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### KEY HIGHLIGHTS

#### Company Results

**Sunway REIT (SREIT MK/HOLD/RM1.89/Target: RM1.90)** Page 2  
FY19: Within expectations, supported by the retail segment.

#### Company Update

**Sunway Construction Group (SCGB MK/HOLD/RM2.14/Target: RM2.07)** Page 5  
Hoping to further replenish orderbook in 2H19 from Myanmar via recent tie-up with CDSG; 2019 earnings expected to be flattish yoy due to slower progress billings.

#### UOBKH Highlights

**Kerjaya Prospek Group (KPG MK/BUY/RM1.46/Target: RM1.82)** Page 8  
Wins RM95m Contract From BBCC

#### TRADERS' CORNER

**Ho Hup Construction Company (HO MK):** Technical BUY

**Uchi Technologies (UCHI MK):** Technical BUY

### KEY INDICES

	Index	pt chg	% chg
FBMKLCI	1,616.02	11.3	0.7
Bursa Emas	11,440.07	80.7	0.7
Ind Product	151.61	0.7	0.5
Finance	15,857.32	76.2	0.5
Consumer	655.05	4.6	0.7
Construction	217.29	2.1	1.0
Properties	852.58	5.4	0.6
Plantations	6,757.21	127.9	1.9

### BURSA MALAYSIA TRADING & PARTICIPATION

Malaysia Turnover	8-Aug-19	% chg
Volume (m units)	2,118	(17.7)
Value (RMm)	1,516	(40.6)

By Investor type	(%)	ppt chg
Foreign investors	29.7	5.4
Local retail	25.4	0.6
Local institution	44.9	(6.0)

### TOP VOLUME / GAINERS / LOSERS

	Price (RM)	Chg (%)	Volume ('000)
<b>Top Volume</b>			
Datasonic Group	0.80	10.3	41,210
Genting Malaysia	3.23	1.6	34,890
Bumi Armada	0.23	2.3	21,854
MY EG Services	1.50	0.7	15,961
SapuraEnergy	0.29	0.0	13,410

	Price (RM)	Chg (%)	Volume ('000)
<b>Top Gainers</b>			
Datasonic Group	0.80	10.3	41,210
Faber Group	2.99	4.2	1,270
Boustead Holdings	1.07	3.9	399
M'sian Bulk Carriers	0.57	2.7	217
Bumi Armada	0.23	2.3	21,854

	Price (RM)	Chg (%)	Volume ('000)
<b>Top Losers</b>			
Coastal Contracts	0.95	(2.1)	160
Berjaya Corp	0.26	(1.9)	3,593
Supermax Corp	1.55	(1.9)	2,469
GD Express Carrier	0.28	(1.8)	906
Tropicana	0.85	(1.2)	50

### OTHER STATISTICS

	8-Aug-19	chg	% chg
RM/US\$	4.19	(0.02)	(0.5)
CPO Jul 19 (RM/mt)	2,135	31.0	1.5

Top volume, gainers and losers are based on FBM100 component stocks

### COMPANY RESULTS

## Sunway REIT (SREIT MK)

FY19: Within Expectations

**FY19 results are within expectations. The retail segment's growth was supported by Sunway Pyramid which saw decent rental reversion and a healthy occupancy rate. Moving into FY20, we believe Sunway REIT's earnings would continue to see modest growth anchored on the retail segment as well as a stable office division. Maintain HOLD and target price of RM1.90. Entry price is RM1.75.**

### FY19 RESULTS

Year to 30 Jun (RMm)	4QFY19	3QFY19	qoq % chg	yoy % chg	FY19	yoy % chg
Gross revenue	145.8	151.5	(3.7)	7.0	580.6	3.6
Retail	105.8	110.7	(4.4)	4.5	426.7	2.4
Hotel	15.0	23.4	(35.8)	(19.9)	78.6	(4.9)
Office	10.3	9.9	3.6	13.2	38.7	15.6
Others	14.7	7.5	96.3	105.6	36.5	31.6
Operating expenses	(34.4)	(37.7)	(8.9)	(4.4)	(140.6)	0.1
Net Property Income	111.5	113.8	(2.0)	11.1	440.0	4.8
Retail	77.2	79.5	(2.9)	9.3	310.5	4.5
Hotel	13.4	21.5	(37.8)	(21.5)	71.3	(8.2)
Office	5.9	5.3	11.4	8.2	21.4	22.3
Others	14.7	7.5	96.3	105.6	36.5	31.6
Core PAT	71.6	75.8	(5.6)	14.7	286.9	1.4
Core EPU (sen)	2.4	2.6	(5.6)	14.7	9.8	1.4
Core DPU (sen)	2.3	2.6	(11.6)	6.0	9.6	0.2

Source: Sunway REIT, UOB Kay Hian

### RESULTS

• **Within expectations.** Sunway REIT reported a 4QFY19 revenue of RM145.8m (-3.7% qoq, +7.0% yoy) and core net profit of RM71.6m (-5.6% qoq, +14.7 yoy). Cumulatively, FY19 revenue was at RM580.6m (+3.6% yoy) with core net profit of RM286.9m (+1.4%) accounting for 99.7% and 99.0% of our and consensus full-year forecasts respectively. Full-year earnings improved on the back of decent growth in the retail and office segments and additional contribution from Sunway University. Earnings declined for the quarter due to the weak performances from the hotel segment, however this was mitigated by income contribution from Sunway University.

### KEY FINANCIALS

Year to 30 Jun (RMm)	2018	2019	2020F	2021F	2022F
Net turnover	560	580	621	641	662
EBITDA	420	440	471	487	500
Operating profit	420	440	471	487	500
Net profit (rep./act.)	428	386	301	315	321
Net profit (adj.)	284	287	301	315	321
EPU (sen)	9.6	9.7	10.2	10.7	10.9
DPU (sen)	9.6	9.6	10.2	10.7	10.9
PE (x)	19.6	19.4	18.5	17.7	17.4
P/B (x)	1.3	1.2	1.2	1.3	1.3
DPU Yld (%)	5.1	5.1	5.4	5.6	5.8
Net margin (%)	76.3	66.6	48.4	49.1	48.5
Net debt/(cash) to equity (%)	67.1	64.6	66.9	68.8	70.6
Interest cover (x)	4.0	3.7	3.4	3.4	3.4
ROE (%)	10.0	8.4	6.3	6.6	6.7
Consensus DPU (sen)	n.a.	n.a.	10.1	10.8	11.0
UOBKH/Consensus (x)	-	-	1.01	0.99	0.99

Source: Sunway REIT, Bloomberg, UOB Kay Hian

## HOLD

(Maintained)

Share Price	RM1.89
Target Price	RM1.90
Upside	+0.3%

### COMPANY DESCRIPTION

Sunway Real Estate Investment Trust invests in retail, office, and hotel properties.

### STOCK DATA

GICS sector	Real Estate
Bloomberg ticker	SREIT MK
Shares issued (m)	2,945.1
Market cap (RMm)	5,566.2
Market cap (US\$m)	1,329.9
3-mth avg daily t'over (US\$m)	1.2

### Price Performance (%)

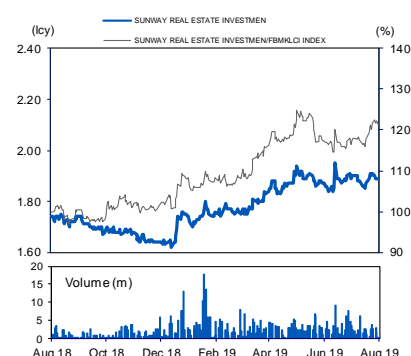
52-week high/low	RM1.95/RM1.62				
<b>1mth</b>	<b>3mth</b>	<b>6mth</b>	<b>1yr</b>	<b>YTD</b>	
(1.0)	(0.5)	7.4	9.9	9.2	

### Major Shareholders

	<b>%</b>
Sunway Bhd	36.1
EPF	10.7
Skim Amanah Saham Bumiputera	8.3

FY20 NAV/Share (RM)	1.51
FY20 Net Debt/Share (RM)	1.09

### PRICE CHART



Source: Bloomberg

### ANALYST(S)

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- **Declares 2.3 sen dividend in 4QFY19** (-11.6% qoq, +6.0% yoy). This brings FY19 dividend to 9.6 sen (+0.2% yoy) and represents a 98.3% payout ratio. The dividend declared accounts for 98.2% of our full-year forecast.

### STOCK IMPACT

- **Retail: Remains the biggest support.** For FY19, the retail segment recorded decent revenue growth of 2.4% yoy. Management guided that tenant sales for Sunway Pyramid Mall was at low-teens growth and rental reversion was at single-digit growth ytd. Occupancy rates for the segment remained stable at 95%. On a qoq basis, the segment declined due to seasonality, as 3Q is usually their strongest quarter.
- **Hotel: Remain cautious.** Sunway Clio helped mitigate the weak performance from the other hotels. The segment suffered from weak foreign tourist visits and fewer corporate activities. Occupancy was weak at 69% (about 76% in FY18). We still remain cautious owing to the competitive hotel environment.
- **Office: Improving but still cautious.** The performance of the office segment was commendable, on account of its stable average occupancy rate of 72% (vs FY18: 62%). This was largely contributed by improved occupancy at Sunway Putra Tower and Wisma Sunway as it saw 82% and 94% occupancy rates for FY19 compared with 56% and 78% in FY18 respectively.

### EARNINGS REVISION/RISK

- None. We introduce our FY22 net profit estimate of RM321m.

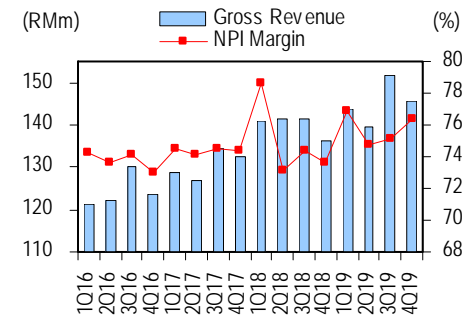
### VALUATION/RECOMMENDATION

- **Maintain HOLD and target price of RM1.90.** Our target price is based on a dividend discount model (required rate of return: 6.7%, terminal growth: 1.3%) and supported by an implied dividend yield of 5.4%. Entry price is RM1.75.

### SHARE PRICE CATALYST

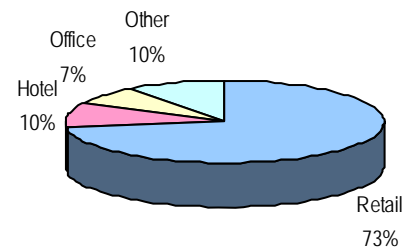
- Inorganic growth to come from the acquisition of sponsor assets – Sunway Giza, Sunway Pyramid Phase 3 and Sunway Pinnacle.

### REVENUE & OPERATING MARGIN



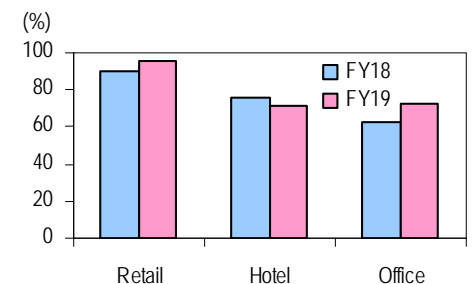
Source: Sunway REIT

### SEGMENTAL REVENUE



Source: Sunway REIT

### AVERAGE OCCUPANCY RATE



Source: Sunway REIT

### PROFIT & LOSS

Year to 30 Jun (RMm)	2019	2020F	2021F	2022F
<b>Net turnover</b>	<b>580</b>	<b>621</b>	<b>641</b>	<b>662</b>
EBITDA	440	471	487	500
Deprec. & amort.	0	0	0	0
EBIT	440	471	487	500
Total other non-operating income	(35)	(31)	(30)	(31)
Net interest income/(expense)	(118)	(138)	(143)	(148)
<b>Pre-tax profit</b>	<b>394</b>	<b>301</b>	<b>315</b>	<b>321</b>
Tax	(8)	0	0	0
<b>Net profit</b>	<b>386</b>	<b>301</b>	<b>315</b>	<b>321</b>
Net profit (adj.)	287	301	315	321

### BALANCE SHEET

Year to 30 Jun (RMm)	2019	2020F	2021F	2022F
Fixed assets	8,060	8,189	8,279	8,320
Other LT assets	0	0	0	0
Cash/ST investment	67	79	109	141
Other current assets	31	34	35	36
<b>Total assets</b>	<b>8,158</b>	<b>8,301</b>	<b>8,422</b>	<b>8,497</b>
ST debt	3,091	3,161	3,231	3,301
Other current liabilities	179	207	214	166
LT debt	77	127	177	227
Other LT liabilities	15	9	4	7
Shareholders' equity	4,797	4,797	4,797	4,797
<b>Total liabilities &amp; equity</b>	<b>8,158</b>	<b>8,301</b>	<b>8,422</b>	<b>8,497</b>

### CASH FLOW

Year to 30 Jun (RMm)	2019	2020F	2021F	2022F
<b>Operating</b>	<b>399</b>	<b>471</b>	<b>487</b>	<b>500</b>
Pre-tax profit	624	621	641	662
Deprec. & amort.	0	0	0	0
Working capital changes	(236)	(151)	(154)	(162)
Other operating cashflows	11	0	0	0
<b>Investing</b>	<b>(556)</b>	<b>(50)</b>	<b>(50)</b>	<b>(50)</b>
Capex (maintenance)	(3)	(20)	(20)	(20)
Investments	(550)	0	0	0
Proceeds from sale of assets	(112)	(30)	(30)	(30)
Others	109	0	0	0
<b>Financing</b>	<b>146</b>	<b>(389)</b>	<b>(407)</b>	<b>(419)</b>
Distribution to unitholders	(279)	(301)	(315)	(321)
Issue of shares	0	0	0	0
Proceeds from borrowings	18,607	50	50	50
Loan repayment	(18,407)	0	0	0
Others/interest paid	225	(138)	(143)	(148)
<b>Net cash inflow (outflow)</b>	<b>(10)</b>	<b>31</b>	<b>30</b>	<b>31</b>
<b>Beginning cash &amp; cash equivalent</b>	<b>58</b>	<b>47</b>	<b>79</b>	<b>109</b>
Changes due to forex impact	20	0	0	1
<b>Ending cash &amp; cash equivalent</b>	<b>67</b>	<b>79</b>	<b>109</b>	<b>141</b>

### KEY METRICS

Year to 30 Jun (%)	2019	2020F	2021F	2022F
<b>Profitability</b>				
EBITDA margin	75.8	75.7	76.0	75.6
Pre-tax margin	68.0	48.4	49.1	48.5
Net margin	66.6	48.4	49.1	48.5
ROA	4.9	3.7	3.8	3.8
ROE	8.4	6.3	6.6	6.7
<b>Growth</b>				
Turnover	3.5	7.1	3.2	3.3
EBITDA	4.7	7.0	3.6	2.7
Pre-tax profit	(8.0)	(23.7)	4.6	2.1
Net profit	(9.7)	(22.1)	4.6	2.1
Net profit (adj.)	0.9	5.0	4.6	2.1
EPU	0.9	5.0	4.5	1.9
<b>Leverage</b>				
Debt to total capital	39.8	40.7	41.5	42.4
Debt to equity	66.0	68.5	71.0	73.5
Net debt/(cash) to equity	64.6	66.9	68.8	70.6
Interest cover (x)	3.7	3.4	3.4	3.4

### COMPANY UPDATE

## Sunway Construction Group (SCGB MK)

Scoring More In Second Half?

After achieving its full-year replenishment target of RM1.5b ytd, SunCon is aiming to score one more work contract in 2019 from Myanmar. On the local front, the slower-than-expected billings - particularly from key projects like the LRT3 - would result in flattish 2019 earnings yoy. Stronger earnings growth in 2020 is expected to be driven by accelerated billings from projects secured in 2019 coupled with gradual improvements in precast margins. Maintain HOLD with a higher target price of RM2.07. Entry price: RM1.90.

### WHAT'S NEW

- Scoring another contract in 2H19?** Having secured orderbook replenishment of RM1.5b from several new contracts ytd, Sunway Construction Group (SunCon) is hoping to secure another work contract from overseas via its recent partnership with Myanmar partner, Capital Construction, a subsidiary of Capital Diamond Star Group (CDSG). The building contract worth ~RM300m (SunCon effective stake: RM150m) is expected to be dished out from 3Q19 onwards. Separately, the previous guidance of new contracts replenishments in 2019 from: a) building job from its existing customer; and b) road works in India, might be deferred to 2020 as these two projects' tender due dates have been extended towards the end of 2019.
- Expecting flattish 2019 earnings.** As billings recognition on key projects such as the LRT3 will be recognised at a slower-than-expected rate, SunCon's 2019 earnings are expected to be flattish yoy, which prompts us to trim our earnings forecast for 2019. The slower-than-expected billings were attributable to ongoing contract negotiations which are yet to be finalised relating to design and specifications coupled with the type of bridge (ie cable stayed bridge or normal bridge) desired by LRT3's turnkey contractor MRCB:GKENT JV. Separately, we understand land plots along the work package alignment have not been fully acquired and this partly contributed to the slower progress billings. Not helping either, is the sluggish precast performance, which is expected to be out of the woods from 4Q19 onwards, and this could partly contribute to flattish earnings in 2019.
- ....while strong earnings growth is in sight for 2020.** While gradual recognition of LRT3 billings is expected in the coming months (post finalisation with MRCB:GKENT JV), other large projects such as the TNB Campus secured in 2019 will positively contribute in 2020 as billings accelerate into advanced stages. Also, precast performances are expected to come out from the woods in 2020, driven by improved ASP supported by lower production costs. Construction margins on the other hand, are expected to sustain, including those from key projects such as the LRT3 (post revision).

### KEY FINANCIALS

Year to 31 Dec (RMm)	2017	2018	2019F	2020F	2021F
Net turnover	2,076	2,257	1,979	2,221	2,555
EBITDA	147	214	221	247	263
Operating profit	110	175	179	201	215
Net profit (rep./act.)	100	145	152	173	187
Net profit (adj.)	100	145	152	173	187
EPS (sen)	7.8	11.2	11.8	13.4	14.4
PE (x)	27.6	19.0	18.2	16.0	14.8
P/B (x)	5.1	4.7	4.0	3.4	3.0
EV/EBITDA (x)	16.3	11.2	10.8	9.7	9.1
Dividend yield (%)	1.7	1.8	1.9	2.2	2.4
Net margin (%)	4.8	6.4	7.7	7.8	7.3
Net debt/(cash) to equity (%)	(64.9)	(46.5)	(52.4)	(57.8)	(62.6)
ROE (%)	19.4	25.6	23.8	23.2	21.7
Consensus net profit	-	-	148	163	165
UOBKH/Consensus (x)	-	-	1.03	1.06	1.13

Source: Sunway Construction, Bloomberg, UOB Kay Hian

## HOLD

(Maintained)

Share Price	RM2.14
Target Price	RM2.07
Upside	-3.3%
(Previous TP)	RM1.79

### COMPANY DESCRIPTION

A leading construction company in Malaysia

### STOCK DATA

GICS sector	Industrials
Bloomberg ticker	SCGB MK
Shares issued (m)	1,289.4
Market cap (RMm)	2,759.2
Market cap (US\$m)	659.2
3-mth avg daily t'over (US\$m)	0.4

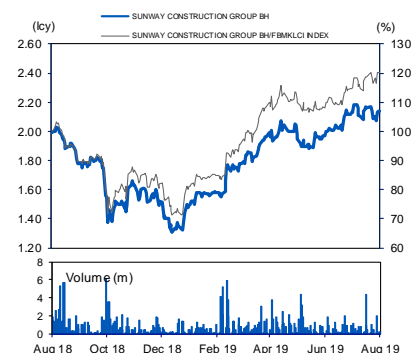
### Price Performance (%)

52-week high/low	RM2.18/RM1.31			
<b>1mth</b>	<b>3mth</b>	<b>6mth</b>	<b>1yr</b>	<b>YTD</b>
0.9	4.9	35.4	8.1	60.9

### Major Shareholders

	%
Sunway Berhad	54.4
FY19 NAV/Share (RM)	0.53
FY19 Net Cash/Share (RM)	0.28

### PRICE CHART



Source: Bloomberg

### ANALYST(S)

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### STOCK IMPACT

- Strong diversified outstanding orderbook.** SunCon's outstanding orderbook backlog of RM6.2b provides earnings visibility for its construction arm for the next 3-4 years. Ytd, the company has secured new contracts worth RM1.5b from various construction and precast contracts. For the remainder of 2019, SunCon is hopeful of securing another contract from Myanmar via its recent tie-up with Capital Construction Ltd. The formed JV will allow SunCon to jointly develop major infrastructure and construction projects in Yangon and Mandalay, while expecting new construction jobs to flow in as early as end-19, such as hospitals and office buildings.
- LRT3 progress to-date.** SunCon is actively engaging the turnkey contractor (MRCB: George Kent) to finalise the design and scope of works for the six stations under its work package (expect contract value to drop), with margins to remain unchanged. Based on our estimates, for every RM200m reduction in costs, we expect SunCon's 2019-21 earnings to fall 1-2%. SunCon is hopeful for the review to be finalised by 1H19, construction works to go into full swing in 2H19 and the projects to be completed by 2024.
- Precast division performances to gradually improve.** The sluggish performance in 2018 was due to weaker margins on high steel bar prices and stiff competition. The company expects 9M19's performance to be unexciting as precast projects secured earlier have low ASPs and margins due to high steel prices, resulting in a negative cost push effect. SunCon expects earnings to gradually improve from 4Q19, underpinned by: a) better ASP; b) stable margins on easing steel prices; and c) stronger demand for precast products for public-housing projects in Singapore. SunCon recognises precast revenue upon delivery of projects to customers while incurring costs during precast.
- ICPH to commence operations by mid-21.** The integrated construction prefabrication hub (ICPH) in Singapore has an annual capacity of 100,000m<sup>3</sup> and is expected to begin operations by mid-21, supplying precast products like prefabricated bathroom units (PBU) and prefabricated volumetric construction (PPVC) products primarily for Housing Development Board (HDB) flats in Singapore. The 51:49 JV (HL Building Materials Pte Ltd: SunCon) is expected to contribute positively from mid-21 with an estimated bottom-line of >\$5m annually (on JV level based on 50% utilisation rate). In addition, ICPH's precast products yield better margins (~>10%) than Johor precast products (annual capacity of 150,000m<sup>3</sup>).

### EARNINGS REVISION/RISK

- We trimmed SunCon's earnings forecast between 1-8% for the 2019-21F period to account for the revised billings recognition and revised margins assumptions, but partly cushioned by higher construction orderbook replenishment in 2019 of RM1.7b (from RM1.5b). Also, we keep our replenishment assumption unchanged for 2020-21F at RM1.5b annually.
- Meanwhile, the expected hike in cement prices would adversely impact bottom line as raw material costs account for around 20% of the construction costs, where ready-mixed concrete (RMC) represents 20% of the raw material costs (effectively RMC accounts 4%-5% of the overall construction costs). Similarly, for the precast business, RMC costs account for 20% of precast production costs. Based on our estimates, for every 10% hike in RMC, net profit is expected to decline by 5%.

### VALUATION/RECOMMENDATION

- Maintain HOLD and a higher target price of RM2.07 (from RM1.79)** as we roll forward our valuation to 2020 (post earnings revision). Our target price valuation is based on 14x 2020F net profit and net cash position as of Mar 19. We ascribe a higher-than-peer PE multiple in view of SunCon's solid fundamentals and earnings visibility underpinned by the new contracts secured, its ability to clinch a balanced mix of external and internal construction projects and a strong balance sheet (net cash). The JV with its partner in Myanmar will enable SunCon to meet its annual orderbook replenishment target to sustain earnings visibility in the long term. Entry price is RM1.90.

### TARGET PRICE

		(RMm)	Value (RMm)	Remarks
Net profit 2020F	A	173		
Net interest (income)/expense after tax	B	-11		
Net profit less net interest income	C=A-B	162	2,268	14x PE
Net cash (as of Mar 19)	D	405	405	
Total SOP value	E=C+D		2,673	
Share base	F		1,292	
				Implied PE (x)
TP (RM)	E/F		2.07	15.4
TP (RM) (ex-cash)	C/F		1.82	14.0

Source: UOB Kay Hian

### OUTSTANDING ORDERBOOK AS OF JUL 19

	(RMm)
LRT3	1,929
MRT2	359
Tenaga HQ Campus*	781
LRT3 piling*	48
Petronas Learning Centre*	310
Others	562
<b>Total External (A)</b>	<b>3,989</b>
Sunway Medical Centre – Phase 4	429
Sunway Serene	306
Sunway Carnival (Extension)	247
Big Box Hotel, Medini*	45
Others	896
<b>Total Internal (B)</b>	<b>1,923</b>
Precast (C)	316
<b>Total (A+B+C)</b>	<b>6,228</b>

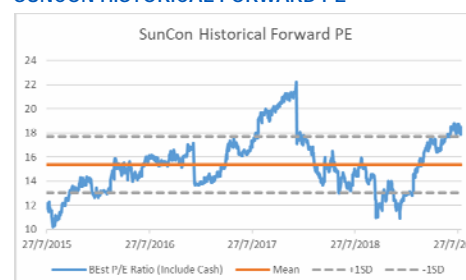
\* New contracts secured in 2019  
Source: UOB Kay Hian

### ORDERBOOK REPLENISHMENT

(RMm)	2019F	2020F	2021F
Construction	1,500	1,500	1,500
Precast	100	100	100

Source: UOB Kay Hian

### SUNCON HISTORICAL FORWARD PE



Source: UOB Kay Hian

### PROFIT & LOSS

Year to 31 Dec (RMm)	2018	2019F	2020F	2021F
<b>Net turnover</b>	<b>2,257</b>	<b>1,979</b>	<b>2,221</b>	<b>2,555</b>
EBITDA	214	221	247	263
Deprec. & amort.	39	42	45	47
EBIT	175	179	201	215
Total other non-operating income	0	0	0	0
Associate contributions	1	1	1	1
Net interest income/(expense)	8	11	14	17
<b>Pre-tax profit</b>	<b>183</b>	<b>191</b>	<b>216</b>	<b>234</b>
Tax	(38)	(38)	(43)	(47)
Minorities	0	0	0	0
<b>Net profit</b>	<b>145</b>	<b>152</b>	<b>173</b>	<b>187</b>
Net profit (adj.)	145	152	173	187

### CASH FLOW

Year to 31 Dec (RMm)	2018	2019F	2020F	2021F
<b>Operating</b>	<b>189</b>	<b>195</b>	<b>218</b>	<b>234</b>
Pre-tax profit	183	191	216	234
Tax	(37)	(38)	(43)	(47)
Deprec. & amort.	39	42	45	47
Working capital changes	0	0	0	0
Other operating cashflows	4	0	0	0
<b>Investing</b>	<b>(74)</b>	<b>(55)</b>	<b>(55)</b>	<b>(55)</b>
Capex (growth)	(56)	(55)	(55)	(55)
Investments	25	0	0	0
Proceeds from sale of assets	1	0	0	0
Others	(44)	0	0	0
<b>Financing</b>	<b>(118)</b>	<b>(53)</b>	<b>(61)</b>	<b>(65)</b>
Dividend payments	(97)	(53)	(61)	(65)
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	0	0	0	0
Others/interest paid	(21)	0	0	0
<b>Net cash inflow (outflow)</b>	<b>(3)</b>	<b>87</b>	<b>103</b>	<b>114</b>
<b>Beginning cash &amp; cash equivalent</b>	<b>487</b>	<b>485</b>	<b>571</b>	<b>674</b>
Changes due to forex impact	1	0	0	0
<b>Ending cash &amp; cash equivalent</b>	<b>485</b>	<b>571</b>	<b>674</b>	<b>788</b>

### BALANCE SHEET

Year to 31 Dec (RMm)	2018	2019F	2020F	2021F
Other LT assets	215	228	238	245
Cash/ST investment	485	571	674	788
Other current assets	1,112	1,112	1,112	1,112
<b>Total assets</b>	<b>1,812</b>	<b>1,912</b>	<b>2,024</b>	<b>2,146</b>
ST debt	114	114	114	114
Other current liabilities	1,009	1,009	1,009	1,009
LT debt	96	96	96	96
Other LT liabilities	1	1	1	1
Shareholders' equity	591	690	803	924
Minority interest	1	1	1	1
<b>Total liabilities &amp; equity</b>	<b>1,812</b>	<b>1,912</b>	<b>2,024</b>	<b>2,146</b>

### KEY METRICS

Year to 31 Dec (%)	2018	2019F	2020F	2021F
<b>Profitability</b>				
EBITDA margin	9.5	11.2	11.1	10.3
Pre-tax margin	8.1	9.6	9.7	9.1
Net margin	6.4	7.7	7.8	7.3
ROA	7.9	8.2	8.8	9.0
ROE	25.6	23.8	23.2	21.7
<b>Growth</b>				
Turnover	8.7	(12.3)	12.2	15.0
EBITDA	45.3	3.3	11.6	6.5
Pre-tax profit	34.2	4.1	13.6	8.0
Net profit	44.9	4.9	13.6	8.0
Net profit (adj.)	44.9	4.9	13.6	8.0
EPS	44.8	4.9	13.6	8.0
<b>Leverage</b>				
Debt to total capital	26.2	23.3	20.7	18.5
Debt to equity	35.5	30.4	26.2	22.7
Net debt/(cash) to equity	(46.5)	(52.4)	(57.8)	(62.6)

## UOBKH HIGHLIGHTS

**Kerjaya Prospek Group (KPG MK/BUY/RM1.46/Target: RM1.82)**

Wins RM95m Contract From BBCC

## WHAT'S NEW

Kerjaya Prospek Group (Kerjaya) has secured a contract from BBCC Development Sdn. Bhd worth RM95m to undertake construction works of a main building consist of nine (9) storey retail podium, five (5) storey carpark and LRT link bridge. The project is expected to be completed within 14 months.

## COMMENTS

- **Fifth contract in 2019.** Ytd, Kerjaya has secured new job wins of RM1.2b. We maintain our job replenishment target of RM1.5b in 2019 largely driven from buildings works in Klang Valley. Kerjaya is eyeing to secure at least one work contract from its existing customer which are the construction of: a) high-rise residential building worth RM300m or b) bridge worth RM200m. Meanwhile, we understand the property building jobs secured by Kerjaya are expected to see stable demand due to their strategic locations and close proximity to amenities. Meanwhile, we expect several high-rise residential projects to be rolled out in the near term as developers continue to monetise their strategic landbanks by launching high-rise residential properties. Presently, Kerjaya's tenderbook stands at RM1.5b, mainly comprising high-rise residential buildings.
- **Project to contribute RM10m profit in 2019-20.** Assuming a 10% net margin, we estimate this project would contribute RM3m and RM7m in net profits in 2019-20 respectively.
- **New job lifts outstanding orderbook to about RM3.6b**, implying an orderbook cover of 3.2x 2018 construction revenue. Key jobs in the outstanding orderbook include: a) HCK Capital (RM485m), b) Kerjaya Prospek Property (RM439m), and c) Vertu Resort, Penang (RM376m).
- No changes to our 2019-21 earnings forecasts as we had assumed a RM1.5b annual orderbook replenishment in 2019, and RM1.3b annually for 2020-21F.

## RECOMMENDATION

- **Maintain BUY and target price of RM1.82.** Our target price valuation is based on 14 x 2020F net profit and net cash position as of Mar 19. We opine the higher-than-peers' PE is justified due to Kerjaya's zero reliance on government-related projects and its ability to clinch building jobs (driven by the private sector) despite uncertainties in the construction space. We like Kerjaya for its: a) superior margins, b) high orderbook cover, c) net cash of RM99m as of Mar 19, and d) ability to clinch new contracts, given its strong track record.

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TRADERS' CORNER



Source: BursaStation Professional

**Ho Hup Construction Company (HO MK)**

Technical BUY on breakout with +29.0% potential return

Last price: RM0.52

Target price: RM0.655, RM0.69

Support: RM0.50

Stop-loss: RM0.495

**BUY** on breakout with a target price of RM0.69 and stop-loss at RM0.495. Share price consolidated within the immediate support of RM0.50 before last yesterday's positive closing above the BBI sets a new tone for the short-term outlook. We expect HO to continue moving up if it penetrates the breakout level of RM0.535. The bullish bias has been established following an uptick in the Stochastic. We peg our targets at RM0.655 and RM0.69.

Expected Timeframe: 2 weeks to 2 months



Source: BursaStation Professional

**Uchi Technologies (UCHI MK)**

Technical BUY with 8.2% potential return

Last price: RM2.81

Target price: RM2.94, RM3.04

Support: RM2.70

Stop-loss: RM2.69

**BUY** with a target price of RM3.04 and stop-loss at RM2.69. Yesterday's price movement has triggered a BUY on the back of the positive closing above the BBI line, a growing bullish divergence in the MACD and an uptick in RSI. With the consistent climb along the trendline, this is likely to increase UCHI's probability of moving higher in the near term. Currently, DMI is on the verge of making golden cross to the positive signal. We peg our targets at RM2.94 and RM3.04 in near to medium term.

Expected Timeframe: 2 weeks to 2 months

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