

21 November 2025

Sunway Construction Group

Earnings Beat; Dividend Surprise

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SUNCON delivered another strong quarter in 3QFY25, bringing 9MFY25 core profit to RM270.8m which beat expectations on higher revenue contribution from accelerated data centre project progress. It also surprised with a total of 29.25 sen NDPS (6.25 sen regular + 23.0 sen special) declared in 3QFY25. We remain bullish on robust data centre job prospect to propel its earnings further. We raise our FY25 earnings forecasts by 8% but keep FY26F earnings. **OUTPERFORM** reaffirmed at TP of RM6.50.

9MFY25 result beat forecast with core profit of RM270.8m which made up 84% of our FY25 forecast and 85% of consensus estimate. The variance against our forecast came largely from higher-than-expected revenue, mainly attributed to accelerated progress in data centre jobs. It declared a 3rd interim NDPS of 6.25 sen, (ex-date 09 Dec 2025; payment date 23 Dec 2025) which beat projection and a surprise special dividend of 23.0 sen (ex-date: 17 Dec 2025; payment date: 08 Jan 2026), totalling 9MFY25 NDPS to 41.5 sen (vs. 6.0 sen paid in 1HFY24) against our FY25 projection of 20.0 sen.

Earnings driven by data centre projects. 3QFY25 revenue remained at RM1.44b (-2% QoQ) while core profit inched up slightly by 1% QoQ to RM94.5m, supported by the acceleration of data centre jobs with the Phase 1 of Yellowwood DC scheduled for completion by 1QFY26. YoY, 3QFY25 core profit surged 176% from RM34.2m as revenue soared 67% on data centre jobs. Similarly, YTD 9MFY25 core profit jumped 175% to RM270.8m from RM98.5m as revenue doubled to RM4.32b from RM2.12b in 9MFY24.

Outlook. SUNCON maintains its FY25 job replenishment target of RM4.5b–RM6.0b. YTD, it has secured RM3.93b new orders with outstanding order book of RM5.44b (37% from data centre jobs), with an active tender book of RM18.2b (including seven data centre projects). Data centre contracts typically fetch higher PBT margins of 5%–8%, supporting further margin expansion. Other pipeline projects include Penang LRT Packages 2 and in-house SUNWAY Group jobs.

Forecasts. We raise FY25F earnings by 8%, underpinned by higher revenue assumptions of RM5.5b from RM5.2b on accelerated data centre progress but maintain FY26F earnings. FY25 and FY26 job win assumptions maintained at RM6.0b and RM5.0b, respectively. NDPS projections are also raised to 48.0 sen (25.0 sen regular and 23.0 sen special) and 25.0 sen for FY25F/FY26F (at 177%/85% pay-out) from 20.0 sen (80%/71%) previously.

Valuations. We maintain our TP of RM6.50, based on unchanged 22x FY26F PER, in-line with our valuation for big cap construction companies, i.e., **GAMUDA (OP; TP: RM6.13)** and **IJM (OP; TP: RM3.40)**. Our TP also includes a 5% ESG premium to reflect our 4-star ESG rating.

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 RM5.44b 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: RM5.73
Target Price: RM6.50 ↔

Share Price Performance



KLCI	1,619.96
YTD KLCI chg	-1.4%
YTD stock price chg	23.8%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	SCGB MK Equity
Market Cap (RM m)	7,564.2
Shares Outstanding	1,320.1
52-week range (H)	6.58
52-week range (L)	3.26
3-mth avg. daily vol.	3,682,407
Free Float	34%
Beta	1.1

Major Shareholders

Sunway Holdings Sdn Bhd	53.3%
Sungei Way Corp Sdn Bhd	7.1%
Employees Provident Fund	4.2%

Summary Earnings Table

FY Dec (RM m)	2024A	2025F	2026F
Turnover	3521.7	5730.0	5750.0
EBIT	262.2	474.0	492.5
PBT	273.0	474.0	492.5
Net Profit	186.9	349.4	363.1
Core Net Profit	162.3	349.4	363.1
Consensus	-	318.4	342.4
Earnings Revision (%)	-	+8.0	-
Core EPS (sen)	12.6	27.1	28.2
Core EPS Growth (%)	-4.7	115.4	3.9
NDPS (sen)	8.5	48.0	25.0
BVPS (RM)	0.68	0.49	0.52
NTA/share (RM)	0.68	0.49	0.52
PER (x)	36.8	21.1	20.3
PBV (x)	6.80	11.66	10.95
P/NTA (x)	6.80	11.67	10.96
Net Gearing (x)	N Cash	N Cash	N Cash
Net Div. Yield (%)	1.8	8.4	4.4

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Income Statement								
FY Dec (RM m)	3Q FY25	2Q FY25	Q-o-Q Chg	3Q FY24	Y-o-Y Chg	9M FY25	9M FY24	Y-o-Y Chg
Turnover	1,445.2	1,476.9	-2%	865.3	67%	4,322.6	2,121.4	104%
EBITDA	99.3	118.1	-16%	69.3	43%	330.5	184.1	80%
Depreciation	-3.7	-3.5	4%	-4.5	-18%	-10.8	-13.6	-21%
EBIT	95.7	114.6	-16%	64.8	48%	319.7	170.6	87%
Interest and other incomes	39.6	18.0	120%	22.4	77%	71.8	42.4	69%
Interest expense	-13.6	-12.8	7%	-16.6	-18%	-39.3	-50.6	-22%
Associates	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
JV incomes	5.4	2.9	90%	0.0	N/A	10.6	0.0	N/A
Exceptional items	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
Pretax profit	127.1	122.6	4%	70.5	80%	362.9	162.4	123%
Taxation	-30.7	-28.4	8%	-21.9	40%	-86.5	-43.3	100%
Profit after tax	96.4	94.2	2%	48.6	98%	276.4	119.1	132%
Minority interest	-12.6	-10.3	22%	-2.2	480%	-33.0	-1.4	2280%
Net profit	83.8	83.9	0%	46.5	80%	243.4	117.7	107%
Core net profit	94.5	94.0	1%	34.2	176%	270.8	98.5	175%
EPS (sen)	7.3	7.3	1%	2.7	176%	21.0	7.6	175%
DPS (sen)	29.25	7.25	303%	2.50	1070%	41.50	6.00	592%
NTA/share (RM)	0.81	0.80	2%	0.65	25%	0.81	0.65	25%
EBITDA margin	6.9%	8.0%		8.0%		7.6%	8.7%	
EBIT margin	6.6%	7.8%		7.5%		7.4%	8.0%	
Pretax margin	8.8%	8.3%		8.2%		8.4%	7.7%	
Core net margin	6.5%	6.4%		4.0%		6.3%	4.6%	
Effective tax rate	24.1%	23.1%		31.0%		23.8%	26.6%	

Source: Company

Segmental Breakdown								
FY Dec (RM m)	3Q FY25	2Q FY25	Q-o-Q Chg	3Q FY24	Y-o-Y Chg	9M FY25	9M FY24	Y-o-Y Chg
Turnover								
Construction	1,387.4	1,433.5	-3%	831.8	67%	4,190.8	1,973.0	112%
Precast Concrete	57.8	43.4	33%	33.5	72%	131.8	148.4	-11%
Group Turnover	1,445.2	1,476.9	-2%	865.3	67%	4,322.6	2,121.4	104%
Segment Results								
Construction	123.0	121.4	1%	68.5	80%	356.4	153.3	133%
Precast Concrete	4.0	1.2	231%	2.0	101%	6.5	9.1	-29%
Group PBT	127.1	122.6	4%	70.5	80%	362.9	162.4	123%
PBT Margin								
Construction	8.9%	8.5%		8.2%		8.5%	7.8%	
Precast Concrete	7.0%	2.8%		6.0%		4.9%	6.1%	
Group PBT Margin	8.8%	8.3%		8.2%		8.4%	7.7%	

Source: Company

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SUNCON's Outstanding Order Book	
Project	Outstanding Value (RM m)
Building	
Oxley Tower (MEP) + VO	6
Daiso	79
Data Centre	
JHB1X0 - Data Centre & TIW	131
JHB1X0 – TIW – ADD	25
ECI & Work Order – MNC	5
General Contractor Works – MNC	1,110
Site Early Works – Shell 2 – MNC	43
PSR – MNC	359
K2 Building 4 + VO	335
Infrastructure/Piling	
RTS Link Package 1B & Package 5	33
India	
Thorapalli-Jittandahalli (TJ)	182
Singapore	
Precast	513
New Order 2025 – External	376
Internal – Sunway Group	
Sunway Square – Superstructure + VO	207
Sunway Flora	29
SMC Fit-Out	13
Sunway Ipoh Mall	565
SunMed PH3 Fit-Out	59
RTS Transit Oriented Development Project	1,373
Total	5,442

Source: Company

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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	5.40	6.13	13.5%	31,633.1	Y	07/2026	23.8	33.7	37.3%	41.6%	22.7	16.0	2.4	11.0%	10.0	1.9%
IJM	OP	2.48	3.40	37.1%	8,692.8	Y	03/2026	15.6	16.2	20.9%	4.0%	15.9	15.3	0.9	5.5%	8.0	3.2%
KERJAYA	MP	2.75	2.60	-5.5%	3,457.7	Y	12/2025	16.7	18.1	29.8%	8.0%	16.4	15.2	2.9	17.8%	12.0	4.4%
KIMLUN	OP	1.36	1.51	11.0%	528.6	Y	12/2025	21.5	20.0	52.3%	-6.9%	6.3	6.8	0.6	9.3%	2.0	1.5%
SUNCON	OP	5.73	6.50	13.4%	7,564.2	Y	12/2025	27.0	28.1	115.4%	3.9%	21.2	20.4	11.7	46.2%	48.0	8.4%
WCT	OP	0.695	1.25	79.9%	1,083.4	Y	12/2025	5.0	5.6	67.4%	12.7%	13.9	12.4	0.3	2.1%	0.5	0.7%
Sector Aggregate					52,959.8					46.9%	23.8%	20.0	16.1	1.8	8.9%		3.3%

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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