

## Sunway Construction (SCGB MK)

### Bags RM1.5bn RTS TOD Jobs

- SunCon has bagged RM1.5bn contracts to undertake construction works for the RTS TOD at Bukit Chagar, Johor, from its sister company, Sunway Integrated Properties
- The contracts win lifts its YTD replenishment to RM1.7bn – accounting for 31% of our FY25F target of RM5.5bn and lift its outstanding order book by 25% to RM7.6bn
- The group continued to be supported by a robust pipeline of in-house projects, which currently stood at around 38% of orderbook. Reiterate our BUY call with an unchanged TP of RM5.04

### Secured RM1.5bn RTS TOD Jobs in a Related Party Transaction

SunCon has secured an RM1.5bn contract to undertake construction works for the Rapid Transit System Transit-Oriented Development (RTS TOD) at Bukit Chagar, Johor, from its sister company, Sunway Integrated Properties. The announcement follows its parent company, Sunway Bhd's signing of a master agreement for a mixed-use development worth over RM2.6bn in Johor with Mass Rapid Transit Corporation Sdn Bhd (MRT Corp) to develop an integrated development on a 1.71 hectares (4.23 acres) site last month.

### Construction Scope Includes Park and Ride Facility and Retail Mall

The newly awarded RM1.5bn contract consists of two parts, namely: (i) Part A—Construction and completion of multi-story park and ride building for the RTS TOD Project, drop-off and pick-up facility, immigration customs and quarantine complex connection, the perimeter ring road and retaining walls and; (ii) Part B—Construction and completion of retail mall, podium and the top side property at Bukit Chagar station. Part A's commencement date is March 5, 2025, and completion for the first section is targeted by November 2026, with an overall completion for Part A works by November 2027. The commencement and completion dates for Part B works shall be confirmed later.

### This brings YTD replenishment to RM1.7bn—31% of FY25F target

We are positive on the wins, which bring YTD replenishment to RM1.7bn – accounting for 31% of our FY25F target of RM5.5bn (the company is targeting RM4.5bn to RM6.0bn) and lifting its outstanding order book by 25% to RM7.6bn. The company's guided construction EBIT margins for the projects are 5% to 7%, translating to EBIT of between RM75m to RM105m. We estimate each project could contribute an annual accretion in EBIT of between RM18.8m to RM26.3m (or around 5% of FY25F EBIT). However, we do not change our FY25F-27F earnings as this project is within our replenishment assumption of RM5.5bn.

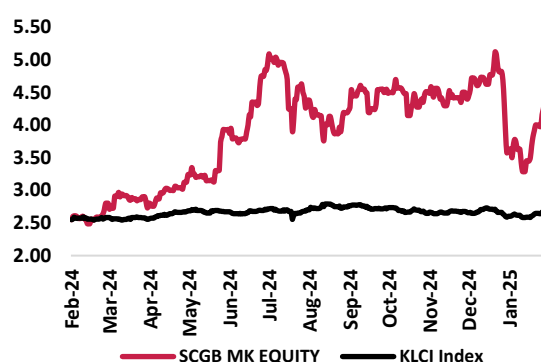
### Maintain BUY with unchanged TP of RM5.04

We reiterate our **BUY** call with an unchanged **TP of RM5.04** via pegging our FY25F EPS of 21.0 sen to +0.5SD above its historical 10-year mean P/E of 24x. Valuation-wise, the stock is currently trading at a forward P/E of 17.4x, below the historical mean of 21x.

**BUY**

Share Price **RM4.24**  
Target Price **RM5.04 +18.9%**

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	8.4	(3.5)	70.6
vs FBM KLCI	9.9	(1.1)	62.8

#### Stock Data

ESG Rating	Good
Mkt Cap (RM mn)	5,466.9
Beta	1.4
Free float (%)	28.1
Issued shares (mn)	1,289
52w H/L (RM)	5.81/1.76
3m avg daily volume	3,854,316

#### Major Shareholders (%)

Sunway Holdings	54.6%
Sungei Way Corp	10.1%
Employees Provident Fund	6.9%

FYE Dec(RM mn)	FY23	FY24	FY25F	FY26F	FY27F
Turnover	2672.2	3521.7	4761.1	5237.2	5760.9
Pre-tax profit	188.6	273.0	371.4	419.0	460.9
<b>Core net profit</b>	<b>151.2</b>	<b>171.3</b>	<b>271.1</b>	<b>314.2</b>	<b>345.7</b>
Core EPS (sen)	11.7	13.3	21.0	24.4	26.8
EPS growth (%)	5.2	13.3	58.2	15.9	10.0
PER (x)	13.1	31.9	20.2	17.4	15.8
DPS (sen)	6.0	8.5	11.0	13.0	14.0
Div. Yield (%)	1.3	2.0	2.6	3.1	3.3
P/B (x)	6.7	6.2	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: Bloomberg, BIMB Securities

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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**

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