Corporate Update

Sunway Construction Group Berhad

(5263 | SCGB MK) Main | Construction

3 Stars | SHARIAH Compliant | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM6.53**

Back-to-Back X'mas Cheer

Maintain BUY. We are maintaining our **BUY** call on SunCon with an unchanged target price of **RM6.53**, supported by its strong fundamentals, resilient balance sheet, and promising growth prospects in the construction sector. SunCon continues its focus on the data centre (DC) construction segment, a key earnings driver, with 46.3% of its current RM6.40b billion order book dedicated to DC projects. Beyond the ATF segment, the group is diversifying into large-scale infrastructure, renewable energy projects, and private finance initiatives, while continuing to build on its track record in commercial and in-house works from Sunway Bhd.

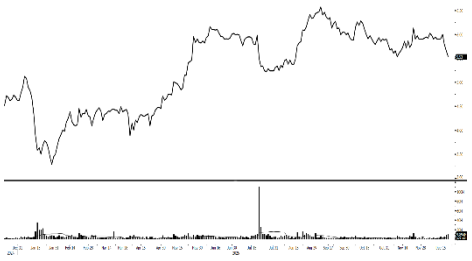
Infra works for US tech company. Sunway Construction Group Berhad (SunCon) has recorded another project win in a span of two days. On Friday, Sunway Construction Sdn Bhd, a wholly owned subsidiary of SunCon, accepted work orders amounting to RM386.0m from a multinational technology company headquartered in the United States for the provision of site infrastructure works for two projects. Works are scheduled to commence immediately, with the final completion expected by Oct-26. SunCon did not disclose any other information, likely due to non-disclosure agreements (NDAs) signed with the client. The back-to-back job win came after SunCon secured a RM570.0m core and shell works for a data centre in Johor on Thursday.

RM6.4b outstanding orderbook. The new project brings SunCon's outstanding order book to RM6.40b, providing strong earnings visibility through FY27. The group has secured RM4.89b of new jobs to date. Data centre projects remain a key growth driver, accounting for approximately 46.3% of the order book. Management continues to actively pursue new opportunities, with a robust tender book of RM18.2b, which includes high-profile public and commercial projects such as the Penang LRT, and the Penang International Airport expansion. In addition to its core construction activities, SunCon is exploring renewable energy ventures and projects requiring contractor financing or private finance initiatives (PFI). Internally, the group remains committed to supporting Sunway Berhad's development pipeline, which spans hospitals, integrated developments, commercial buildings, and transit-oriented developments (TOD).

Earnings estimates and TP. We are maintaining our earnings projections as the new win is within estimates and we maintain our **TP** of **RM6.53**, derived by pegging SunCon's FY26F EPS of 24.2 sen to a PER of 27x, in line with its two-year mean.

RETURN STATISTICS	
Price @ 19th Dec 2025 (RM)	5.53
Expected share price return (%)	+18.1
Expected dividend yield (%)	+2.2
Expected total return (%)	+17.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.9	-4.7
3months	-5.0	-9.7
12 months	26.7	21.0

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	5767.8	6344.6	6661.8
Operating Profit	484.5	501.2	552.9
Profit Before Tax	473.0	475.8	539.6
Core Net Profit	346.1	313.4	360.4
Core EPS (sen)	26.7	24.2	27.8
DPS (sen)	12.3	12.5	12.5
Dividend Yield	2.2	2.3	2.3

KEY STATISTICS	
FBM KLCI	1,665.90
Issued shares (m)	1292.90
Estimated free float (%)	34.68
Market Capitalisation (RM'm)	7,306.80
52-wk price range	RM3.13 - RM6.32
3-mth average daily volume (m)	2.92
3-mth average daily value (RM'm)	17.29
Top Shareholders (%)	
Sunway Holdings Sdn Bhd	53.29
Sungei Way Corp Sdn Bhd	7.11
Employees Provident Fund Board	4.24

Analyst

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FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	2671.2	3521.7	5767.8	6344.6	6661.8
Net operating expenses	-2501.0	3300.1	-3484.6	-3642.7	-3824.8
Operating profit	224.3	262.2	484.5	501.2	552.9
PBT	188.6	273.0	473.0	475.8	539.6
Net profit	145.1	186.9	360.5	366.6	421.6
Core net profit	143.9	179.9	346.1	313.4	360.4
EPS (sen)	11.1	13.9	26.7	24.2	27.8
PER (x)	49.8	39.8	20.7	22.9	19.9
DPS (sen)	6.0	8.5	12.3	12.5	12.5
Dividend yield (%)	1.1	1.5	2.2	2.3	2.3

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	98.6	85.4	130.6	124.1	117.9
Depreciation	745.1	636.4	518.9	532.0	532.0
Change in WC	**843.6**	**721.8**	**649.6**	**656.1**	**649.9**
Operating cash flow	470.4	1,015.8	548.3	520.8	494.8
Capital expenditure	1,595.6	1,795.1	1,304.2	1,369.4	1,369.4
Investing cash flow	**2,239.2**	**2,874.4**	**2,013.5**	**2,051.3**	**2,025.2**
Debt raised/(repaid)	1,242.5	1,912.7	1,277.4	1,335.4	1,335.4
Dividends paid	438.2	730.6	197.6	217.3	239.1
Financing cash flow	**1,701.8**	**2,656.6**	**1,491.6**	**1,569.4**	**1,591.1**
Net cash flow	487.7	0.0	99.3	118.3	118.3
Beginning cash flow	**489.1**	**1.2**	**102.4**	**-47.2**	**-281.7**
Ending cash flow	258.6	258.6	258.6	258.6	258.6

Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F
Fixed assets	98.6	85.4	130.6	124.1	117.9
Other investments and assets	745.1	636.4	518.9	532.0	532.0
Non-current assets	**843.6**	**721.8**	**649.6**	**656.1**	**649.9**
Cash	470.4	1,015.8	548.3	520.8	494.8
Trade debtors	1,595.6	1,795.1	1,304.2	1,369.4	1,369.4
Current assets	**2,239.2**	**2,874.4**	**2,013.5**	**2,051.3**	**2,025.2**
Trade creditors	1,242.5	1,912.7	1,277.4	1,335.4	1,335.4
Short-term debt	438.2	730.6	197.6	217.3	239.1
Current liabilities	**1,701.8**	**2,656.6**	**1,491.6**	**1,569.4**	**1,591.1**
Long-term debt	487.7	0.0	99.3	118.3	118.3
Non-current liabilities	**489.1**	**1.2**	**102.4**	**-47.2**	**-281.7**
Share capital	258.6	258.6	258.6	258.6	258.6
Retained earnings	590.0	660.9	810.4	926.7	1,107.2
Equity	**892.0**	**938.5**	**1,069.0**	**1,185.3**	**1,365.8**

Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
Operating profit margin	8.4	7.4	8.4	7.9	8.3
PBT margin	7.1	7.8	8.2	7.5	8.1
PAT margin	5.4	5.3	6.3	5.8	6.3
Core PAT margin	5.4	5.1	6.0	4.9	5.4

Source: Bloomberg, MBSBR

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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