Corporate Update

Sunway Berhad

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

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Maintain **NEUTRAL**

Revised Target Price **RM5.06**
(from RM5.01)

2QFY25 Results Review
Property Sales on Track

1HFY25 earnings within our expectation. Sunway Berhad 1HFY25 core net profit of RM432.4m came in within our expectation but below consensus expectation, making up 48% and 40% of our and consensus full year estimates respectively. Sunway Berhad announced dividend of 4sen per share.

Higher sequential earnings. Sequentially, 2QFY25 core net income increased to RM228.6m (+12.2%qoq) mainly due to higher contribution from most business divisions except for property investment division. Notably, profit before tax (PBT) of property development was higher (+56.3%qoq) due to higher progress billing of local development projects. PBT of property investment division was lower (-17.3%qoq) due to seasonally softer quarter for leisure and retail business in 2QFY25. Meanwhile, healthcare segment recorded higher PBT (+11.8%qoq) due to higher patient footfall which offset the start-up operational losses from SMC Damansara and SMC Ipoh. Besides, earnings growth was also lifted by higher contribution from construction division (+17.7%qoq).

Higher contribution from property investment and construction divisions. On yearly basis, 2QFY25 core net income was higher (+4.7%yoy) mainly lifted by higher contribution from construction division which cushioned the lower contribution from property development, property investment and healthcare segments. That brought cumulative earnings in 1HFY25 higher at RM432.4m (+11.7%yoy). The higher earnings were driven by property investment and construction divisions which cushioned the lower contribution from property development and healthcare segments. Notably, property investment recorded higher PBT (+8.4%yoy) due to better performance of its investment assets. Similarly, construction division reported surge in PBT (+163%yoy) due to acceleration of data centre projects. On the flip side, property development recorded lower PBT (-21.5%yoy) due to lower progress billing of local projects and as earnings normalised from higher base in last year which lifted by lumpy earnings recognition of Singapore project. Meanwhile, healthcare division reported lower PBT (-21.8%yoy) due to start-up losses of two new hospitals.

Property sales on track to meet new sales target. New property sales increased to RM745.3m in 2QFY25 from RM554.7m in 1QFY25, bringing total new sales to RM1.3b. Meanwhile, total sales as of July 2025 increased to RM2.3b mainly due to launch of Otto Place (GDV: SGD 1bil) in Singapore, making total new sales on track to meet new sales target of RM3.6b for FY25. New sales momentum should also sustain by planned new launches in 2HFY25 including Sunway Serene 2, Sunway Cochrane, Sunway Majestic and Sunway LakeHills. Meanwhile, unbilled sales declined to RM3.7b in 2QFY25 from RM4.06b in 1QFY25.

RETURN STATISTICS	
Price @ 27th Aug 2025 (RM)	4.97
Expected share price return (%)	+1.8
Expected dividend yield (%)	+2.0
Expected total return (%)	+3.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	3.1	-0.4
3months	5.7	1.6
12 months	21.8	26.8

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	10.00	10.00	10.00
Dividend Yield	2.0%	2.0%	2.0%

KEY STATISTICS

FBM KLCI	1,587.91
Issue shares (m)	6,588.38
Estimated free float (%)	49.03
Market Capitalisation (RM'm)	30,940
52-wk price range	RM3.84 – RM5.16
3-mth average daily volume (m)	7.29
3-mth average daily value (RM'm)	35.11
Top Shareholders (%)	
Sungei Way Corp Sdn Bhd	45.52
JEF-SAN Enterprise Sdn Bhd	10.17
EPF	8.75

Analyst
Jessica Low Jze Tieng
jessica.low@midf.com.my
03-2173 8391

Maintain NEUTRAL with a revised target price of RM5.06. We maintain our earnings forecast for FY25F/26F/27F. We revise our Sum-of-Parts derived **TP** for Sunway Berhad to **RM5.06** from RM5.01 as we update our SOP valuation. Prospects for Sunway Berhad are expected to underpin by the solid performance of the construction arm and property investment division. Listing of Sunway Healthcare Group which is targeted by FY26 remains the near-term catalyst for Sunway Berhad. Nevertheless, we maintain our **NEUTRAL** call on Sunway Berhad due to limited upside and as we see that most of the positives are priced in.

Sunway Berhad: 2QFY25 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY25	%YoY	%QoQ	FY25	%YoY
Revenue	2561.6	62.1%	8.2%	4,928.7	64.4%
EBIT	294.1	39.0%	32.9%	517.4	39.8%
Core PBT	351.6	21.7%	10.8%	535.2	4.5%
Net Income	273.0	0.9%	43.2%	463.5	4.7%
Core Net Income	228.6	4.7%	12.2%	432.4	11.7%
EPS (sen)	4.07	-0.9%	42.4%	6.9	2.3%
Core EPS (sen)	3.41	2.9%	11.5%	6.5	9.2%
Net DPS (sen)	4.00	100.0%	NA	4.0	100.0%
NTA/share (RM)	2.24	5%	1%	2.24	4.5%
Net Gearing (x)	0.42	NA	NA	0.42	NA
EBIT Margin	11.5%	NA	NA	10.5%	NA
Core PBT Margin	13.7%	NA	NA	10.9%	NA

Source: Company, MBSB Research

Sum-of-Parts

Division	Methodology	Multiple	Stake	Discount	Value (RM m)
Property Development	NPV of profits	n/a	100%	10%	9414.7
Property Investment	Net Book Value	n/a	100%	n/a	2895.0
Construction	Target Price of RM6.53	n/a	54%	n/a	4580.2
Sunway REIT	Target Price of RM2.10	n/a	35%	n/a	2480.7
Healthcare	23x EV EBITDA	23	84%	n/a	13620.6
Trading and manufacturing	13x FY26E PER	13	100%	n/a	274.7
Quarry & Others	13x FY26E PER	13	100%	n/a	465.8
Total SOP					33731.7
Number of shares					6666.0
Target Price (RM)					**5.06**

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)	45.8	31.4	36.6	34.5	35.0
NTA/share	2.15	2.39	2.43	2.48	2.52
P/NTA	2.31	2.08	2.04	2.01	1.97

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%

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad)

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MBSB Investment Bank Berhad (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD). The directors, employees and representatives of MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) may have an interest in any of the securities mentioned and may benefit from the information herein. Members of the MBSB Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.

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