

20 April 2026

Sunway Construction Group

Third Data Centre Win Secured

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SUNCON has bagged its third data centre project of the year, a RM1.75b contract in Bandar Serendah, Selangor from a new client, an international hyperscaler. Scheduled for a two-year build starting 3QCY26, the scope covers core, shell, and M&E works. We like the cost-plus structure, which effectively mitigates margin risks in a rising cost environment. This win brings YTD job win to RM3.0b, tracking well against our FY26 target of RM7.0b. With an outstanding order book of RM8.7b, earnings visibility remains strong. We maintain **OUTPERFORM** with an unchanged TP of RM7.76.

Secures RM1.75b hyperscale data centre project. Last Friday, SUNCON announced it has bagged a RM1.75b data centre project in Bandar Serendah, Selangor, from an international hyperscaler. The contract, structured on a cost-plus basis, covers core and shell works, campus infrastructure, and MEP fit-out. The project is slated to kick start in 3QCY26 with completion targeted for 3QCY28.

Third data centre win YTD. We view this development positively as it underscores SUNCON's competitive edge in securing high-stakes contracts from global hyperscalers. Notably, data centre projects typically yield higher margins, reaching the upper end of SUNCON's 5% to 8% guided PBT range. With this third data centre win for the year, SUNCON has secured RM3.0b in new jobs for FY26, putting it on track to meet our RM7b replenishment assumption (vs. management's target of RM6b). Its current outstanding order book stands at a healthy RM8.7b, with data centre projects now accounting for more than half of the total.

Outlook. Following this win, SUNCON maintains a robust pipeline, actively participating in data centre tenders for six other clients, comprising four existing and two new clients. In total, its active tender book remains elevated at c.RM16b across both data centre and non-data centre segments. Other key pipeline prospects include the Penang LRT Package 2 and recurring in-house jobs from the SUNWAY Group.

Forecasts. Maintained. We keep our FY26–FY27 job win assumptions at RM7b (RM5b from data centre) and RM5b (RM3b from data centre), respectively.

Valuations. We maintain our TP of RM7.76, based on unchanged PER of 22x, which is in-line with our valuation for big cap construction companies, i.e. **GAMUDA (OP; TP: RM5.30)** and **IJM (OP; TP: RM3.40)**. Our TP also includes a 5% premium to reflect a 4-star ESG rating as appraised by us (see Page 4).

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 RM8.7b outstanding order 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.

OUTPERFORM ↔

Price: RM6.96
Target Price: RM7.76 ↔

Share Price Performance



KLCI	1,695.21
YTD KLCI chg	0.9%
YTD stock price chg	23.0%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SCGB MK
Market Cap (RM m)	9,245.2
Shares Outstanding	1,328.3
52-week range (H)	7.40
52-week range (L)	3.91
3-mth avg. daily vol.	3,240,697
Free Float	35%
Beta	0.8

Major Shareholders

Sunway Holdings Sdn Bhd	53.0%
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	6450.0	6950.0
EBIT	448.2	526.4	504.5
PBT	525.5	573.5	603.0
Net Profit	361.8	422.8	444.5
Core Net Profit	421.3	422.8	444.5
Consensus	-	414.9	442.2
Earnings Revision (%)	-	-	-
Core EPS (sen)	32.0	32.0	33.6
Core EPS Growth (%)	159.7	0.3	5.1
NDPS (sen)	50.5	32.0	34.0
BVPS (RM)	0.82	0.82	0.82
NTA/share (RM)	0.82	0.82	0.82
PER (x)	17.7	21.8	20.7
PBV (x)	6.86	8.47	8.51
P/NTA (x)	6.86	8.47	8.51
Net Gearing (x)	N Cash	N Cash	N Cash
Net Div. Yield (%)	8.9	4.6	4.9

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Income Statement						Financial Data & Ratios					
FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F	FY Dec	2023A	2024A	2025A	2026F	2027F
Revenue	2671	3522	5339	6450	6950	Growth (%)					
EBITDA	245	279	465	544	522	Revenue	23.9	31.8	51.6	20.8	7.8
Depreciation	-21	-17	-17	-18	-18	EBITDA	16.7	13.9	66.6	16.9	-4.1
Operating Profit	224	262	448	526	505	Operating Income	20.2	16.9	71.0	17.4	-4.2
Interest Incomes	26	76	109	75	120	Pre-tax Income	2.5	44.7	92.5	9.1	5.1
Interest Expense	-48	-65	-47	-43	-38	Net Income	7.3	28.8	93.6	16.9	5.1
Associate	1	0	0	0	0	Core Net Income	18.2	-4.7	159.7	0.3	5.1
Exceptional	0	0	0	0	0	Profitability (%)					
PBT	189	273	526	574	603	EBITDA Margin	9.2	7.9	8.7	8.4	7.5
Taxation	-43	-76	-123	-138	-145	Operating Margin	8.4	7.4	8.4	8.2	7.3
Minority Interest	-1	-10	-40	-13	-14	PBT Margin	7.1	7.8	9.8	8.9	8.7
Net Profit	145	187	362	423	445	Net Margin	5.4	5.3	6.8	6.6	6.4
Core Net Profit	170	162	421	423	445	Core Net Margin	6.4	4.6	7.9	6.6	6.4
Balance Sheet						Effective Tax Rate	24.6	22.7	27.8	23.5	24.0
FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F	ROE	7.4	5.6	11.1	10.2	9.9
Fixed Assets	98	85	122	119	117	ROA	18.6	22.0	46.1	49.7	41.0
Associates	0	0	0	0	0	DuPont Analysis					
JV	253	224	208	212	217	Net margin (%)	6.4	4.6	7.9	6.6	6.4
Intangibles	1	0	0	0	0	Assets Turnover (x)	0.9	1.0	1.2	1.2	1.3
Other FA	492	412	448	457	466	Leverage Factor (x)	3.8	4.1	4.1	4.8	5.0
Inventories	46	43	60	81	88	ROE (%)	20.8	18.5	38.8	38.9	41.1
Receivables	1410	1579	1387	1721	1847	Leverage					
Other CA	312	237	199	203	207	Debt/Asset (x)	0.30	0.20	0.07	0.13	0.11
Cash	470	1016	2000	2385	2432	Debt/Equity (x)	1.13	0.83	0.28	0.62	0.56
Total Assets	3083	3596	4424	5179	5374	Net Debt/(Cash)	-456	285	1700	1710	1825
Payables	1193	1806	2784	3159	3421	Net Debt/Equity (x)	0.56	-0.32	-1.56	-1.57	-1.69
ST Borrowings	438	731	158	319	288	Valuations					
Other ST Liability	70	120	161	164	168	Core EPS (sen)	13.2	12.6	32.0	32.0	33.6
LT Borrowings	488	0	143	356	320	NDPS (sen)	6.0	8.5	50.5	32.0	34.0
Other LT Liability	1	1	10	11	11	BV/share (RM)	0.64	0.68	0.82	0.82	0.82
Minority Int.	72	61	81	83	85	NTA/share (RM)	0.64	0.68	0.82	0.82	0.82
Net Assets	820	878	1087	1087	1081	Core PER (x)	15.2	36.8	17.7	21.8	20.7
Share Capital	259	259	378	378	378	Net Div. Yield (%)	3.0	1.8	8.9	4.6	4.9
Reserves	562	619	709	708	703	PBV (x)	3.16	6.80	6.86	8.47	8.51
Equity	820	878	1087	1087	1081	P/NTA (x)	3.16	6.80	6.86	8.47	8.51
Cashflow Statement						EV/EBITDA (x)	12.4	20.3	16.3	13.8	14.1
FY Dec (RM m)	2023A	2024A	2025A	2026F	2027F						
Operating CF	-294	709	1624	783	584						
Investing CF	-66	138	-27	-20	-20						
Financing CF	338	-303	-608	-378	-517						
Change In Cash	-22	545	989	385	47						
Free CF	-360	848	1597	763	564						

Source: Kenanga Research

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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	4.37	5.30	21.3%	26,029.8	Y	07/2026	17.8	23.4	5.3%	31.3%	24.5	18.7	2.0	8.5%	10.0	2.3%
IJM	OP	2.30	3.40	47.8%	8,061.9	Y	03/2026	14.4	15.9	11.8%	10.1%	15.9	14.5	0.8	5.1%	8.0	3.5%
KERJAYA	OP	2.27	3.05	34.4%	2,854.2	Y	12/2026	16.7	18.9	29.8%	13.2%	13.6	12.0	2.4	17.8%	12.0	5.3%
KIMLUN	OP	1.05	1.50	42.9%	408.1	Y	12/2026	21.8	20.3	70.1%	-6.8%	4.8	5.2	0.5	10.3%	2.0	1.9%
SUNCON	OP	6.96	7.76	11.5%	9,245.2	Y	12/2026	32.0	33.6	0.3%	5.1%	21.8	20.7	8.5	38.9%	32.0	4.6%
WCT	OP	0.395	1.13	186.1%	615.8	Y	12/2026	4.1	4.4	19.2%	7.3%	9.6	9.0	0.2	1.9%	0.0	0.0%
SECTOR AGGREGATE					47,215.0					9.4%	18.3%	20.0	16.9	1.6	7.9%		2.9%

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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