

24 February 2026

Sunway Construction Group

A Stellar FY25

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SUNCON delivered a stellar FY25 core profit of RM421.3m (+160% YoY) which beat expectations as accelerated project progress led to a recalibration of margins on cost savings. Its regular FY25 NDPS of 27.5 sen also beat projection, reflecting a near full earnings payout on top of a 23.0 sen special dividend (paid in 3QFY25). The exceptional margin strength seen in 4QFY25 is expected to persist into 1QFY26 as work momentum remains high. Consequently, we raise our FY26 earnings forecasts by 3% to reflect the high margin and increase NDPS payout assumption to nearly 100%. OUTPERFORM reiterated with a new TP of RM6.55.

FY25 result beat forecast again, with core profit of RM421.3m coming in 23%/21% above our/consensus estimate. The variance against our forecast came largely from higher-than-expected construction profit margin in 4QFY25 (pre-tax margin of 16.5%, FY25A: 10.0% vs. our FY25 assumption of 8.5%). This was driven by accelerated progress on RTS Link and data centre projects which led to a recalibration of margins to reflect cost savings. It declared a 4th interim NDPS of 9.0 sen, (ex-date: 16 Mar; payment date: 31 Mar) totalling FY25 NDPS to 50.5 sen (27.5 sen regular and 23.0 sen special) exceeding our FY25 projection of 48.0 sen.

4QFY25 earnings boosted by margin expansion. While revenue declined 30% QoQ, 4QFY25 core profit surged 59% to RM150.6m. This was fuelled by a superb pretax margin of 16.0% (up from 8.8%) due to the abovementioned acceleration of RTS and data centre projects. Notably, Phase 1 of Yellowwood project (JHB1X0) is six months ahead of schedule. While the exceptionally strong 4QFY25 margin was a one-off, solid margin could extend into 1QFY26 as project momentum remains high. Driven by robust data centre earnings, FY25 core profit jumped 160% to RM421.3m from RM162.3m on a 52% rise in revenue. Construction pretax margins improved to 10.0% from 7.8%, surpassing the guided range of 5%-8%.

Outlook. SUNCON secured a total of RM5.21b new jobs in FY25, meeting its RM4.5b–RM6.0b target. For FY26, it has set a replenishment target of RM6b backed by an active tender book of RM17.5b, including eight data centre tenders exceeding 700MW. Currently, the outstanding order book stands at RM5.67b, dominated by data centres (41%). Other pipeline projects include Penang LRT Packages 2 and in-house SUNWAY Group jobs.

Forecasts. While maintaining our job win assumption of RM5.0b, we raise our FY26 earnings forecast by 3%. This is underpinned by a higher construction pre-tax margin of 9.25% from 8.5% as we expect stronger margin in 1QFY26. We also raise FY26 NDPS projection to 28 sen (99% payout) from 25 sen. We introduce our new FY27 forecasts with profit expected to grow 6% YoY, based on RM5.0b new job wins, RM6.0b construction revenue and a 9% pre-tax construction margin. FY27 NDPS is projected at 30.0 sen (99% payout).

Valuations. Following the earnings upgrade and updated issued shares, our TP is increased slightly to RM6.55 (from RM6.50), based on unchanged 22x FY26F PER, in-line with our valuation for big cap construction companies, i.e., **GAMUDA (OP; TP: RM6.13)** and **IJM (OP; TP: RM3.40)**. Our TP also includes a 5% ESG premium to reflect our 4-star ESG rating.

Investment case. We like SUNCON for: (i) strong job prospects of the sector with the imminent roll-out of key public infrastructure projects, (ii) its strong earnings visibility underpinned by RM5.67b outstanding order

OUTPERFORM ↔

Price: **RM6.31**
Target Price: **RM6.55** ↑

Share Price Performance



KLCI	1,757.98
YTD KLCI chg	4.6%
YTD stock price chg	11.5%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SCGB MK Equity
Market Cap (RM m)	8,346.4
Shares Outstanding	1,322.7
52-week range (H)	6.50
52-week range (L)	3.58
3-mth avg. daily vol.	2,919,169
Free Float	35%
Beta	1.0

Major Shareholders

Sunway Holdings Sdn Bhd	53.2%
Sungei Way Corp Sdn Bhd	7.1%
Employees Provident Fund	4.2%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	5338.7	5750.0	6250.0
EBIT	448.2	464.9	447.9
PBT	525.5	508.8	540.0
Net Profit	361.8	375.1	398.1
Core Net Profit	421.3	375.1	398.1
Consensus	-	348.4	371.4
Earnings Revision (%)	-	3.3	-
Core EPS (sen)	32.0	28.4	30.1
Core EPS Growth (%)	159.7	-11.0	6.1
NDPS (sen)	50.5	28.0	30.0
BVPS (RM)	0.82	0.83	0.83
NTA/share (RM)	0.82	0.83	0.83
PER (x)	17.7	22.3	21.0
PBV (x)	6.86	7.64	7.63
P/NTA (x)	6.86	7.64	7.63
Net Gearing (x)	N Cash	N Cash	N Cash
Net Div. Yield (%)	8.9	4.4	4.8

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book and recurring jobs from parent and sister companies, and (iii) its extensive capabilities and track record in building, infrastructure, solar, mechanical, electrical and plumbing works. OUTPERFORM reaffirmed.

Risks to our recommendation include: (i) weak flows of construction jobs from public and private sectors, (ii) project cost overrun and liabilities arising from liquidated ascertained damages (LAD), and (iii) rising cost of building materials.

Income Statement								
FY Dec (RM m)	4Q FY25	3Q FY25	Q-o-Q Chg	4Q FY24	Y-o-Y Chg	12M FY25	12M FY24	Y-o-Y Chg
Turnover	1,016.1	1,445.2	-30%	1,400.3	-27%	5,338.7	3,521.7	52%
EBITDA	134.9	99.3	36%	95.3	42%	465.4	279.4	67%
Depreciation	-6.4	-3.7	74%	-3.7	73%	-17.2	-17.3	-1%
EBIT	128.5	95.7	34%	91.6	40%	448.2	262.2	71%
Interest and other incomes	37.0	39.6	-7%	33.2	11%	108.8	75.7	44%
Interest expense	-7.6	-13.6	-44%	-14.6	-48%	-46.9	-65.2	-28%
Associates	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
JV incomes	4.7	5.4	-13%	0.3	1483%	15.3	0.3	5048%
Exceptional items	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
Pretax profit	162.6	127.1	28%	110.6	47%	525.5	273.0	93%
Taxation	-36.9	-30.7	20%	-32.7	13%	-123.5	-75.9	63%
Profit after tax	125.7	96.4	30%	77.9	61%	402.1	197.0	104%
Minority interest	-7.3	-12.6	-42%	-8.7	-16%	-40.3	-10.1	298%
Net profit	118.4	83.8	41%	69.2	71%	361.8	186.9	94%
Core net profit	150.6	94.5	59%	63.8	136%	421.3	162.3	160%
EPS (sen)	11.4	7.1	59%	4.8	136%	31.9	12.3	160%
DPS (sen)	9.00	29.25	-69%	2.50	260%	50.50	8.50	494%
NTA/share (RM)	0.82	0.79	4%	0.68	21%	0.82	0.68	21%
EBITDA margin	13.3%	6.9%		6.8%		8.7%	7.9%	
EBIT margin	12.6%	6.6%		6.5%		8.4%	7.4%	
Pretax margin	16.0%	8.8%		7.9%		9.8%	7.8%	
Core net margin	14.8%	6.5%		4.6%		7.9%	4.6%	
Effective tax rate	22.7%	24.1%		29.6%		23.5%	27.8%	

Source: Company

Segmental Breakdown								
FY Dec (RM m)	4Q FY25	3Q FY25	Q-o-Q Chg	4Q FY24	Y-o-Y Chg	12M FY25	12M FY24	Y-o-Y Chg
Turnover								
Construction	940.8	1,387.4	-32%	1,353.9	-31%	5,131.6	3,326.9	54%
Precast Concrete	75.3	57.8	30%	46.4	62%	207.1	194.8	6%
Group Turnover	1,016.1	1,445.2	-30%	1,400.3	-27%	5,338.7	3,521.7	52%
Segment Results								
Construction	155.4	123.0	26%	107.2	45%	511.8	260.4	97%
Precast Concrete	7.2	4.0	80%	3.4	112%	13.7	12.5	10%
Group PBT	162.6	127.1	28%	110.6	47%	525.5	273.0	93%
PBT Margin								
Construction	16.5%	8.9%		7.9%		10.0%	7.8%	
Precast Concrete	9.6%	7.0%		7.4%		6.6%	6.4%	
Group PBT Margin	16.0%	8.8%		7.9%		9.8%	7.8%	

Source: Company

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SUNCON's Outstanding Order Book	
Project	Outstanding Value (RM m)
Building	
Oxley Tower (MEP) + VO	6
Daiso	57
Data Centre	
JHB1X0 - Data Centre & TIW	49
JHB1X0 – TIW – ADD	25
ECI & Work Order – MNC	5
General Contractor Works – MNC	1,007
Site Early Works – Shell 2 – MNC	13
General Contractor Works I- Shell 2 - MNC	297
PSR – MNC	203
K2 Building 4 + VO	162
JHB01 – Core & Shell Works	539
Infrastructure/Piling	
RTS Link Package 1B & Package 5	28
India	
Thorapalli-Jittandahalli (TJ)	77
Singapore	
Precast	407
New Order 2025 – External	380
Internal – Sunway Group	
Sunway Square – Superstructure + VO	108
Sunway Flora	5
SunMed PH2 Fit-out	9
Sunway Ipoh Mall	521
SunMed PH3 Fit-Out	40
RTS Transit Oriented Development Project	1,295
Sunway Ipoh Mall Extension	153
Sunway Ipoh Mall Extension – Hotel	224
Sunway Ipoh Mall Extension – Office	63
Total	5,672

Source: Company

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside (%)	Market Cap (RM'm)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE (%)	Net Div. (sen)	Net Div Yld (%)
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
GAMUDA	OP	4.21	5.30	25.9%	24,962.8	Y	07/2026	17.8	23.4	5.3%	31.3%	23.6	18.0	2.0	8.5%	10.0	2.4%
IJM	OP	2.59	3.40	31.3%	9,078.4	Y	03/2026	14.4	15.9	11.8%	10.1%	17.9	16.3	0.9	5.1%	8.0	3.1%
KERJAYA	OP	2.56	3.05	19.1%	3,218.8	Y	12/2025	16.7	18.9	29.8%	13.2%	15.3	13.5	2.7	17.8%	12.0	4.7%
KIMLUN	OP	1.28	1.50	17.2%	497.5	Y	12/2025	21.8	20.3	70.1%	-6.8%	5.9	6.3	0.6	10.3%	2.0	1.6%
SUNCON	OP	6.31	6.55	3.8%	8,345.1	Y	12/2025	28.4	30.1	-11.0%	6.1%	22.3	21.0	7.6	34.4%	28.0	4.4%
WCT	OP	0.565	1.25	121.2%	880.8	Y	12/2025	5.0	5.6	67.4%	12.7%	11.3	10.0	0.2	2.1%	0.5	0.9%
Sector Aggregate					46,983.4					12.5%	18.9%	20.2	17.0	1.6	7.8%		2.8%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	★	
	Corporate Social Responsibility	★	★	★	★	
	Management/Workforce Diversity	★	★	★	★	
	Accessibility & Transparency	★	★	★	☆	
	Corruption-Free Pledge	★	★	★	☆	
	Carbon-Neutral Initiatives	★	★	★	★	☆
SPECIFIC	Migrant Worker Welfare	★	★	★	★	
	Waste Disposal/Pollution Control	★	★	★	★	
	Work Site Safety	★	★	★	★	
	Environmentally Friendly Construction Technology	★	★	★	☆	
	Supply Chain Auditing	★	★	★	★	
	Energy Efficiency	★	★	★	★	
OVERALL		★	★	★	★	

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

***Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.

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