Corporate Update

Sunway Berhad

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

SHARIAH Compliant | 4 Stars | FTSE4Good

4QFY25 Results Review
Higher Sales Target

FY25 earnings above our expectation but below consensus expectation. Sunway Berhad FY25 core net income of RM1.02b came in above our expectation but below consensus estimates, making up 113% and 91% of our and consensus forecast respectively. The positive deviation against our forecast could be attributed to the stronger-than-expected earnings from property development division and construction arm. Sunway Berhad announced dividend of 2sen per share for 4QFY25, bringing total dividend to 6sen for FY25.

Stronger sequential earnings. Sequentially, 4QFY25 core net income was higher at RM329.7m (+21.5%qoq) mainly due to higher contribution from property development division, construction division and healthcare segment. Earnings of property development division was driven by higher progress billings from local projects and earnings recognition from HLMCL Group. Similarly, construction division recorded higher sequential earnings due to finalization of accounts of projects. Meanwhile, healthcare segment recorded higher contribution mainly due to share of recognition of deferred tax assets which offset the start-up operational losses of SMC Damansara and SMC Ipoh. Note that SMC Damansara achieved PBT breakeven in January 2026 while SMC Ipoh achieved EBITDA breakeven in January 2026. Hence, we expect further improvement in earnings of healthcare division going forward.

Marginal earnings growth in FY25. On yearly basis, 4QFY25 core net income was marginally higher at RM329.7m (+2.6%yoy), bringing FY25 core net income higher at RM1.02b (+4.5%yoy). Earnings growth in FY25 were mainly underpinned by property investment division and construction division which cushioned the weaker contribution from property development division. Construction division recorded better contribution on the back of construction progress on data centre projects. Similarly, property investment division registered improved earnings due to higher income from investment properties. On the other hand, property development division recorded weaker earnings due to high base in FY24 which was lifted by lumpy earnings recognition of Singapore executive condominium projects.

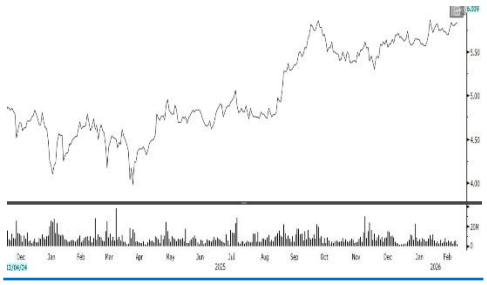
Higher new sales target for FY26. Sunway Berhad registered new property sales of RM3.8b for FY25, ahead of sales target of RM3.6b and higher than new sales of RM3b for FY24. New sales in FY25 were mainly supported by projects in Singapore which makes up 56% of total new sales. Looking ahead, Sunway Berhad set higher new sales target of RM4.2b and target launch of RM4.8b for FY26. Meanwhile, unbilled sales surged to RM9.5b in 4QFY25 from RM5.2b in 3QFY25 mainly due to incorporation of unbilled sales of HLMCL projects in Singapore. On the other hand, net gearing of Sunway Berhad increased to 0.51x in 4QFY25 from 0.48x following acquisition of HLMCL Group.

Maintain NEUTRAL

Revised Target Price **RM5.65**
(from RM5.34)

RETURN STATISTICS	
Price @ 25th Feb 2026 (RM)	5.84
Expected share price return (%)	-3.3
Expected dividend yield (%)	+1.7
Expected total return (%)	-1.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	3.9	1.9
3months	3.7	-3.3
12 months	26.7	13.3

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	9,971	9,923	10,118
Operating Profit	1,230	1,315	1,433
Profit Before Tax	1,376	1,385	1,393
Core PATAMI	1,107	1,120	1,124
Core EPS	16.38	16.56	16.62
DPS	6.00	6.00	6.00
Dividend Yield	1.71%	1.71%	1.71%

KEY STATISTICS

FBM KLCI	1,747.81
Issue shares (m)	6,588.38
Estimated free float (%)	48.34
Market Capitalisation (RM'm)	39,744
52-wk price range	RM3.93 – RM5.93
3-mth average daily volume (m)	7.58
3-mth average daily value (RM'm)	42.40
Top Shareholders (%)	
Sungei Way Corp Sdn Bhd	47.20
EPF	9.61
JEF-SAN Enterprise Sdn Bhd	9.50

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Maintain NEUTRAL with a revised TP of RM5.65. We revise our FY26/27 earnings forecast by +7.8%/+14.6%, taking into account the higher contribution from property development division and construction division as well as lower equity stake in Sunway Healthcare Group. Note that Sunway Healthcare Group is on track for listing in 1QFY26 while entitlement date for dividend-in-specie distribution to entitled shareholders is set on 11 March 2026. Meanwhile, we revise our **TP** for Sunway Berhad to **RM5.65** from RM5.34 as we update our SOP valuation to incorporate RNAV contribution from HLMCL Group as well as latest valuation for Sunway Construction Group and Sunway REIT. We see the upcoming IPO of Sunway Healthcare Group to remain the near-term catalyst. However, we think that valuation is fair with limited upside at this juncture. Hence, we maintain our **NEUTRAL** call on Sunway Berhad.

Sunway Berhad: 4QFY25 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY25	%YoY	%QoQ	FY25	%YoY
Revenue	2319.1	-18.8%	-9.6%	9,813.0	24.5%
EBIT	468.1	58.8%	41.1%	1,317.3	48.5%
Core PBT	525.4	9.5%	28.2%	1,591.6	11.6%
Net Income	502.3	49.7%	48.6%	1,304.0	13.0%
Core Net Income	329.7	2.6%	21.5%	1,021.2	4.5%
EPS (sen)	7.43	47.7%	47.5%	19.4	11.0%
Core EPS (sen)	4.88	1.1%	20.6%	15.3	4.3%
Net DPS (sen)	2.00	-50.0%	NA	6.0	0.0%
NTA/share (RM)	2.31	6%	4%	2.31	5.7%
Net Gearing (x)	0.51	NA	NA	0.51	NA
EBIT Margin	20.2%	NA	NA	13.4%	NA
Core PBT Margin	22.7%	NA	NA	16.2%	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%	12,184.7
Property Investment	Net Book Value	n/a	100%	n/a	2,895.0
Construction	Target Price of RM7.18	n/a	54%	n/a	5,036.1
Sunway REIT	Target Price of RM2.48	n/a	41%	n/a	3,472.2
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					37,949.2
Number of shares					6,714.0
Target Price (RM)					**5.65**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	7,882	9,813	9,971	9,923	10,118
PBT	1,347	1,592	1,376	1,385	1,393
Net Income	1,154	1,304	1,167	1,180	1,183
Core Net Income	977	1,021	1,107	1,120	1,124
Core EPS (sen)	14.7	15.1	16.4	16.6	16.6
Core PER (x)	39.8	38.7	35.6	35.3	35.1
NTA/share	2.39	2.54	2.58	2.62	2.67
P/NTA	2.44	2.30	2.26	2.23	2.19

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
Property, plant and equipment	1,252	1,748	1,766	1,783	1,801
Investment properties	2,973	4,107	4,024	3,944	3,865
Investment in JV	7,410	6,137	6,272	6,410	6,551
Total non-current assets	18,561	22,439	22,933	23,437	23,953
Inventories	4,122	4,619	4,720	4,824	4,930
Cash and bank balances	4,356	6,788	6,938	7,090	7,246
Other assets	4,472	4,957	4,858	4,760	4,663
Total Assets	31,510	38,803	39,449	40,112	40,792
LT Term Loans	4,905	6,172	6,604	7,066	7,208
ST Borrowings	5,972	8,829	9,006	9,186	9,370
Other Liabilities	4,696	6,664	6,407	6,125	6,167
Total Liability	15,573	21,665	22,017	22,377	22,745
Share capital	7,049	7,959	7,959	7,959	7,959
Other Equity	8,889	9,179	9,473	9,776	10,089
Total Equity	15,938	17,138	17,432	17,735	18,048
Equity + Liability	31,510	38,803	39,449	40,112	40,792

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
Cash flows from operating activities					
Net income before taxation	1524	1874	1436	1445	1452
Net cash from operating activities	1574	2715	2661	2608	2555
Cash flows from investing activities					
Acquisition of property, plant and equipment	-102	-241	-208	-179	-154
Net cash used in investing activities	-26	-3717	-2825	-2147	-1632
Cash flows from financing activities					
Net cash from/(used in) financing activities	573	3451	828	838	833
Net increase/(decrease) in cash and cash equivalents	2120	2449	664	1299	1757
Cash and cash equivalent at 1 January	2230	4350	4747	5411	6710
Cash and cash equivalent at 1 December	4350	4747	5411	6710	8467

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
EBIT margin	11.3%	13.4%	12.3%	13.3%	14.2%
PBT margin	17.1%	16.2%	13.8%	14.0%	13.8%
PAT margin	14.6%	13.3%	11.7%	11.9%	11.7%
Core PATAMI margin	12.4%	10.4%	11.1%	11.3%	11.1%
ROE	6.1%	6.0%	6.4%	6.3%	6.2%
ROA	3.1%	2.6%	2.8%	2.8%	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