Sunway Berhad

(5211 | SWB MK) Main | Industrial Products & Services

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

NEUTRAL

Revised Target Price **RM4.87** (from RM4.86)

Corporate Update

Solidifying Presence in Rawang

Solidifying presence in Rawang. Sunway Berhad announced that its 70%-owned joint venture subsidiary, Sunway Rawang City Sdn Bhd (SRCSB) has entered into a Sale and Purchas Agreement (SPA) to acquire 99.6 acres of freehold land in Kuang, Selangor from Teik Sing Realty Sdn Bhd for a purchase consideration of RM65.1m. The latest acquisition is located adjacent to Sunway Berhad's 245 acres industrial land which was acquired in August 2023 for development of industrial park.

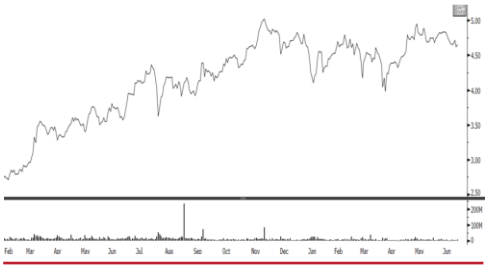
Growing industrial development portfolio. We are slight positive on the land acquisition as it will allow Sunway Berhad to ride on the booming industrial property segment in Malaysia. The potential GDV from the land is RM700m which translates into attractive land cost to GDV ratio of 9.3%. That brought total GDV of Sunway Berhad's land in Rawang for industrial development to RM2.7b. Meanwhile, land acquisition cost for the latest land acquisition is higher at RM15psf compared to land acquisition cost of RM10.8psf back in 2023 which we think is fair due to appreciation of land value.

Muted earnings impact. Sunway Berhad targets to launch the industrial park in Rawang in 1QFY28 after construction of an interchange. Hence, earnings impact is limited in the near-term and we maintain our earnings forecast for FY25/26/27. Meanwhile, net gearing is expected to remain unchanged at 0.44x after the land acquisition.

Maintain NEUTRAL with a revised TP of RM4.87. We revise our **TP** for Sunway Berhad to **RM4.87** from RM4.86 after factoring-in the RNAV contribution from the latest land acquisition in Rawang. Our TP is based on sum-of-parts valuation. While prospect for Sunway Berhad remains stable with near-term catalyst from listing of Sunway Healthcare Group targeted in 1HFY26, we maintain our **NEUTRAL** call on Sunway Berhad due to limited upside and as most of the positives are largely priced in at this juncture.

RETURN STATISTICS	
Price @ 26th June 2025 (RM)	4.65
Expected share price return (%)	+4.7
Expected dividend yield (%)	+1.5
Expected total return (%)	+6.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.1	-2.3
3months	2.4	-0.1
12 months	30.3	35.5

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	6,877	6,921	7,934
Operating Profit	844	878	1,005
Profit Before Tax	995	1,027	1,083
Core PATAMI	904	959	947
Core EPS	13.56	14.39	14.20
DPS	7.00	7.00	7.00
Dividend Yield	1.5%	1.5%	1.5%

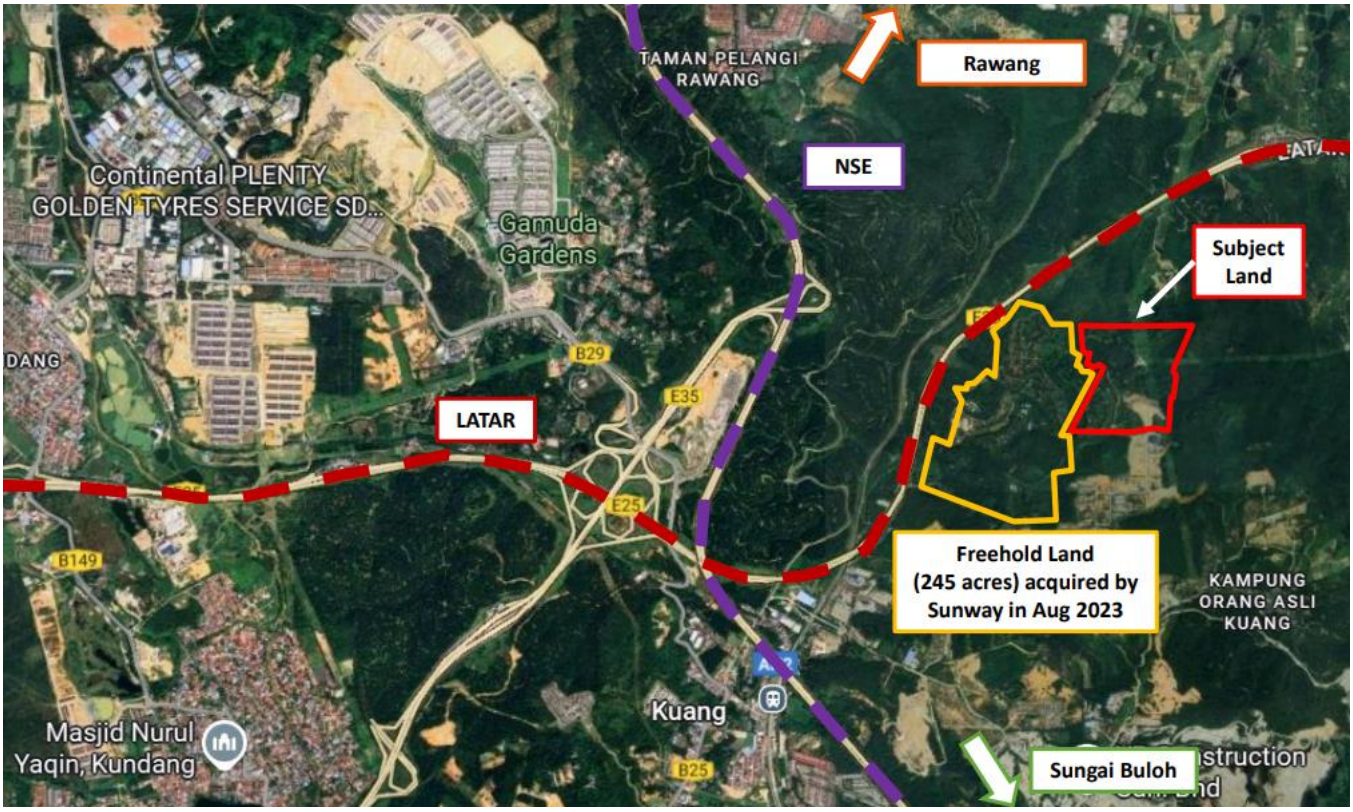
KEY STATISTICS

FBM KLCI	1,528.16
Issue shares (m)	6,588.38
Estimated free float (%)	49.00
Market Capitalisation (RM'm)	28,947
52-wk price range	RM3.51 – RM5.1
3-mth average daily volume (m)	6.85
3-mth average daily value (RM'm)	31.60
Top Shareholders (%)	
Sungei Way Corp Sdn Bhd	45.52
JEF-SAN Enterprise Sdn Bhd	10.17
EPF	8.51

Analyst

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Location of land



Source: Company

Sum-of-Parts

Division	Methodology	Multiple	Stake	Discount	Value (RM m)
Property Development	NPV of profits	n/a	100%	12%	8,849.5
Property Investment	Net Book Value	n/a	100%	n/a	2,973.0
Construction	Target Price of RM5.43	n/a	54%	n/a	3,808.7
Sunway REIT	Target Price of RM2.10	n/a	35%	n/a	2,480.7
Healthcare	23x EV EBITDA	23	84%	n/a	13,620.6
Trading and manufacturing	13x FY25E PER	13	100%	n/a	285.3
Quarry & Others	13x FY25E PER	13	100%	n/a	460.3
Total SOP					**32,478.0**
Number of shares					6,666.0
Target Price (RM)					**4.87**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	6,140	7,882	6,877	6,921	7,934
EBIT	664	887	844	878	1,005
PBT	953	1,426	995	1,027	1,083
Net Income	738	1,154	904	959	947
Core Net Income	698	1,056	904	959	947
Core EPS (sen)	10.8	15.8	13.6	14.4	14.2
Core PER (x)	42.9	29.4	34.3	32.3	32.8
NTA/share	2.15	2.39	2.43	2.48	2.52
P/NTA	2.16	1.94	1.91	1.88	1.84

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
Property, plant and equipment	1,358	1,252	1,264	1,277	1,290
Investment properties	2,664	2,973	2,914	2,855	2,798
Investment in JV	7,105	7,410	7,573	7,740	7,910
Total non-current assets	18,533	18,561	18,969	19,387	19,813
Inventories	3,561	4,122	4,213	4,305	4,400
Cash and bank balances	2,300	4,356	4,452	4,549	4,650
Other assets	4,219	4,472	4,473	4,433	4,395
Total Assets	28,613	31,510	32,106	32,674	33,257
LT Term Loans	3,633	4,905	5,249	5,616	6,009
ST Borrowings	6,018	5,972	6,091	6,213	6,337
Other Liabilities	3,965	4,696	4,544	4,329	4,092
Total Liability	13,615	15,573	15,884	16,158	16,439
Share capital	6,161	7,049	7,049	7,049	7,049
Other Equity	8,837	8,889	9,173	9,467	9,770
Total Equity	14,998	15,938	16,222	16,516	16,819
Equity + Liability	28,613	31,510	32,106	32,674	33,257

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Cash flows from operating activities					
Net income before taxation	993	1524	995	1027	1083
Net cash from operating activities	390	1574	1543	1512	1482
Cash flows from investing activities					
Acquisition of property, plant and equipment	-96	-102	-88	-76	-65
Net cash used in investing activities	-472	-26	-20	-15	-12
Cash flows from financing activities					
Net cash from/(used in) financing activities	402	573	487	530	508
Net increase/(decrease) in cash and cash equivalents	320	2120	2010	2026	1979
Cash and cash equivalent at 1 January	1895	2230	4350	6360	8387
Cash and cash equivalent at 1 December	2230	4350	6360	8387	10365

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
EBIT margin	10.8%	11.3%	12.3%	12.7%	12.7%
PBT margin	15.5%	18.1%	14.5%	14.8%	13.6%
PAT margin	12.0%	14.6%	13.1%	13.9%	11.9%
Core PATAMI margin	11.4%	13.4%	13.1%	13.9%	11.9%
ROE	5.0%	6.6%	5.6%	5.8%	5.6%
ROA	2.4%	3.4%	2.8%	2.9%	2.8%

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology