Corporate Update

Sunway Berhad

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

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

NEUTRAL

Unchanged Target Price **RM5.01**

Won Land Tender in Singapore

Won land tender in Singapore. Sunway Berhad announced that the Urban Redevelopment Authority of Singapore had on 17 July 2025 awarded a parcel of land measuring approximately 15,831.5 square metres (3.91 acres) at Chuan Grove, Singapore for a residential development at S$703.6m (equivalent to approximately RM2.33b) to Sing Holdings Residential Pte Ltd ("SHRPL") and Sunway Developments Pte Ltd ("SDPL") following a successful tender for the land. SDPL is a wholly owned subsidiary of Sunway Berhad. SHRPL and SDPL will incorporate a joint venture company to undertake the development of the land in which Sunway Berhad's SDPL will hold 35% equity stake in the JV.

Growing presence in Singapore. The award of land will strengthen Sunway Berhad's presence in Singapore. Sales contribution from projects in Singapore is significant to Sunway Berhad at 36% and 38% in 1QFY25 and FY24 respectively as sales from its executive condominium project in Singapore remains solid. Sunway Berhad has been actively expanding its landbank in Singapore with three land tenders won since 2023. That lifted remaining GDV contribution from Singapore to 12% or RM8.5b. The latest land tender marks the 4th successful land tender in Singapore since 2023.

Higher net gearing. Sunway Berhad plans to develop residential development on the land. The high-rise project will comprise of three towers with approximately 550 units. Meanwhile, GDV of the project is to be finalised. The project is expected to launch in 2HFY26. 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 increase to 0.49x from 0.44x in 1QFY25 after the award of land in Singapore.

Maintain NEUTRAL with an unchanged TP of RM5.01. We maintain our TP for Sunway Berhad at RM5.01, based on sum-of-parts valuation. The expansion of presence in Singapore is expected to sustain new sales growth of Sunway Berhad. Besides, we see that listing of Sunway Healthcare Group which is expected by 1HFY26 to be the near-term catalyst to Sunway Berhad. Nevertheless, we opine that all the positives have been priced in for now. Hence, we maintain our **NEUTRAL** call on Sunway Berhad.

RETURN STATISTICS	
Price @ 17th July 2025 (RM)	4.99
Expected share price return (%)	+0.4
Expected dividend yield (%)	+1.4
Expected total return (%)	+1.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	5.3	4.7
3months	6.2	12.1
12 months	20.5	29.5

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	1.4%	1.4%	1.4%

KEY STATISTICS

FBM KLCI	1,520.94
Issue shares (m)	6,588.38
Estimated free float (%)	49.01
Market Capitalisation (RM'm)	31,064.55
52-wk price range	RM3.51 – RM5.1
3-mth average daily volume (m)	6.86
3-mth average daily value (RM'm)	32.60
Top Shareholders (%)	
Sungei Way Corp Sdn Bhd	45.52
JEF-SAN Enterprise Sdn Bhd	10.17
EPF	8.75

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%	10%	9,050.6
Property Investment	Net Book Value	n/a	100%	n/a	2,973.0
Construction	Target Price of RM6.44	n/a	54%	n/a	4,517.1
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	2,85.3
Quarry & Others	13x FY25E PER	13	100%	n/a	460.3
Total SOP					33,387.5
Number of shares					6,666.0
Target Price (RM)					**5.01**

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)	46.0	31.5	36.8	34.7	35.1
NTA/share	2.15	2.39	2.43	2.48	2.52
P/NTA	2.32	2.09	2.05	2.01	1.98

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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MBSB INVESTMENT BANK (formerly known MIDF 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