Corporate Update

Sunway Berhad

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

SHARIAH Compliant | 4 Stars | FTSE4Good

3QFY25 Results Review
Robust Property Sales

9MFY25 earnings within our expectation. Sunway Berhad 9MFY25 core net profit of RM703.9m came in within our expectation but below consensus expectation, making up 78% and 63% of our and consensus full year estimates respectively.

Higher sequential earnings. Sequentially, 3QFY25 core net income climbed to RM271.5m (+22.5%qoq) mainly due to higher contribution from property investment division and healthcare division which cushioned the lower contribution from construction division. The higher earnings from property investment division were due to decent earnings from Sunway REIT which mainly driven by the robust performance of hotels. Meanwhile, healthcare segment was underpinned by higher patient footfall.

Marginally weaker earnings in 9MFY25. On yearly basis, 3QFY25 core net income was lower at RM271.5m (-22.5%yoy) mainly due to lower contribution from property development division. Cumulatively, 9MFY25 core net income was lower at RM703.9m (-6.8%yoy) mainly due to lower earnings from property development division and healthcare segment. Property development division saw weaker earnings due to high base in 9MFY24 which lifted by lumpy earnings recognition of Singapore project. Similarly, healthcare division was dragged by start-up losses of SMC Damansara and SMC Ipoh. Nevertheless, we expect better earnings from healthcare division as SMC Damansara achieved EBITDA breakeven in August 2025.

Property sales driven by Singapore project. New property sales surged to RM1.8b in 3QFY25 from RM745.3m in 2QFY25, mainly due to launch of Otto Place (GDV: SGD 1bil) in Singapore. That brought total new sales to RM3.1b in 9MFY25, making up 86% of new sales target of RM3.6b. Meanwhile, unbilled sales increased from RM3.7b in 2QFY25 to RM5.b in 3QFY25.

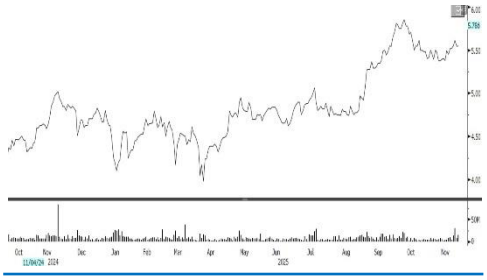
Maintain NEUTRAL with a revised TP of RM5.18. We revise our FY25/26/27 earnings forecast by +0.3%/+7.1%/+3.1% to factor in contribution from MCL as the acquisition was completed in October. We revise our TP for Sunway Berhad from RM5.13 to RM5.18 as we update valuation of Sunway REIT in our sum-of-parts valuation. The upcoming listing of healthcare unit will remain the near-term catalyst. Nevertheless, upside is limited at this juncture. Hence, we maintain our **NEUTRAL** call on Sunway Berhad.

Maintain NEUTRAL

Revised Target Price **RM5.18**
(from RM5.13)

RETURN STATISTICS	
Price @ 26th Nov 2025 (RM)	5.55
Expected share price return (%)	-7.6
Expected dividend yield (%)	+1.8
Expected total return (%)	-5.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.9	0.2
3months	-1.8	12.6
12 months	12.3	10.9

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	6,889	7,161	8,055
Operating Profit	845	991	1,073
Profit Before Tax	999	1,137	1,143
Core PATAMI	907	1,027	977
Core EPS	13.61	15.41	14.65
DPS	10.00	10.00	10.00
Dividend Yield	1.80%	1.80%	1.80%

KEY STATISTICS

FBM KLCI	1,624.50
Issue shares (m)	6,588.38
Estimated free float (%)	50.02
Market Capitalisation (RM'm)	34,807
52-wk price range	RM3.93 – RM5.93
3-mth average daily volume (m)	8.97
3-mth average daily value (RM'm)	48.88
Top Shareholders (%)	
Sungei Way Corp Sdn Bhd	45.55
JEF-SAN Enterprise Sdn Bhd	10.18
EPF	8.06

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Sunway Berhad: 3QFY25 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	3QFY25	%YoY	%QoQ	FY25	%YoY
Revenue	2565.2	26.4%	0.1%	7,493.9	49.0%
EBIT	331.8	49.2%	12.8%	849.2	43.3%
Core PBT	409.7	-6.2%	18.9%	944.9	-2.2%
Net Income	338.1	-10.1%	23.9%	801.6	-2.1%
Core Net Income	271.5	-22.5%	22.5%	703.9	-6.8%
EPS (sen)	5.04	-11.2%	23.7%	12.0	-3.8%
Core EPS (sen)	4.04	-23.4%	22.3%	10.4	-7.1%
Net DPS (sen)	0.00	NA	-100.0%	4.0	100.0%
NTA/share (RM)	2.23	3%	0%	2.23	3.4%
Net Gearing (x)	0.47	NA	NA	0.47	NA
EBIT Margin	12.9%	NA	NA	11.3%	NA
Core PBT Margin	16.0%	NA	NA	12.6%	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 RM2.34	n/a	41%	n/a	3276.2
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					34527.2
Number of shares					6666.0
Target Price (RM)					**5.18**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	6,140	7,882	6,889	7,161	8,055
PBT	953	1,426	999	1,137	1,143
Net Income	738	1,154	907	1,087	1,037
Core Net Income	698	1,056	907	1,027	977
Core EPS (sen)	10.8	15.8	13.6	15.4	14.7
Core PER (x)	51.2	35.0	40.8	36.0	37.9
NTA/share	2.15	2.39	2.43	2.48	2.52
P/NTA	2.58	2.32	2.28	2.24	2.20

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%	13.8%	13.4%
PBT margin	15.5%	18.1%	14.5%	15.9%	13.7%
PAT margin	12.0%	14.6%	13.2%	15.2%	12.5%
Core PATAMI margin	11.4%	13.4%	13.2%	14.3%	11.8%
ROE	5.0%	6.6%	5.6%	6.2%	5.6%
ROA	2.4%	3.4%	2.8%	3.1%	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