

28 May 2026

Sunway

Healthcare Incorporated

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SUNWAY's 1QFY26 core net profit (+79% YoY) was within expectations. Across the group, its divisions remain well-anchored to deliver sustainable earnings with property development benefitting from some its exposure in Singapore, data centre-fuelled construction contracts and demand for healthcare remaining supportive. Following SUNMED's listing and commencement of our coverage, we raise our group-level earnings for FY26F/FY27F by +5%/+11% while incorporating an applied valuation of 27x EV/EBITDA for the unit. Maintain MARKET PERFORM and raise our TP to RM5.66 (from RM5.32).

1QFY26 within expectations. SUNWAY's 1QFY26 core net profit of RM317.8m came in at 23% of our full-year forecast and 25% of consensus full-year estimate. This is derived after adjusting for a net gain of RM9.1b from the remeasurement of the investment in SUNMED upon its listing on 18 March 2026.

YoY, 1QFY26 core net profit increased by 79%. This was mostly led by stronger property development revenue (+148%) and pretax profit (+206%) contributions, thanks to higher progress billings from local and overseas development projects (including the newly acquired Sunway MCL). Despite the construction division demonstrating a 36% drop in revenue, its pretax profits rose by 39% from the finalisation of certain large projects. Meanwhile, the healthcare segment transitioned from a 84%-equity accounted earnings to a full consolidation as a subsidiary post-listing. It reported a slight drop in PBT contributions (-2%) from higher depreciation and financing cost following commencement of the new Sunway Medical Centre Ipoh in Apr 2026.

QoQ, 1QFY26 net profit fell by 15%, mostly owing to lumpier earnings recorded in the property segment (-60%) in the preceding quarter. Property investment also saw sequential weakness (-30%) mainly due to the inclusion of FV adjustments of RM62.7m in the prior quarter. Stripping this off, the segment would have reflected a 33% improvement sequentially from lower utilities cost and borrowings, as reported in SUNREIT.

Highlights. Following the unsuccessful bid for IJM, the group remains committed to pursuing other strategic opportunities to drive growth. That said, with a remaining land bank of 2,366 acres and an estimated GDV of RM71.4b, we believe the group is sufficiently positioned without the need for significant land bank replenishment over the medium-to-long term. Meanwhile, property launches worth RM2.1b in 1QFY26 already account for 44% of its full-year target.

Its construction division also appears on track to meet its RM6.0b order book replenishment target, with the current RM8.2b outstanding order book heavily anchored by data centre projects (64%). On the property investment front, the opening of Sunway Square is expected to further strengthen recurring income, while a potential injection of Sunway Velocity into its REIT could provide an additional avenue for value unlocking.

Within healthcare, post-IPO expansion is likely to remain focused on existing assets, with no new hospital openings expected until as late as FY30. Nevertheless, the group still has meaningful medium-term growth visibility, with projected bed capacity rising to 2,442 beds from the current 1,805 licensed beds (+35%) across its five existing hospitals.

Forecast. Following our new coverage on SUNMED, we officially incorporate our revenue and earnings projections for the segment into the group, translating to an increase in our FY26F/FY27F net earnings by 5%/11%.

MARKET PERFORM ↔

Price : **RM5.24**
Target Price : **RM5.66** ↑

Share Price Performance



KLCI	1,699.02
YTD KLCI chg	1.1%
YTD stock price chg	-5.0%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SWB MK Equity
Market Cap (RM m)	35,424.6
Shares Outstanding	6,760.4
52-week range (H)	5.84
52-week range (L)	4.53
3-mth avg. daily vol.	7,071,879
Free Float	49%
Beta	1.14

Major Shareholders

Sungei Way Corp SdnBhd	47.2%
Jef-San Enterprise SdnBhd	11.0%
Employees Provident Fund	9.5%

Summary Earnings Table

FYE Dec (RM m)	2025A	2026F	2027F
Turnover	9,813	13,474	13,895
Operating Profit	1,317	1,862	1,951
Profit Before Tax	1,874	1,940	1,945
Net Profit	1,304	1,466	1,471
Core Net Profit	1,223	1,466	1,471
Consensus (NP)	-	1,284	1,391
Earnings Revision	-	+5.2	+11.4
Core EPS (sen)	18.1	21.7	21.8
Core EPS Growth (%)	11.0	19.9	0.3
NDPS (sen)	6.0	6.5	6.5
BVPS (RM)	2.38	2.53	2.68
PER (x)	29.0	24.2	24.1
PBV (x)	2.21	2.07	1.96
Net Gearing (x)	0.65	0.79	0.69
Net Div. Yield (%)	1.1	1.2	1.2

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

28 May 2026

Maintain MARKET PERFORM with a higher SoP-TP of RM5.66 (from RM5.32), as we incorporate a higher valuation on SUNMED of 24x FY27F EV/EBITDA at a TP of RM1.75 from applying its listing market cap at RM16.7b, previously. We believe current price points more fairly reflect: (i) improved sentiment on SUNCON and its DC-fuelled orderbook, (ii) SUNMED's position as a high growth healthcare operator, and (iii) strengthening presence in Singapore's more resilient property market.

Risks to our call include: (i) a strong pick-up in the property, hospitality, and MICE sectors, (ii) improvements to affordability, and (iii) improved spending confidence, prompting consumers to buy big-ticket items including properties.

SUNWAY's SoP

Segment	Value (RM m)	Valuation basis
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 Sunway Construction)	5,463.1	Kenanga's TP of RM7.76 for SUNCON
Trading & Manufacturing	616.9	P/E of 10x on FY26 earnings
Healthcare	13,987.1	Kenanga's TP of RM1.75 for SUNMED
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
Aggregate Valuation	38,486.3	
No of shares (m)	6,805.0	
FV per share (RM)	5.66	

Source: Company, Kenanga Research

Results Highlight

	1Q	4Q	QoQ	1Q	YoY	3M	3M	YoY
FYE Dec (RM m)	FY26	FY25	Chg	FY25	Chg	FY26	FY25	Chg
Revenue	2,557.5	2,319.1	10.3%	2,367.0	8.0%	2,557.5	2,367.0	8.0%
Operating Expenses	-2,402.7	-2,088.8	15.0%	-2,195.1	9.5%	-2,402.7	-2,195.1	9.5%
Other Operating Income	9,279.0	260.4	N.M.	50.9	N.M.	9,279.0	50.9	N.M.
Net Impairment Losses	18.5	-22.5	-182.2%	-1.6	-1248.3%	18.5	-1.6	-1248.3%
Operating Profit	9,452.4	468.1	1919.3%	221.3	4172.0%	9,452.4	221.3	4172.0%
Net Interest Income/(Expense)	-10.6	-12.4	-14.0%	-13.4	-20.8%	-10.6	-13.4	-20.8%
Associates/Joint Ventures	116.4	242.2	-51.9%	96.3	21.0%	116.4	96.3	21.0%
Extraordinary Items	0.0	0.0	N.M.	0.0	N.M.	0.0	0.0	N.M.
Profit before tax	9,558.2	698.0	1269.5%	304.1	3043.0%	9,558.2	304.1	3043.0%
Taxation	-82.2	-131.4	-37.4%	-67.5	21.9%	-82.2	-67.5	21.9%
Minority Interest	-62.4	-64.2	-2.9%	-46.1	35.3%	-62.4	-46.1	35.3%
Net Profit	9,413.6	502.3	1773.9%	190.6	4840.1%	9,413.6	190.6	4840.1%
Core Net Profit	317.8	375.3	-15.3%	177.7	78.8%	317.8	177.7	78.8%
Operating Margin	369.6%	20.2%		9.3%		369.6%	9.3%	
Pretax Margin	373.7%	30.1%		12.8%		373.7%	12.8%	
Net Margin	12.4%	16.2%		7.5%		12.4%	7.5%	
Effective Tax Rate	0.9%	18.8%		22.2%		0.9%	22.2%	
Net Gearing (x)	0.32	0.51		0.44		0.32	0.44	

Source: Company, Kenanga Research

28 May 2026

Segmental Breakdown

FYE Dec (RM m)	1Q FY26	4Q FY25	QoQ Chg	1Q FY25	YoY Chg	3M FY26	3M FY25	YoY Chg
Revenue								
Property Development	653.6	457.2	43.0%	263.3	148.2%	653.6	263.3	148.2%
Property Investment	266.2	283.6	-6.1%	246.4	8.1%	266.2	246.4	8.1%
Construction	794.5	737.2	7.8%	1,238.1	-35.8%	794.5	1,238.1	-35.8%
Trading and Manufacturing	525.9	584.5	-10.0%	380.6	38.2%	525.9	380.6	38.2%
Healthcare	90.8	0.0	N.M	0.0	N.M.	90.8	0.0	N.M
Others and Investment Holdings	226.5	256.6	-11.7%	238.7	-5.1%	226.5	238.7	-5.1%
Total Revenue	2,557.5	2,319.1	10.3%	2,367.0	8.0%	2,557.5	2,367.0	8.0%
Profit Before Tax								
Property Development	102.2	252.3	-59.5%	33.4	206.1%	102.2	33.4	206.1%
Property Investment	92.4	131.8	-29.9%	92.3	0.1%	92.4	92.3	0.1%
Construction	159.1	162.5	-2.1%	114.5	38.9%	159.1	114.5	38.9%
Trading and Manufacturing	31.1	18.7	65.6%	15.7	98.2%	31.1	15.7	98.2%
Quarry	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M.
Healthcare	31.1	96.9	-67.9%	31.8	-2.1%	31.1	31.8	-2.1%
Investment Holdings	0.0	0.0	N.M	0.0	N.M.	0.0	0.0	N.M.
Others and Investment Holdings	9,142.3	35.8	N.M.	16.4	N.M.	9,142.3	16.4	N.M.
Total Profit Before Tax	9,558.2	698.1	1269.1%	304.1	3043.0%	9,558.2	304.1	3043.0%
Pre-tax Margin								
Property Development	15.6%	55.2%		12.7%		15.6%	12.7%	
Property Investment	34.7%	46.5%		37.5%		34.7%	37.5%	
Construction	20.0%	22.0%		9.3%		20.0%	9.3%	
Trading and Manufacturing	5.9%	3.2%		4.1%		5.9%	4.1%	
Quarry	N.M	N.M		N.M		N.M	N.M	
Healthcare	34.3%	N.M		N.M		34.3%	N.M	
Investment Holdings	N.M	N.M		N.M		N.M	N.M	
Others and Investment Holdings	4035.8%	13.9%		6.9%		4035.8%	6.9%	
Total Pre-tax Margin	373.7%	30.1%		12.8%		373.7%	12.8%	

Source: Company, Kenanga Research

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28 May 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.				
PROPERTY DEVELOPERS																	
Eco World Development Group	OP	2.05	2.35	14.6%	6,606.0	Y	10/2026	17.9	18.1	28.9%	1.4%	11.5	11.3	1.0	8.6%	8.0	3.9%
IOI Properties Group Bhd	UP	4.24	3.00	-29.2%	23,346.1	Y	06/2026	13.5	14.3	154.5%	5.9%	31.5	29.8	0.9	5.0%	6.0	1.4%
LBS Bina Bhd	OP	0.450	0.640	42.2%	693.7	Y	12/2026	8.1	8.8	15.2%	8.3%	5.5	5.1	0.3	6.9%	3.3	7.3%
Mah Sing Group Bhd	OP	0.975	1.78	82.6%	2,496.1	Y	12/2026	10.9	11.7	7.0%	7.3%	9.0	8.4	0.6	6.7%	5.5	5.6%
Malaysian Resources Corp Bhd	MP	0.320	0.560	75.0%	1,429.6	Y	12/2026	1.8	1.4	19.2%	-18.9%	45.1	24.2	0.3	1.7%	1.0	3.1%
Paramount Corporation Bhd	OP	1.02	1.47	44.1%	635.2	Y	12/2026	19.1	21.8	66.6%	14.2%	5.3	4.7	0.4	7.8%	7.5	7.4%
S P Setia Bhd	OP	0.985	1.43	45.2%	4,928.4	Y	12/2026	6.1	7.3	-33.3%	18.9%	16.2	13.6	0.3	2.4%	2.0	2.0%
Sime Darby Property Bhd	OP	1.43	1.97	37.8%	9,725.2	Y	12/2026	8.2	9.2	8.0%	11.4%	17.4	15.6	0.9	5.1%	3.3	2.3%
Sunway Bhd	MP	5.24	5.66	8.0%	35,424.6	Y	12/2026	21.6	21.6	19.9%	0.3%	24.3	24.2	2.0	8.3%	6.5	1.2%
UOA Development Bhd	MP	1.80	1.82	1.1%	4,779.0	Y	12/2026	12.3	13.9	7.2%	13.0%	14.6	12.9	0.8	5.3%	11.1	6.2%
SECTOR AGGREGATE					90,063.9					26.7%	6.1%	22.6	21.3	0.7	5.5%		4.1%

Source: Kenanga Research

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28 May 2026

Stock ESG Ratings:

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