

**UOBKH Highlights****Sunway (SWB MK/BUY/RM2.74/Target: RM2.98)****Wins carpark project**

**What's New:** Sunway Construction Sdn Bhd, a subsidiary of Sunway Bhd, accepted a letter of award worth approximately RM304m from Cititower Sdn Bhd to construct the North East Car Park (NEC) underneath the KLCC Park. The contract would last 178 weeks (about 45 months). (Source: Bursa Malaysia)

**Comments:** The contract win is within our expectation. With a contract sum of RM304m, assuming a pre-tax margin of 7%, we expect the project to contribute a pre-tax profit of RM5.3m each year in 2013-16. Including this construction, Sunway has secured contracts worth RM800m ytd, which is 53% of our yearly orderbook replenishment of RM1.5b. Sunway is also currently bidding for building works within the Klang Valley. Including the car park construction, outstanding orderbook stands at a healthy RM4.2b.

**Maintain BUY and SOTP-based target price of RM2.98 (with a 10% holding company discount).** With the recent interest in Iskandar-related property developers, we reckon Sunway may trade closer to our SOTP valuation of RM3.31. Trading at a forward PE of only 10x, we believe there is still upside given its vast landbanks in Iskandar. Furthermore, it is still relatively cheap compared to peers in the construction and property sectors.

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