

Sunway Construction (SCGB MK)

Secures RM1.2bn DC related jobs

- SunCon has secured RM1.2bn contracts for two hyperscale DC projects, building on the earlier ECI works for a US-based MNC
- The contracts win lifts its YTD replenishment to RM3.5bn—well on track to achieve management's guided range of RM4.5–6.0bn for FY25 and lift its outstanding order book to RM7.9bn (4QFY24: RM5.8bn)
- The group continued to be supported by a robust pipeline of DC projects, currently at around 50% of the order book. Reiterate our BUY call with an unchanged TP of RM6.61

Secured RM1.2bn General Contractor Works for two DCs

Sunway Construction (SUNCON) has secured RM1.2bn in new Work Orders for two data centre (DC) projects from a US-based multinational technology company. The contracts encompass General Contractor (GC) works, with construction commencing immediately and targeted for completion by February 2027. These projects is a continuation of SUNCON's ongoing early contractor involvement (ECI) and enabling works for the same client at its Klang Valley site, which remains on track for completion in the 2QCY25. Due to confidentiality agreements under non-disclosure arrangements (NDA), specific project details such as exact location, capacity, or client identity cannot be disclosed.

DC Projects Now Contribute 50% of RM7.9bn Order Book.

YTD, SUNCON has secured total of RM3.5bn in new orders, achieving 64% of our full-year replenishment target of RM5.5bn and well on track to achieve management's guided range of RM4.5–6.0bn for FY25. The group's outstanding order book currently stood at RM7.9bn (4QFY24: RM5.8bn). DC projects now representing 50% of the total (up from 42% in 1QFY25). Concurrently, reliance on in-house projects from parent company Sunway Group has decreased to 35% (from 41% in 1QFY25). Active tenders remain robust at RM15.9bn (end-Mac 2025), up from RM14.6bn in 4QFY24, supporting future replenishment visibility.

New DC Projects to Generate RM25-40mn Annual PBT

The projects are expected to contribute between RM60mn to RM96 mn in pretax profit, based on the company's guided pretax profit margin range of 5% to 8%. This translates to an estimated annual pretax profit contribution of approximately RM25-40mn over the project timeline through February 2027. However, we keep our forecasts unchanged as the new win is within our replenishment assumption of RM5.5bn.

Maintain BUY with unchanged TP of RM6.61

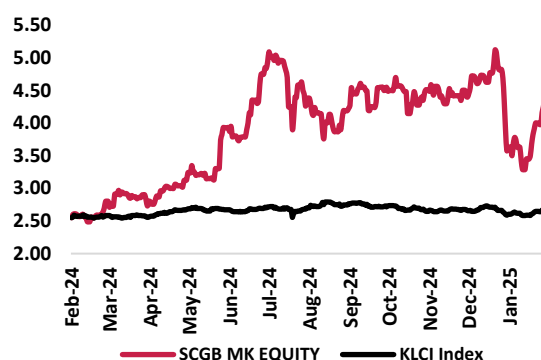
We reiterate our BUY call with an unchanged TP of RM6.61 via pegging our FY26F EPS of 27.5 sen to 24x, +0.5SD above its historical 10-year mean P/E of 21x, given its strong earnings growth momentum supported by its RM7.9bn outstanding order book.

BUY

Share Price RM5.83

Target Price RM6.61 +13.4%

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	12.7	18.9	48.4
vs FBM KLCI	9.0	20.3	52.6

Stock Data

ESG Rating	Good
Mkt Cap (RM mn)	6285.6
Beta	1.3
Free float (%)	27.9
Issued shares (mn)	1290.7
52w H/L (RM)	5.3 / 3.10
3m avg daily volume	4,188,907

Major Shareholders (%)

Sunway Holdings	54.5
Sungei Way Corp	10.1
Employees Provident Fund	7.6

FYE Dec(RM mn)	FY23	FY24	FY25F	FY26F	FY27F
Turnover	2672.2	3521.7	5332.4	5919.0	6570.0
Pre-tax profit	188.6	273.0	415.9	473.5	525.6
Core net profit	151.2	171.3	303.6	355.1	394.2
Core EPS (sen)	11.7	13.3	23.5	27.5	30.6
EPS growth (%)	5.2	13.3	77.2	17.0	11.0
PER (x)	13.1	43.9	24.8	21.2	19.1
DPS (sen)	6.0	8.5	15.0	17.5	19.5
Div. Yield (%)	0.9	2.0	3.5	4.1	4.6
P/B (x)	9.2	8.6	5.7	5.3	4.8
Net gearing (x)	0.4	(0.3)	(0.0)	0.2	0.2

Key Ratios (%)

ROE	19	19	24	27	29
Pretax margin	7	6	8	8	8
Net margin	5	5	6	6	6

Source: Company, BIMB Securities

Nabil Zainoodin, CFA

 nabil@bimbsec.com.my
 +(603) 2613 1773

DEFINITION OF RATINGS

BIMB Securities uses the following rating system:

STOCK RECOMMENDATION

BUY Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.

TRADING BUY Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.

HOLD Share price may fall within the range of +/- 10% over the next 12 months

TAKE PROFIT Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.

TRADING SELL Share price may fall by more than 15% in the next 3 months.

SELL Share price may fall by more than 10% over the next 12 months.

NOT RATED Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months

NEUTRAL The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months

UNDERWEIGHT The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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BIMB SECURITIES

BIMB SECURITIES SDN BHD (290163-X)

A Participating Organisation of Bursa Malaysia Securities Berhad

Level 34, Menara Bank Islam

No 22, Jalan Perak, 50450 Kuala Lumpur

Tel: 03-2613 1600 Fax: 03-2613 1799

<http://www.bimbsec.com.my>



Mohd Redza Abdul Rahman
Director of Research