.9	(17.2)	(15.6)	10.2
Minority Interests	(0.0)	0.1	NM	0.0	NM	0.0	0.1	(92.3)
Net profit	35.9	35.9	(0.1)	35.9	0.0	71.7	69.7	2.9
	2Q18	2Q17	+/- ppt	1Q18	+/- ppt	1H18	1H17	+/- ppt
EBIT margin (%)	7.7	9.8	(2.1)	8.1	(0.4)	7.9	9.8	(1.9)
Pretax margin (%)	8.3	10.0	(1.7)	8.3	0.0	8.3	10.2	(1.9)
Tax rate (%)	20.6	14.5	6.1	18.0	2.5	19.3	18.3	1.0
<b>Revenue</b>	2Q18	2Q17	% YoY	1Q18	% QoQ	1H18	1H17	% YoY
Construction	511.6	387.1	32.2	492.1	4.0	1,003.7	737.9	36.0
Precast concrete	32.6	30.1	8.4	37.1	(12.1)	69.8	98.9	(29.4)
Total	544.3	417.2	30.4	529.2	2.8	1,073.5	836.8	28.3
<b>EBIT</b>								
Construction	39.7	35.4	12.3	39.2	1.5	78.9	61.7	28.0
Precast concrete	2.3	5.5	(58.5)	3.6	(36.5)	5.8	20.4	(71.4)
Total	42.0	40.9	2.8	42.7	(1.7)	84.7	82.0	3.3
<b>EBIT margin (%)</b>	2Q18	2Q17	+/- ppt	1Q18	+/- ppt	1H18	1H17	+/- ppt
Construction	7.8	9.1	(1.4)	8.0	(0.2)	7.9	8.4	(0.5)
Precast concrete	6.9	18.2	(11.2)	9.6	(2.7)	8.4	20.6	(12.3)
Total	7.7	9.8	(2.1)	8.1	(0.4)	7.9	9.8	(1.9)

Source: Maybank Kim Eng, Company

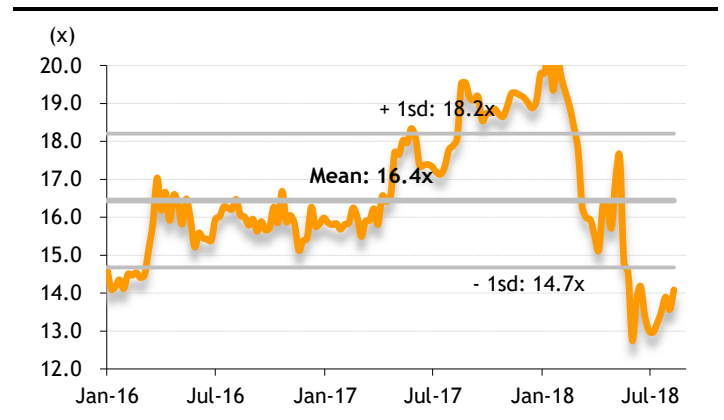
## Outstanding orderbook as of end-Jun 2018



\*Including precast

Source: Company data, Maybank Kim Eng

## Forward PER Chart



Source: Company data, Maybank Kim Eng

**Sunway Construction: Outstanding orderbook of MYR5.8b as of end-Jun 2018**

End-Jun 2018	Contract value (MYR m)	Outstanding (MYR m)
<b>Infrastructure</b>		
KVMRT 2, V201 (Sg Buloh-Persiaran Dagang)	1,213	587
KVMRT 2, V201 - Advance Works	53	7
SUKE + DASH Bore Piling #	34	11
BBCC (Bore Piling) #	88	42
LRT 3 : Package GS07-08 #	2,178	2,067
Piling Works*	75	74
<b>Building</b>		
Putrajaya Parcel F	1,610	421
KLCC (NEC + Package 2 & 2a)	646	43
HUKM (MEP works)	66	26
International School of KL	268	36
Gas District Cooling (Plant 1) #	152	50
PPA1M Project in Kota Bahru #	582	420
Warehouse in Shah Alam #	70	68
M&E Works*	10	10
Velocity Ecodeck*	11	11
<b>Internal</b>		
Sunway Velocity Medical Centre	185	95
Sunway Medical Centre 4 (2 towers)	512	456
Sunway Iskandar - Emerald Residences	175	12
Sunway Iskandar - Retail Complex	170	130
Sunway Property - Kelana Jaya Condo #	449	357
Sunway Carnival 2 Extension - PDP contract *	286	277
SunGeo Lake 44 storey residential tower *	223	210
SMC Seberang Jaya*	180	180
Others*	14	12
<b>Precast</b>		
Precast new-order 2018*	55	55
<b>TOTAL</b>	<b>9,635</b>	<b>5,785</b>

# Secured in 2017; \*Secured in 2018

Source: Company

## Risk statement

There are several risk factors for our earnings estimates, price target and rating for SCG. Slower-than-expected work progress at major construction projects may affect timing of earnings recognition. The review of major infrastructure projects by the new government could also delay implementation of new projects affecting future orderbook replenishment.

FYE 31 Dec	FY16A	FY17A	FY18E	FY19E	FY20E
<b>Key Metrics</b>					
P/E (reported) (x)	16.5	19.3	15.9	13.3	14.2
Core P/E (x)	16.5	19.3	15.9	13.3	14.2
P/BV (x)	4.1	4.8	4.0	3.3	2.9
P/NTA (x)	4.2	4.8	4.0	3.3	2.9
Net dividend yield (%)	3.2	3.4	2.2	2.6	2.5
FCF yield (%)	3.4	0.5	6.3	8.1	6.9
EV/EBITDA (x)	9.9	14.3	8.8	6.9	6.9
EV/EBIT (x)	12.5	17.6	10.5	8.1	8.3

**INCOME STATEMENT (MYR m)**

Revenue	1,788.8	2,076.3	2,536.1	3,100.5	3,163.2
Gross profit	379.0	428.6	477.8	531.1	508.1
EBITDA	188.3	202.4	244.3	288.9	274.6
Depreciation	(39.1)	(37.8)	(39.0)	(40.4)	(45.8)
EBIT	149.2	164.6	205.4	248.5	228.8
Net interest income / (exp)	4.4	7.4	8.1	5.8	8.7
Associates & JV	0.0	2.2	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
Pretax profit	153.7	174.2	213.4	254.4	237.5
Income tax	(30.0)	(36.2)	(49.0)	(57.9)	(53.9)
Minorities	(0.1)	(0.1)	0.0	0.0	0.0
Reported net profit	123.5	137.8	164.5	196.5	183.6
Core net profit	123.5	137.8	164.5	196.5	183.6
Preferred Dividends	0.0	0.0	0.0	0.0	0.0

**BALANCE SHEET (MYR m)**

Cash & Short Term Investments	465.8	487.2	595.3	738.8	854.4
Accounts receivable	938.4	1,195.3	1,093.1	1,304.1	1,327.5
Inventory	24.0	24.4	22.6	28.2	29.1
Property, Plant & Equip (net)	138.4	149.8	161.6	183.2	200.7
Intangible assets	2.3	2.2	2.2	2.2	2.2
Investment in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other assets	28.5	28.2	28.2	28.2	28.2
<b>Total assets</b>	<b>1,597.3</b>	<b>1,887.2</b>	<b>1,903.0</b>	<b>2,284.7</b>	<b>2,442.1</b>
ST interest bearing debt	136.5	134.7	134.7	134.7	134.7
Accounts payable	955.0	1,185.1	1,093.9	1,348.0	1,386.1
LT interest bearing debt	0.0	0.0	0.0	0.0	0.0
Other liabilities	12.0	13.0	13.0	13.0	13.0
<b>Total Liabilities</b>	<b>1,103.5</b>	<b>1,332.3</b>	<b>1,241.2</b>	<b>1,495.3</b>	<b>1,533.3</b>
Shareholders Equity	493.0	553.7	660.6	788.3	907.7
Minority Interest	0.8	1.1	1.1	1.1	1.1
<b>Total shareholder equity</b>	<b>493.8</b>	<b>554.8</b>	<b>661.7</b>	<b>789.4</b>	<b>908.8</b>
Perpetual securities	0.0	0.0	0.0	0.0	0.0
<b>Total liabilities and equity</b>	<b>1,597.3</b>	<b>1,887.2</b>	<b>1,903.0</b>	<b>2,284.7</b>	<b>2,442.1</b>

**CASH FLOW (MYR m)**

Pretax profit	153.7	174.2	213.4	254.4	237.5
Depreciation & amortisation	39.1	37.8	39.0	40.4	45.8
Adj net interest (income)/exp	4.4	7.4	8.1	5.8	8.7
Change in working capital	(58.7)	(112.0)	12.9	37.5	13.7
Cash taxes paid	(26.5)	(37.1)	(49.0)	(57.9)	(53.9)
Other operating cash flow	(26.4)	(7.4)	(8.1)	(5.8)	(8.7)
Cash flow from operations	85.6	62.8	216.3	274.3	243.1
Capex	(17.0)	(48.4)	(50.7)	(62.0)	(63.3)
Free cash flow	68.7	14.4	165.6	212.3	179.9
Dividends paid	(84.0)	(71.1)	(57.6)	(68.8)	(64.3)
Change in Debt	(0.3)	(1.9)	0.0	0.0	0.0
Other invest/financing cash flow	91.7	89.6	0.0	0.0	0.0
Net cash flow	76.0	31.0	108.0	143.6	115.6

FYE 31 Dec	FY16A	FY17A	FY18E	FY19E	FY20E
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	(6.7)	16.1	22.1	22.3	2.0
EBITDA growth	5.7	7.5	20.7	18.2	(5.0)
EBIT growth	9.5	10.3	24.7	21.0	(7.9)
Pretax growth	9.2	13.4	22.5	19.2	(6.6)
Reported net profit growth	(2.9)	11.6	19.3	19.5	(6.5)
Core net profit growth	(2.9)	11.6	19.3	19.5	(6.5)
<b>Profitability ratios (%)</b>					
EBITDA margin	10.5	9.7	9.6	9.3	8.7
EBIT margin	8.3	7.9	8.1	8.0	7.2
Pretax profit margin	8.6	8.4	8.4	8.2	7.5
Payout ratio	52.3	65.6	35.0	35.0	35.0
<b>DuPont analysis</b>					
Net profit margin (%)	6.9	6.6	6.5	6.3	5.8
Revenue/Assets (x)	1.1	1.1	1.3	1.4	1.3
Assets/Equity (x)	3.2	3.4	2.9	2.9	2.7
ROAE (%)	26.2	26.3	27.1	27.1	21.7
ROAA (%)	8.2	7.9	8.7	9.4	7.8
<b>Liquidity &amp; Efficiency</b>					
Cash conversion cycle	(51.6)	(43.5)	(32.8)	(28.3)	(31.7)
Days receivable outstanding	166.6	185.0	162.4	139.2	149.8
Days inventory outstanding	5.3	5.3	4.1	3.6	3.9
Days payables outstanding	223.5	233.8	199.3	171.1	185.4
Dividend cover (x)	1.9	1.5	2.9	2.9	2.9
Current ratio (x)	1.3	1.3	1.4	1.4	1.5
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	1.4	1.4	1.5	1.5	1.6
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)	0.7	0.7	0.6	0.5	0.5
Capex/revenue (%)	0.9	2.3	2.0	2.0	2.0
Net debt/ (net cash)	(329.3)	(352.6)	(460.6)	(604.2)	(719.8)

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 | China  
(603) 2297 8682  
suhaimi\_ilias@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

**Dr Zamros DZULKAFLI**  
(603) 2082 6818  
zamros.d@maybank-ib.com

**Ramesh LANKANATHAN**  
(603) 2297 8685  
ramesh.l@maybank-ib.com

### FX

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

**Christopher WONG**  
(65) 6320 1347  
wongkl@maybank.com.sg

**Leslie TANG**  
(65) 6320 1378  
leslietang@maybank.com.sg

**Fiona LIM**  
(65) 6320 1374  
fionalim@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

### FIXED INCOME

**Winson Phoon, ACA**  
(65) 6231 5831  
winsonphoon@maybank-ke.com.sg

**Se Tho Mun Yi**  
(603) 2074 7606  
munyi.st@maybank-ib.com

### 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

**Adrian WONG**  
(603) 2297 8675 adrian.wkj@maybank-ib.com  
• Constructions • Healthcare

**Jade TAM**  
(603) 2297 8687 jade.tam@maybank-ib.com  
• Media • Building Materials

**Mohd Hafiz Hassan**  
(603) 2082 6819 mohdhafiz.ha@maybank-ib.com  
• Small & Mid Caps

**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

### SINGAPORE

**Neel SINHA** *Head of Research*  
(65) 6231 5838 neelsinha@maybank-ke.com.sg  
• Strategy • Industrials  
• SMID Caps - Regional

**CHUA Su Tye**  
(65) 6231 5842 chuasutye@maybank-ke.com.sg  
• REITs

**Derrick HENG, CFA**  
(65) 6231 5843 derrickheng@maybank-ke.com.sg  
• Property • REITs (Office)

**Luis HILADO**  
(65) 6231 5848 luishilado@maybank-ke.com.sg  
• Telcos

**LAI Gene Lih**  
(65) 6231 5832 laigenetih@maybank-ke.com.sg  
• Technology

### HONG KONG / CHINA

**Mitchell KIM** *Head of Research*  
(852) 2268 0634 mitchellkim@kimeng.com.hk  
• Internet & Telcos

**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

**Ricky NG, CFA**  
(852) 2268 0689 rickyng@kimeng.com.hk  
• Regional Renewables  
• HK & China Properties

**Stefan CHANG, CFA**  
(852) 2268 0675 stefanchang@kimeng.com.hk  
• Technology - Regional

**Tony REN, CFA**  
(852) 2268 0640 tonyren@kimeng.com.hk  
• Healthcare & Pharmaceutical

**Wendy LI**  
(852) 2268 0647 wendyli@kimeng.com.hk  
• Consumer & Auto

### 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 vishalperiwa@maybank-ke.co.in  
• Infrastructure

### INDONESIA

**Isnaputra 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

**Janni ASMAN**  
(62) 21 8066 8687  
janni.asman@maybank-ke.co.id  
• Cigarette • Healthcare • Retail

### PHILIPPINES

**Minda OLONAN** *Head of Research*  
(63) 2 849 8840  
minda.olonan@maybank-atrke.com  
• Strategy

**Katherine TAN**  
(63) 2 849 8843  
kat\_tan@maybank-atrke.com  
• Banks • Conglomerates • Ports

**Luis HILADO**  
(65) 6231 5848 luishilado@maybank-ke.com.sg  
• Telcos

**Romel LIBO-ON**  
(63) 2 849 8844  
romel\_libo-on@maybank-atrke.com  
• Property

**Kayzer Llanda**  
(63) 2 849 8838  
Kayzer\_Llanda@maybank-atrke.com  
• Utilities

### 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 • Services

**Amornrat CHEEVAVICHAWALKUL**  
(66) 2658 6300 ext 1393  
Amornrat.C@maybank-ke.co.th  
• Oil & Gas

**Tanawat RUENBANTERNG**  
(66) 2658 6300 ext 1394  
Tanawat.R@maybank-ke.co.th  
• Banks & Diversified Financials

**Ornmongkol TANTITANATORN**  
(66) 2658 6300 ext 1395  
ormmongkol.t@maybank-ke.co.th  
• Power & Utilities • Infrastructure

**Surachai PRAMUALCHAROENKIT**  
*Head of Retail Research*  
(66) 2658 5000 ext 1470  
Surachai.p@maybank-ke.co.th  
• Auto • Conmat • Contractor • Steel

**Ekachai TARAPORNTIP** *Deputy Head*  
(66) 2658 5000 ext 1530  
Ekachai.t@maybank-ke.co.th

**Suthichai KUMWORACHAI** *Deputy Head*  
(66) 2658 5000 ext 1400  
suthichai.k@maybank-ke.co.th  
• Energy • Petrochem

**Suttatip PEERASUB**  
(66) 2658 5000 ext 1430  
suttatip.p@maybank-ke.co.th  
• Media • Commerce

**Termporn TANTIVIVAT**  
(66) 2658 5000 ext 1520  
termporn.t@maybank-ke.co.th  
• Property

**Jaroonpan WATTANAWONG**  
(66) 2658 5000 ext 1404  
jaroonpan.w@maybank-ke.co.th  
• Transportation • Small cap

**Sorabhol VIRAMETEEKUL**  
*Head of Digital Research*  
(66) 2658 5000 ext 1550  
sorabhol.v@maybank-ke.co.th  
• Food, Transportation

**Wijit ARAYAPISIT**  
(66) 2658 5000 ext 1450  
wijit.a@maybank-ke.co.th  
• Strategist

### VIETNAM

**LE Hong Lien, ACCA**  
*Head of Institutional Research*  
(84 28) 44 555 888 x 8181  
lien.le@maybank-kimeng.com.vn  
• Strategy • Consumer • Diversified

**THAI Quang Trung, CFA,**  
*Deputy Head, Institutional Research*  
(84 28) 44 555 888 x 8180  
trung.thai@maybank-kimeng.com.vn  
• Real Estate • Construction • Materials

**LE Nguyen Nhat Chuyen**  
(84 28) 44 555 888 x 8082  
chuyen.le@maybank-kimeng.com.vn  
• Oil & Gas

**NGUYEN Thi Ngan Tuyen,**  
*Head of Retail Research*  
(84 28) 44 555 888 x 8081  
tuyen.nguyen@maybank-kimeng.com.vn  
• Food & Beverage • Oil & Gas • Banking

**TRUONG Quang Binh,**  
*Deputy Head, Retail Research*  
(84 28) 44 555 888 x 8087  
binh.truong@maybank-kimeng.com.vn  
• Rubber Plantation • Tyres & Tubes • Oil & Gas

**TRINH Thi Ngoc Diep**  
(84 28) 44 555 888 x 8208  
diep.trinh@maybank-kimeng.com.vn  
• Technology • Utilities • Construction

**NGUYEN Thi Sony Tra Mi**  
(84 28) 44 555 888 x 8084  
mi.nguyen@maybank-kimeng.com.vn  
• Port Operation • Pharmaceutical  
• Food & Beverage

**NGUYEN Thanh Lam**  
(84 28) 44 555 888 x 8086  
thanhlam.nguyen@maybank-kimeng.com.vn  
• Technical Analysis

## 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. 400 Park Avenue, 11th Floor, New York, New York 10022, 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 Conduct 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 17 August 2018, 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 17 August 2018, KESHK and the authoring analyst do not have any interest in any companies recommended in this research report.

**India:** As of 17 August 2018, 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.

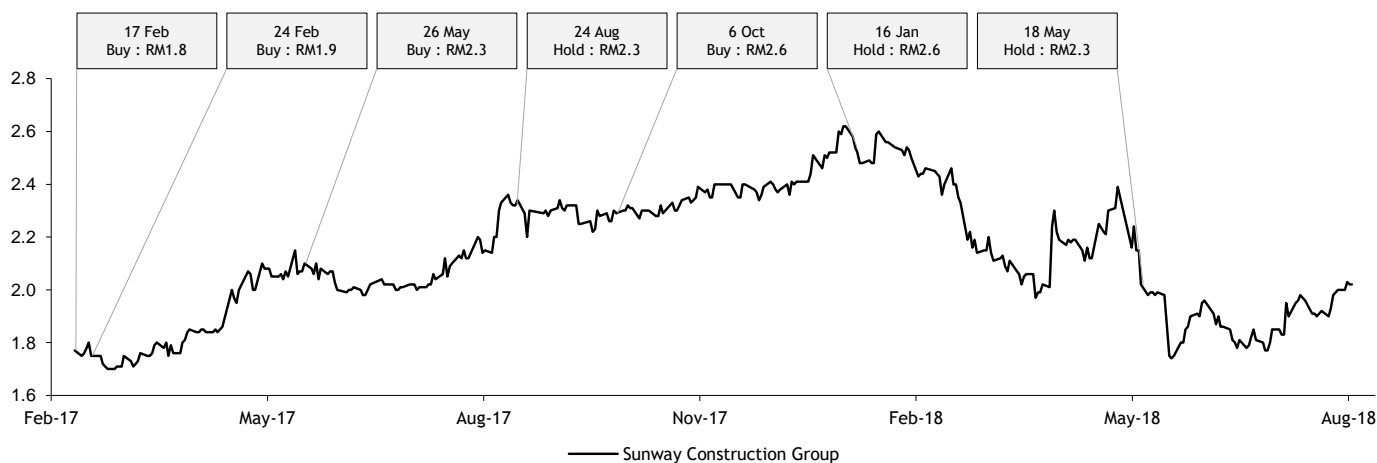
### Reminder

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**

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

**New York**

James Lynch  
jlynch@maybank-keusa.com  
Tel: (212) 688 8886

**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  
28/F, Lee Garden Three,  
1 Sunning Road, Causeway Bay,  
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,  
20<sup>th</sup> - 21<sup>st</sup> 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**

Mark Howe  
mhowe@maybank-ke.co.uk  
Tel: (44) 207-332-0221

**India**

Sanjay Makhija  
sanjaymakhija@maybank-ke.co.in  
Tel: (91)-22-6623-2629

**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, 22<sup>nd</sup> Floor  
Jl. Asia Afrika No. 8  
Gelora Bung Karno, Senayan  
Jakarta 10270, Indonesia

Tel: (62) 21 2557 1188  
Fax: (62) 21 2557 1189

 **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  
400 Park Avenue, 11th Floor  
New York, New York 10022,  
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