

# Sunway Construction (SCOG.KL)

## Contract award for RTS Transport Oriented Development at Bukit Chagar

### CITI'S TAKE

Suncon was awarded the construction of the RTS Transport Oriented Development in Bukit Chagar, Johor by Sunway Berhad (*read this related news here via this [link](#)*), with a total contract value of RM1.5bn (The Edge Malaysia). We expect margins to be roughly mid-high single-digits, in-line with Suncon's existing margins. Post contract win, outstanding order book stands at RM7.6bn, with YTD wins at RM1.7bn (broadly in-line with full year guidance of RM4.5-6bn). Maintain Buy rating and TP of RM5.00.

**RTS transport oriented development at Bukit Chagar, Johor** – Sunway Construction (Suncon) was awarded the construction works related to the RTS transport oriented development in Bukit Chagar, by Sunway Berhad. *Read this related news in this [link](#)*. The construction will be done via two parts – (i) Part A – construction of multi storey park and ride building, and (ii) Part B – construction of retail mall and top side property at the Bukit Chagar station. **Total contract value is at RM1.5bn**, with Part A expected to be completed by Nov-2027, and we expect Part B to be completed by 2030.

**Order book and margins** – We expect margins for this job to be roughly mid-to-high single-digits (in-line with Suncon's existing margins). Post contract win, Suncon's latest outstanding order book is at RM7.6bn, with YTD new wins at RM1.7bn, broadly in-line with Suncon's 2025 full year order book replenishment guidance was at RM4.5-6bn.

**Implications** – No changes to Buy rating, TP of RM5.00 (20x P/E on FY26E), and FY25-27E earnings.

### Buy

Price (04 Mar 25 17:00)	RM4.09
Target price	RM5.00
Expected share price return	22.2%
Expected dividend yield	2.7%
Expected total return	24.9%
Market Cap	RM5,288M US\$1,184M

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# Sunway Construction

## Valuation

We value SunCon based on 20x FY2026E P/E, close to its 10Y mean, for a target price of RM5.00.

## Risks

Possible downside risks to our rating include (i) slowdown in DC investments in Malaysia, especially on the back of heightened geopolitical tensions or policies, (ii) job execution risks, given the high working capital requirement, (iii) delay in roll-out of Malaysian infrastructure jobs, and (iv) slowdown of inhouse jobs.

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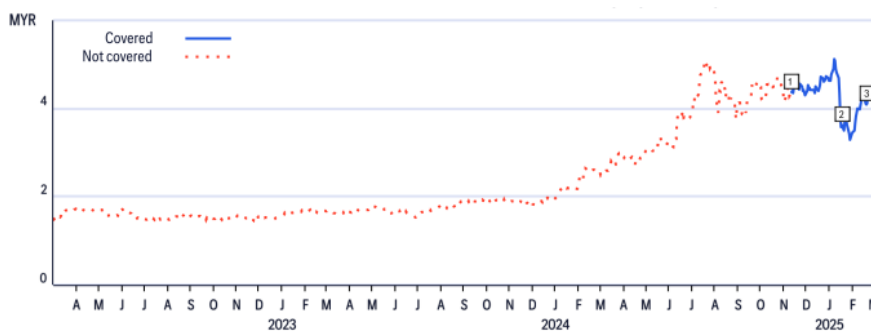
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#### Sunway Construction (SCOG.KL)

Ratings and Target Price History  
Fundamental Research

Analyst: Steven Chan



Date	Rating	Target Price	Closing Price	Date	Rating	Target Price	Closing Price	Date	Rating	Target Price	Closing Price
11-Nov-24 07:20:49	*1	*5.10	4.37	17-Jan-25 18:31:51	1	*4.20	3.63	20-Feb-25 13:08:39	1	*5.00	4.12

\*Indicates Change

Rating/target price changes above reflect Eastern Time

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