Corporate Update

Sunway Berhad

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

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Maintain **NEUTRAL**

Revised Target Price **RM5.26**
(from RM5.20)

1QFY26 Results Review
Started FY26 on a Stable Note

1QFY26 earnings within our expectation. Sunway Berhad 1QFY26 core net income of RM215.8m came in within our expectation but slightly below consensus expectation, making up 20% and 17% of our and consensus full year forecast respectively. Note that we have excluded mainly net gain of RM9.1b arising from the remeasurement of the investment in Sunway Healthcare Holdings Berhad in our core net income calculations.

Lower sequential earnings. Sequentially, 1QFY26 core net income declined to RM215.8m (-34.6%qoq) as most of the business division recorded lower contribution on seasonal factor. Profit before tax (PBT) of property development division eased to RM102m (-59.5%qoq) due to lower profit recognition from local and overseas development projects. Meanwhile, PBT of property investment division was lower (-30%qoq) due as lower demand for hospitality during festive season and Ramadan month.

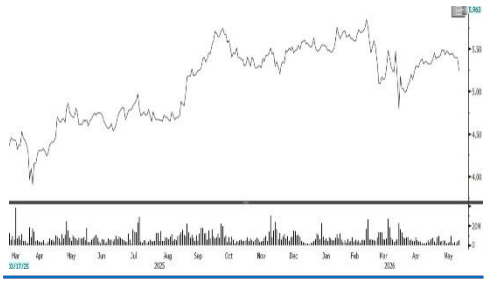
Started the year on a stable note. On yearly basis, 1QFY26 core net income climbed to RM215.8m (+5.9%yoy), driven mainly by property development segment and construction segment. PBT of property development division tripled in 1QFY26 due to higher progress billing of local development project and earnings contribution from HLMCL in Singapore. Similarly, construction division recorded stronger earnings due to finalisation of accounts of completed projects.

New sales in line. Sunway Berhad registered new property sales of RM1.4b for 1QFY26, making up 33% of new sales target of RM4.2b for FY26. New sales in 1QFY26 were mainly contributed by projects in Singapore which makes up 70% of total new sales. Meanwhile, unbilled sales declined to RM9b in 1QFY26 from RM9.5b in 4QFY25. On the other hand, net gearing of Sunway Berhad declined to 0.32x in 1QFY26 from 0.48x in 4QFY25 due to enlarged equity base upon listing of Sunway Healthcare Holdings on 18 March 2026.

Maintain NEUTRAL a revised TP of RM5.26. We make no changes to our earnings forecast for FY26/27/28. We revise our **TP** for Sunway Berhad to **RM5.26** from RM5.20 as we update valuation of Sunway Construction Group and Sunway REIT in our SOP valuation. We see stable long-term prospect for Sunway Berhad, driven by growth of property development division and healthcare division. Nevertheless, we see limited catalyst to Sunway Berhad. Hence, we maintain our **NEUTRAL** call on Sunway Berhad.

RETURN STATISTICS	
Price @ 26th Feb 2026 (RM)	5.24
Expected share price return (%)	+0.4
Expected dividend yield (%)	+1.9
Expected total return (%)	+2.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-2.1	-0.3
3months	9.2	-9.4
12 months	13.6	1.8

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	1.9%	1.9%	1.9%

KEY STATISTICS	
FBM KLCI	1,699.02
Issue shares (m)	6,760
Estimated free float (%)	48.82
Market Capitalisation (RM'm)	35,424
52-wk price range	RM4.41 – RM5.97
3-mth average daily volume (m)	7.07
3-mth average daily value (RM'm)	37.72
Top Shareholders (%)	
Sungei Way Corp Sdn Bhd	47.20
EPF	11.04
JEF-SAN Enterprise Sdn Bhd	9.50

Analyst
Jessica Low Jze Tieng
jessica.lowjt@mbsb.com
03-2173 8391

Sunway Berhad: 1QFY26 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	1QFY26	%YoY	%QoQ	FY26	%YoY
Revenue	2557.5	8.0%	10.3%	2,557.5	8.0%
EBIT	9452.4	4172.0%	1919.3%	9,452.4	4172.0%
Core PBT	278.1	-12.4%	-47.1%	278.1	-12.4%
Net Income	9413.6	4840.1%	1773.9%	9,413.6	4840.1%
Core Net Income	215.8	5.9%	-34.6%	215.8	5.9%
EPS (sen)	139.66	4786.2%	1779.5%	139.7	4786.2%
Core EPS (sen)	3.20	4.7%	-34.4%	3.2	4.7%
Net DPS (sen)	0.00	NA	-100.0%	0.0	NA
NTA/share (RM)	2.17	-2%	-6%	2.17	-2.4%
Net Gearing (x)	0.32	NA	NA	0.32	NA
EBIT Margin	369.6%	NA	NA	369.6%	NA
Core PBT Margin	10.9%	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%	15%	11,507.8
Property Investment	Net Book Value	n/a	100%	n/a	2,895.0
Construction	Target Price of RM7.90	n/a	54%	n/a	5,541.2
Sunway REIT	Target Price of RM2.39	n/a	41%	n/a	3,346.2
Healthcare	23x EV EBITDA	23	70%	n/a	11,269.4
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					35,300.1
Number of shares					6,714.0
Target Price (RM)					**5.26**

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)	35.7	34.7	32.0	31.6	31.5
NTA/share	2.39	2.54	2.58	2.62	2.67
P/NTA	2.19	2.07	2.03	2.00	1.96

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%

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad)
197501002077 (24878-X)
(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.
The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such.
While the information presented in this report may include references to Shariah -compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.
The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.
The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad.
The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report.
This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad.

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