

16 March 2026

# Sunway

## Realising SHH's Market Appeal

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We raise our SoP-TP for SUNWAY to RM5.32 (from RM4.98), reflecting Sunway Healthcare Holdings (SHH)'s IPO market cap of RM16.68b which implies an FY26F EV/EBITDA of c.30x (from our applied 20x) following its oversubscription at an offer price of RM1.45. With SHH being spin off as a stand-alone listed entity, we believe this serves as a more direct proxy for SUNWAY's healthcare exposure and reflects current investor expectations for the segment's growth and earnings profile. Upgrade to MARKET PERFORM as we turn less cautious on SUNWAY's longer-term trajectory and better supported by SHH's lofty valuations.

In light of the ongoing conditional voluntary takeover offer for IJM, we see a potential TP upside of RM0.32-RM0.57, depending on the final shareholding scenario, if successful. This reflects valuation synergies from their combined property division.

**SHH's IPO well-accepted.** At its IPO price of RM1.45, SHH is valued at c.30x EV/EBITDA based on our FY26F estimates (c.25x on FY27F earnings). This represents a valuation premium of up to 20% compared with IHH Healthcare's listing multiple of 25x-27x EV/EBITDA, although the latter currently trades at around 15x forward EV/EBITDA.

Despite the relatively rich valuation, the IPO was 5.6x oversubscribed, likely supported by: (i) the scarcity of listed private hospital operators in the market, (ii) strong capacity expansion visibility, with bed capacity expected to grow at c.11% CAGR over seven years to 3,400 beds from 1,600 beds, and (iii) superior EBITDA margins in the mid-to-high 20% range, compared with peers that typically operate in the low 20% range.

In addition, we note that its listing market cap of RM16.68b would qualify it for inclusion into FBM KLCI, potentially replacing QL which is currently the smallest constituent (market cap: RM13.4b) as of the date of this report. This would provide additional trading support to SHH's share price performance on its listing day on 18 March 2026.

**Group operations remain well managed.** SHH's proceeds from its IPO of RM554m for the expansion of existing hospitals is expected to support its earnings growth to make up for the lull in new openings, with the next one being slated for 2030 via SMC Seremban Sentral.

On the group's other core businesses, momentum remains intact. The property division is expanding its footprint in the Southern region and Singapore, which we view as a strategic move to diversify away from the more competitive Klang Valley property market. Meanwhile, earnings support should also come from SUNCON's continued traction in securing data centre-related projects, with management targeting RM6b in order book replenishment from FY25's record RM5.2b.

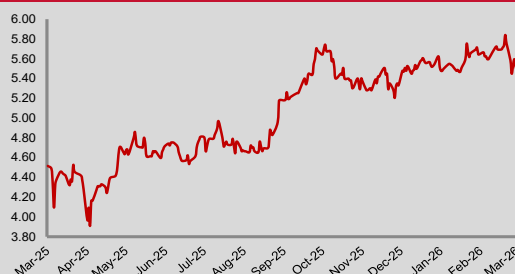
**Forecast.** Unchanged.

**Upgrade to MARKET PERFORM with a higher SoP-TP of RM5.32 (from RM4.98).** This is derived from our ascription of SHH's RM16.68b listing market cap, which is above our previously implied RM11.6b on a 20x FY26 EV/EBITDA. The enlarged market cap alongside a diluted ownership of 69.5% (from 84.0%) thereby increases our overall SoP value by RM2.8b. We believe current price points more fairly reflect: (i) improved sentiment on SUNCON and its DC-fuelled orderbook, (ii) SHH's spin-off into the scarce healthcare equity space, and (iii) strengthening presence in Singapore's more resilient property market.

## MARKET PERFORM ↑

Price : **RM5.14**  
Target Price : **RM5.32** ↑

### Share Price Performance



KLCI	1,698.85
YTD KLCI chg	1.1%
YTD stock price chg	-6.8%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SWB MK Equity
Market Cap (RM m)	34,748.6
Shares Outstanding	6,760.4
52-week range (H)	5.84
52-week range (L)	3.91
3-mth avg daily vol:	7,133,178
Free Float	48%
Beta	1.06

### Major Shareholders

Sungei Way Corp Sdn Bhd	47.2%
Jef-San Enterprise Sdn Bhd	9.5%
Employee Provident Fund	9.3%

### Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
<b>Turnover</b>	9,813	10,917	10,827
Operating Profit	1,317	1,477	1,389
Profit Before Tax	1,874	1,844	1,746
<b>Net Profit</b>	<b>1,304</b>	<b>1,394</b>	<b>1,320</b>
<b>Core Net Profit</b>	<b>1,223</b>	<b>1,394</b>	<b>1,320</b>
Consensus (NP)	-	1,249	1,350
Earnings Revision (%)	-	-	-
Core EPS (sen)	18.3	20.9	19.8
Core EPS Growth (%)	11.0	14.0	(5.3)
NDPS (sen)	6.0	6.5	6.5
BVPS (RM)	2.41	2.55	2.68
PER (x)	28.0	24.6	26.0
PBV (x)	2.13	2.01	1.92
Net Gearing (x)	0.65	0.72	0.63
Net Div. Yield (%)	1.2	1.3	1.3

\* Defined as core earnings attributable to ordinary shareholders excluding preferential dividends owing to ICPS issuances

16 March 2026

With regards to the ongoing **IJM (OP; TP: RM3.40)** conditional voluntary takeover offer, we maintain our recommendation to **REJECT** the current offer price of RM3.15. That said, the recent share price weakness presents an attractive risk-reward entry point for new investors to capture potential upside upon the deal's potential completion. Assuming the offer succeeds in meeting its minimum acceptance threshold of 50% + 1 share, our sensitivity analysis suggests an upside to our TP for SUNWAY of RM0.32 to RM0.57 per share (assuming a full takeover). This is premised on potential synergies that could warrant a tighter RNAV discount for IJM's property division from 50% to 40%.

Meanwhile, SUNWAY had previously expressed the intention to proceed with the deal in spite of IJM's own investigation by MACC over alleged money laundering, bribery, and corporate governance breaches involving up to RM2.5b in foreign assets. In our view, this reflects SUNWAY's strategic interest in IJM's operating assets and workforce, rather than its existing management structure.

**Risks to our call include:** (i) shifts in the property, hospitality, and MICE sectors, (ii) foreign currency volatility, and (iii) changes to macroeconomic policy.

**Income Statement**

FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F
<b>Revenue</b>	<b>6,140</b>	<b>7,883</b>	<b>9,813</b>	<b>10,917</b>	<b>10,827</b>
<b>Operating Profit</b>	664	887	1,317	1,477	1,389
Depreciation	-141	-144	-152	-183	-205
Interest Inc/(Exp)	-71	-6	-2	-196	-235
Associate Earnings	397	643	559	564	592
<b>Profit Before Tax</b>	<b>990</b>	<b>1,523</b>	<b>1,874</b>	<b>1,844</b>	<b>1,746</b>
Taxation	-138	-242	-354	-295	-279
Minority Interest	-118	-128	-217	-155	-147
<b>PATAMI</b>	<b>735</b>	<b>1,153</b>	<b>1,304</b>	<b>1,394</b>	<b>1,320</b>
<b>Core PATAMI</b>	<b>684</b>	<b>1,102</b>	<b>1,223</b>	<b>1,394</b>	<b>1,320</b>

**Balance Sheet**

FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F
<b>Fixed Assets</b>	<b>1,358</b>	<b>1,472</b>	<b>1,748</b>	<b>2,097</b>	<b>2,424</b>
Intangible Assets	388	388	411	411	411
Other Fixed Assets	16,893	16,754	20,280	20,280	20,280
Inventories	3,425	4,124	4,619	5,683	5,636
Receivables	1,900	2,431	3,946	4,038	4,004
Other Current Assets	2,322	2,012	3,180	3,180	3,180
Cash	2,297	4,336	4,619	2,685	3,765
<b>Total Assets</b>	<b>28,584</b>	<b>31,518</b>	<b>38,803</b>	<b>38,373</b>	<b>39,701</b>
Payables	1,565	2,520	5,697	4,309	4,753
ST Borrowings	6,017	5,971	8,829	8,829	8,829
Other ST Liability	1,659	1,531	361	361	361
LT Borrowings	3,624	4,904	6,172	6,172	6,172
Other LT Liability	718	652	605	605	605
<b>Net Assets</b>	<b>15,000</b>	<b>15,938</b>	<b>17,138</b>	<b>18,096</b>	<b>18,979</b>
Shareholders' Equity	13,850	14,991	16,057	17,015	17,899
Minority Interests	1,150	947	1,081	1,081	1,081
<b>Total Equity</b>	<b>15,000</b>	<b>15,938</b>	<b>17,138</b>	<b>18,096</b>	<b>18,979</b>

**Cashflow Statement**

FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F
<b>Operating CF</b>	<b>459</b>	<b>1,343</b>	<b>2,715</b>	<b>-1,333</b>	<b>1,691</b>
Investing CF	-558	188	-3,717	31	60
Financing CF	416	570	3,451	-633	-671
Change In Cash	316	2,101	2,449	-1,934	1,080
Free CF	344	1,042	2,183	-1,865	1,159

**Financial Data & Ratios**

FY Dec	2023A	2024A	2025A	2026F	2027F
<b>Growth</b>					
Turnover	18.2%	28.4%	24.5%	11.2%	-0.8%
EBITDA	-2.1%	30.3%	61.5%	13.0%	-4.0%
Operating Profit	13.9%	33.4%	48.6%	12.1%	-6.0%
PBT	7.7%	53.8%	23.0%	-1.6%	-5.3%
Core Net Profit	9.3%	61.2%	11.0%	14.0%	-5.3%
<b>Profitability</b>					
Operating Margin	10.8%	11.2%	13.4%	13.5%	12.8%
PBT Margin	16.1%	19.3%	19.1%	16.9%	16.1%
Core Net Margin	11.1%	14.0%	12.5%	12.8%	12.2%
Effective Tax Rate	13.9%	15.9%	18.9%	16.0%	16.0%
ROA	2.7%	3.8%	3.7%	3.6%	3.4%
ROE	5.6%	8.0%	8.4%	8.4%	7.6%
<b>DuPont Analysis</b>					
Net Margin (%)	11.1%	14.0%	12.5%	12.8%	12.2%
Assets Turnover (x)	0.2	0.3	0.3	0.3	0.3
Leverage Factor (x)	2.1	2.1	2.4	2.3	2.2
ROE (%)	5.6%	8.0%	8.4%	8.4%	7.6%
<b>Leverage</b>					
Debt/Asset (x)	0.3	0.3	0.4	0.4	0.4
Debt/Equity (x)	0.7	0.7	0.9	0.9	0.8
Net (Cash)/Debt	7,344	6,539	10,383	12,316	11,236
Net Debt/Equity (x)	0.5	0.4	0.6	0.7	0.6
<b>Valuations</b>					
Core EPS (sen)	10.3	16.5	18.3	20.9	19.8
NDPS (sen)	5.5	6.0	6.0	6.5	6.5
BV/sh (RM)	2.1	2.2	2.4	2.6	2.7
PER (x)	50.1	31.1	28.0	24.6	26.0
Div. Yield (%)	1.1	1.2	1.2	1.3	1.3
PBV (x)	2.5	2.3	2.1	2.0	1.9

Source: Kenanga Research

16 March 2026

<b>SUNWAY's SoP</b>		
<b>Segment</b>	<b>Value (RMm)</b>	<b>Valuation basis</b>
Property Development	12,446.3	40% discount to RNAV
Real estate investment trust (via 40.9%-owned SUNREIT)	3,534.4	Kenanga's TP of RM2.28 for SUNREIT
Property Investment (Ex-SUNREIT)	2,508.1	1.0x PBV based on FY24
Construction (via 54.6%-owned SUNCON)	5,463.1	Kenanga's TP of RM7.76 for SUNCON
Trading & Manufacturing	616.9	P/E of 10x on FY26 earnings
Quarry	128.5	P/E of 12x on FY26 earnings
Healthcare (via 69.5%-owned SHH)	11,589.3	Based on a listing market cap of RM16.7b
Investment Holdings & Others	245.0	P/E of 7x on FY26 earnings
Net cash / (debt) at holding company level	-315	As at 31 Dec 2024
<b>Aggregate Valuation</b>	<b>36,216.6</b>	
No of shares (m)	6,805.0	
<b>FV per share (RM)</b>	<b>5.32</b>	

Source: Company, Kenanga Research

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16 March 2026

## 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.	1-Yr. Fwd.	1-Yr. Fwd.		
<b>PROPERTY DEVELOPERS</b>																					
Eco World Development Group	OP	2.16	2.35	8.8%	6,956.6	Y	10/2026	17.9	18.1	28.9%	1.4%	12.1	11.9	1.0	8.6%	8.0	3.7%				
IOI Properties Group Bhd	UP	3.45	3.00	-13.0%	18,996.2	Y	06/2026	13.5	14.3	154.5%	5.9%	25.6	24.2	0.7	5.0%	6.0	1.7%				
LBS Bina Bhd	OP	0.460	0.640	39.1%	709.1	Y	12/2026	7.1	8.1	66.5%	15.2%	6.5	5.7	0.4	6.1%	3.3	7.2%				
Mah Sing Group Bhd	OP	1.04	1.78	71.2%	2,662.5	Y	12/2026	10.9	11.7	7.0%	7.3%	9.6	8.9	0.6	6.7%	5.5	5.3%				
Malaysian Resources Corp Bhd	MP	0.290	0.560	93.1%	1,295.6	Y	12/2026	1.8	1.4	19.2%	-18.9%	40.8	22.0	0.3	1.7%	1.0	3.4%				
Paramount Corporation Bhd	OP	1.01	1.47	45.5%	629.0	Y	12/2026	19.1	21.8	66.6%	14.2%	5.3	4.6	0.4	7.8%	7.5	7.4%				
S P Setia Bhd	OP	0.925	1.43	54.6%	4,628.1	Y	12/2026	6.1	7.3	-33.3%	18.9%	15.2	12.8	0.3	2.4%	2.0	2.2%				
Sime Darby Property Bhd	OP	1.33	1.97	48.1%	9,045.1	Y	12/2026	8.2	9.2	8.0%	11.4%	16.2	14.5	0.8	5.1%	3.3	2.5%				
Sunway Bhd	MP	5.14	5.32	3.5%	34,748.6	Y	12/2026	20.5	19.4	7.8%	-5.4%	25.0	26.5	1.9	7.8%	6.5	1.3%				
UOA Development Bhd	MP	1.85	1.91	3.2%	4,911.8	Y	12/2026	13.7	14.5	18.1%	6.0%	13.5	12.7	0.8	5.8%	12.0	6.5%				
<b>SECTOR AGGREGATE</b>					<b>84,582.5</b>					<b>24.0%</b>	<b>3.8%</b>	<b>21.6</b>	<b>20.8</b>	<b>0.7</b>	<b>5.4%</b>			<b>4.2%</b>			

Source: Kenanga Research

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16 March 2026

**Stock ESG Ratings:**

	Criterion	Rating				
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	☆		
	Anti-Corruption Policy	★	★	☆		
	Emissions Management	★	★	☆		
<b>SPECIFIC</b>	Product Quality & Safety	★	★	★	★	
	Effluent/Water Management	★	★	★		
	Waste Management	★	★	★		
	Biodiversity & Conservation	★	★	★	☆	
	Green Building	★	★	★		
	Supply Chain Management	★	★	★		
<b>OVERALL</b>		★	★	★		

☆ 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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