Corporate Update

Sunway Berhad

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

SHARIAH Compliant | 4 Stars | FTSE4Good

Maintain **NEUTRAL**

Unchanged Target Price **RM5.36**

2QFY26 Results Review

Positives Mostly Priced In

1HFY26 earnings within our expectation. Sunway Berhad 1HFY26 core net income of RM549.7m came in within our expectation but slightly below consensus expectation, making up 50% and 43% 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. Sunway Berhad announced first interim dividend of 3sen per share.

Higher sequential earnings. Sequentially, 2QFY26 core net income increased to RM333.9m (+54.7%qoq), in line with the higher topline (+13.6%qoq). The higher sequential earnings were driven by improved performance in the healthcare division, which offset weaker contributions from the property development, property investment, and construction divisions.

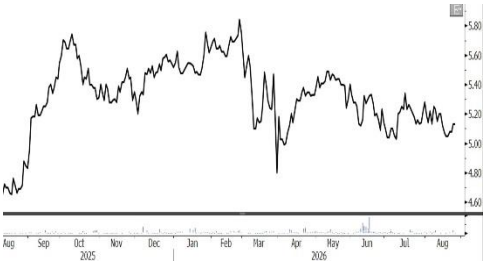
Broad-based improvement. On yearly basis, 2QFY26 core net income increased to RM333.9m (+50.6%yoy), bringing cumulative 1HFY26 core net income higher at RM549.7m (+27.1%yoy). The earnings growth was driven by improved performance across all core divisions, namely property development, property investment, construction, and healthcare. Notably, PBT of property development division more than doubled in 1HFY26, supported by earnings contribution from MCL Group in Singapore and higher progress billing. The construction division recorded 17.2% increase in PBT due to finalisation of accounts adjustments. Meanwhile, the healthcare division remained resilient, driven by higher occupancy rates and expanded licensed bed capacity, while the corresponding period last year was impacted by start-up losses from new hospitals.

New sales in line. Sunway Berhad registered new property sales of RM0.9b in 2QFY26, lower than new sales of RM1.4b in1QFY26. That brought total new sales to RM2.3b, meeting 55% of new sales target of RM4.2b. Singapore projects remained the key sales contributor, accounting for 62% of 1HFY26 sales, followed by Klang Valley projects at 31%. On the other hand, unbilled sales declined to RM8.3b in 2QFY26 from RM9b in 1QFY26.

Maintain NEUTRAL with an unchanged TP of RM5.36. We maintain our **TP** for Sunway Berhad at **RM5.36**, based on sum-of-parts valuation. While Sunway Berhad continues to deliver strong operational performance supported by a resilient earnings outlook, we think the market has largely priced in these positives, limiting further upside potential. Hence, we maintain our **NEUTRAL** call on Sunway Berhad.

RETURN STATISTICS	
Price @ 27th Aug 2026 (RM)	5.11
Expected share price return (%)	+4.9
Expected dividend yield (%)	+2.0
Expected total return (%)	+6.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.0	-2.0
3months	-0.2	-4.9
12 months	8.9	-1.1

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	2.0%	2.0%	2.0%

KEY STATISTICS	
FBM KLCI	1,741.72
Issue shares (m)	6760.42
Estimated free float (%)	48.39
Market Capitalisation (RM'm)	34,776
52-wk price range	RM4.59 - RM5.97
3-mth average daily volume (m)	3.75
3-mth average daily value (RM'm)	19.62
Top Shareholders (%)	
Sungei Way Corp Sdn Bhd	47.72
EPF	11.78
JEF-SAN Enterprise Sdn Bhd	9.50

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Sunway Berhad: 2QFY26 RESULTS SUMMARY

FYE Dec (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	2QFY26	%YoY	%QoQ	FY26	%YoY
Revenue	2905.7	13.4%	13.6%	5,463.2	10.8%
EBIT	414.8	41.0%	-95.6%	9,867.2	1807.0%
Core PBT	511.5	48.4%	83.9%	789.7	47.6%
Net Income	318.6	16.7%	-96.6%	9,732.2	1999.7%
Core Net Income	333.9	50.6%	54.7%	549.7	27.1%
EPS (sen)	4.71	15.8%	-96.6%	144.4	1983.7%
Core EPS (sen)	4.94	49.4%	54.3%	8.1	27.9%
Net DPS (sen)	3.00	-25.0%	NA	3.0	NA
NTA/share (RM)	2.21	-1%	2%	2.21	-1.3%
Net Gearing (x)	0.32	NA	NA	0.32	NA
EBIT Margin	14.3%	NA	NA	180.6%	NA
Core PBT Margin	17.6%	NA	NA	14.5%	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%	12,191.1
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					35,983.4
Number of shares					6,714.0
Target Price (RM)					**5.36**

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)	34.9	33.8	31.2	30.9	30.7
NTA/share	2.39	2.54	2.58	2.62	2.67
P/NTA	2.14	2.02	1.98	1.95	1.91

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: 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