Corporate Update

Sunway Berhad

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

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Maintain **NEUTRAL**

Unchanged Target Price **RM5.06**

Strengthening Presence in Singapore

Strengthening presence in Singapore. Sunway Berhad announced that the Urban Redevelopment Authority of Singapore had on 10th September 2025 awarded a parcel of land measuring approximately 14,514.3 square metres at Chuan Grove, Singapore for a residential development at SGD623.91m (equivalent to approximately RM2.05b) to Sing Holdings Residential Pte. Ltd. (SHRPL) and Sunway Developments Pte. Ltd. (SDPL) following a successful tender for land. SDPL is a wholly owned subsidiary of Sunway Berhad. Chuan Grove Pte Ltd, a joint venture company in which SHRPL and SDPL have equity interest in the proportion of 65:35, will be appointed as the approved developer to undertake the development of the land.

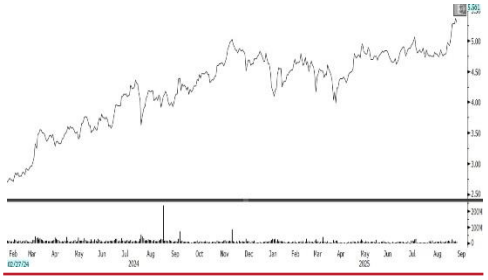
Second successful land tender. The land award marks the second successful land tender by Sunway in Singapore. Note that Sunway was awarded with land measuring approximately 15,831.5 square metres at Chuan Grove, Singapore at SGD703.6m (equivalent to approximately RM2.33b) on 17 July 2025. The price for second land tender on per square foot basis is marginally lower by 3.3% than price for first land tender. Prospect for projects in Singapore by Sunway is decent with projects in Singapore contributed 31% to total sales in 1HFY25. Meanwhile, Sunway Berhad launched Otto Place which is its service apartment project at Tengah Plantation Close in Singapore in July 2025 while take-up rate was encouraging at 91% as at Aug 2025. Hence, we think that expansion of landbank bodes well for Sunway's growing property exposure in Singapore.

Higher net gearing. Sunway Berhad plans to develop residential development on the land with approximately 500 units. Meanwhile, GDV of the project is yet to be finalised. The project is expected to launch in 1HFY27. 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 0.47x from 0.42x in 2QFY25 after the award of land in Singapore.

Maintain NEUTRAL with an unchanged TP of RM5.06. We maintain our TP for Sunway Berhad at RM5.06, based on sum-of-parts valuation. We see the growing presence of Sunway in Singapore to sustain new sales contribution from Singapore. We maintain our NEUTRAL call on Sunway Berhad as we believe that the positives from the upcoming listing of Sunway Healthcare Holdings are priced in.

RETURN STATISTICS	
Price @ 10th Sept 2025 (RM)	5.29
Expected share price return (%)	-4.3
Expected dividend yield (%)	+1.9
Expected total return (%)	-2.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	11.6	9.7
3months	12.6	4.7
12 months	34.9	39.1

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	1.9%	1.9%	1.9%

KEY STATISTICS

FBM KLCI	1,590.75
Issue shares (m)	6,588.38
Estimated free float (%)	49.03
Market Capitalisation (RM'm)	32,932
52-wk price range	RM3.84 – RM5.37
3-mth average daily volume (m)	7.98
3-mth average daily value (RM'm)	39.02
Top Shareholders (%)	
Sungei Way Corp Sdn Bhd	45.52
JEF-SAN Enterprise Sdn Bhd	10.17
EPF	8.75

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Figure 1: Location of land

Adjacent to the ~3.9 acres land awarded in July 2025, both sites are within walking distance of the Lorong Chuan MRT Station and is only one (1) stop away from Bishan and Serangoon MRT interchanges.

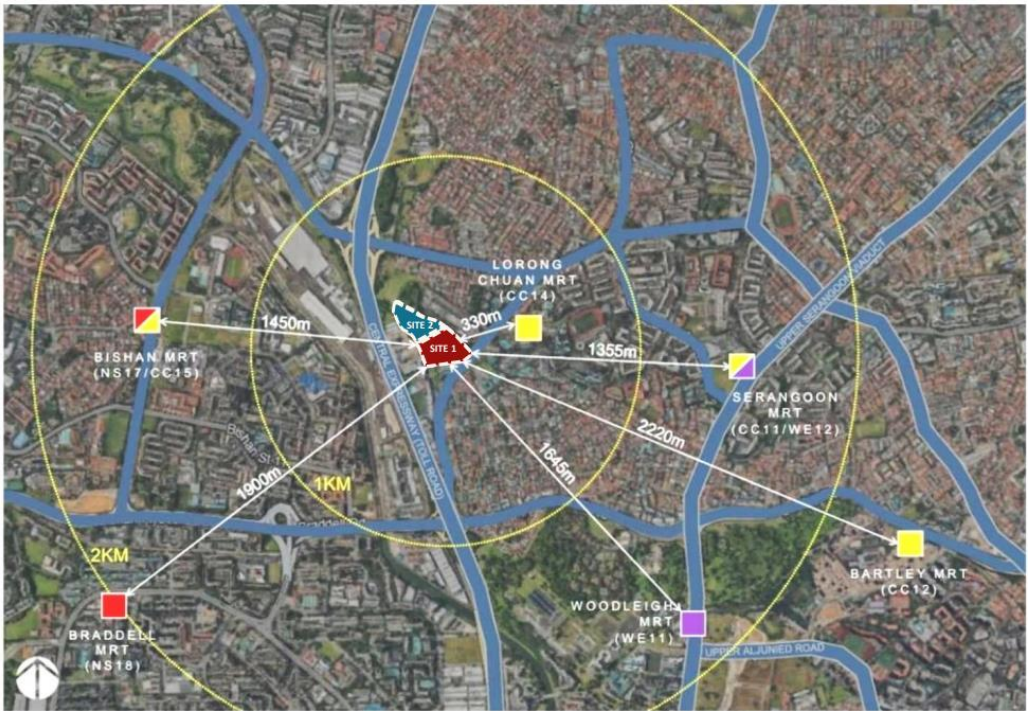
Connectivity

1. Lorong Chuan MRT Station
   - *walking distance*
2. Bishan MRT interchanges
3. Serangoon MRT interchanges
4. CTE Expressway
5. The Pan Island Expressway

Nearby facilities and amenities

1. NTP+ mall
2. Junction 8
3. NEX
4. Education institutions include St Gabriel's Primary School, Kuo Chuan Presbyterian Primary School, Nanyang Junior College, Raffles Institution and The Australian International School.

Legend:
- Chuan Grove 1 (awarded in Jul 2025)
- Chuan Grove 2 (awarded in Sep 2025)



Source: Company

Sum-of-Parts

Division	Methodology	Multiple	Stake	Discount	Value (RM m)
Property Development	NPV of profits	n/a	100%	10%	9,414.7
Property Investment	Net Book Value	n/a	100%	n/a	2,895.0
Construction	Target Price of RM6.53	n/a	54%	n/a	4,580.2
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 FY26E PER	13	100%	n/a	274.7
Quarry & Others	13x FY26E PER	13	100%	n/a	465.8
Total SOP					33,731.7
Number of shares					6,666.0
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)	48.8	33.4	39.0	36.8	37.3
NTA/share	2.15	2.39	2.43	2.48	2.52
P/NTA	2.46	2.21	2.17	2.14	2.10

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