

Sunway Construction Group Berhad

(5263 | SCGB MK) Main | Construction



Maintain **BUY**

Unchanged Target Price **RM6.53**

3QFY25 Results Review

Robust Earnings Continues in this Quarter

Maintain BUY. We are increasing our earnings forecast for FY25E by +12.3%, underpinned by robust quarterly earnings growth and sustained margin improvements, which reflects the group's operational efficiency and disciplined cost management. We are maintaining our **BUY** call on SunCon with an unchanged target price of **RM6.53**, supported by its strong fundamentals, resilient balance sheet, and promising growth prospects in the construction sector. SunCon continues focus on the data centre (DC) construction segment, a key earnings driver, with 36.9% of its current RM5.44b order book dedicated to DC projects.

Above expectations. Sunway Construction Group Berhad (SunCon) delivered an encouraging performance in 3QFY25, with a doubling in core net to RM94.2m. Revenue also recorded an increase of +67.0%yoy to RM1.45b, primarily driven by contribution from its construction segment. For the cumulative 9MFY25, core earnings grew 2.3x yoy to RM265.5m. The results were above expectations, coming in at 86.0% of our full year estimates and 83.4% of consensus.

Construction segment. The group's construction segment posted a strong performance, with revenue rising +66.8%yoy to RM1.39b and profit before tax (PBT) increasing +79.7%yoy to RM123.1m, as compared to 3QFY24. PBT margins also improved from 8.2% in 3QFY24 to 8.9% in the current quarter, reflecting enhanced operational efficiency. This growth was largely driven by accelerated execution across several data centre projects, notably the Johor facility and the K2 data centre, which remained key contributors to profitability.

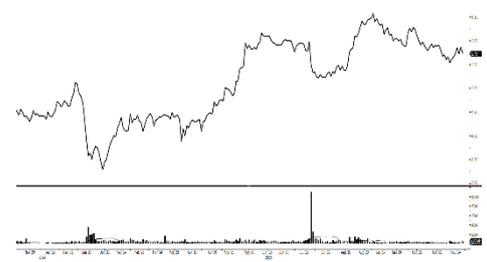
Precast segment. The group's precast segment delivered a strong performance in 3QFY25, with revenue surging +72.5%yoy to RM57.8m. This robust top-line growth translated into a +100%yoy increase in PBT to RM4m, primarily driven by contributions from several projects reaching the peak of their delivery stage, which boosted a reduction in interest expense.

RM5.4b outstanding orderbook. As at Sep-25, SunCon's outstanding order book stood at RM5.4b, providing strong earnings visibility through FY27. The group has secured RM3.9b in order book replenishment to date, representing 86.7% of its lower end of the FY25 replenishment target of RM4.5b - RM6.0b. Data centre projects remain a key growth driver, accounting for approximately 52% of new orders secured this year. About 37% of the current outstanding order book is made up of data centre works and in-house projects comprises 41%. Management continues to actively pursue new opportunities, with a robust tender book of RM18.2b, which includes high-profile public and commercial projects such as the Penang LRT, and the Penang International Airport expansion. In addition to its core construction activities, SunCon is exploring renewable energy ventures and projects requiring contractor financing or private finance initiatives (PFI). Internally, the group remains committed to supporting Sunway Berhad's development pipeline, which spans hospitals, integrated developments, commercial buildings, and transit-oriented developments (TOD).

RETURN STATISTICS

Price @ 20 th Nov 2025 (RM)	5.73
Expected share price return (%)	+14.0
Expected dividend yield (%)	+2.0
Expected total return (%)	+15.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-3.0	-3.8
3months	-5.3	-3.5
12 months	27.3	25.6

INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	5767.8	6344.6	6661.8
Operating Profit	484.5	501.2	552.9
Profit Before Tax	473.0	475.8	539.6
Core Net Profit	346.1	313.4	360.4
Core EPS (sen)	26.7	24.2	27.8
DPS (sen)	12.3	12.5	12.5
Dividend Yield	2.1	2.2	2.2

KEY STATISTICS

FBM KLCI	1,619.96
Issued shares (m)	1292.90
Estimated free float (%)	34.31
Market Capitalisation (RM'm)	7,564.16
52-wk price range	RM3.26 - RM6.58
3-mth average daily volume (m)	3.81
3-mth average daily value (RM'm)	23.09
Top Shareholders (%)	
Sunway Holdings Sdn Bhd	53.29
Sungei Way Corp Sdn Bhd	7.11
Employees Provident Fund Board	4.24

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SUNWAY CONSTRUCTION: 3QFY25 RESULTS SUMMARY

All in RM'm unless stated otherwise	Quarterly Results					Cumulative		
	3QFY25	2QFY25	3QFY24	QoQ	YoY	9MFY25	9MFY24	YoY
Income Statement								
Revenue	1,445.2	1,476.9	865.3	-2.1%	67.0%	4,322.6	2,121.4	103.8%
Net Operating Expenses	(1,344.6)	(1,359.4)	(810.3)	1.1%	-65.9%	(3,995.0)	(1,960.7)	-103.8%
Operating Profit	95.7	114.6	64.8	-16.5%	47.6%	319.7	170.6	87.5%
Finance Income	39.6	18.0	22.4	120.3%	77.0%	71.8	42.4	69.3%
Finance Costs	(13.6)	(12.8)	(16.6)	-6.8%	18.0%	(39.3)	(50.6)	22.4%
JV and Associates	5.4	2.9	0.0	90.2%	-	10.6	0.0	-
Profit Before Tax	127.1	122.6	70.5	3.6%	80.2%	362.9	162.4	123.5%
Tax Expense	(30.7)	(28.4)	(21.9)	-8.1%	-40.1%	(86.5)	(43.3)	-100.1%
Minority Interest	12.6	10.3	2.2	21.9%	479.6%	33.0	1.4	2280.0%
Reported Net Profit	83.8	83.9	46.5	-0.1%	80.3%	243.4	117.7	106.7%
Core Net Profit	94.2	92.3	44.1	2.1%	113.7%	265.5	115.2	130.5%

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	2,671.23	3,521.69	5,767.81	6,344.59	6,661.82	PBT	188.65	272.96	472.96	475.84	539.61
Net operating expenses	#####	3,300.08	3,484.59	3,642.71	-3,824.85	Depreciation & amortisation	21.0	17.3	28.8	27.4	27.4
Operating profit	224.27	262.16	484.50	501.22	552.93	Changes in working capital	-516.6	-534.7	-23.9	-16.7	-16.7
Profit before tax	188.65	272.96	472.96	475.84	539.61	Operating cash flow	-299.4	716.4	297.7	258.2	279.3
Net profit	145.11	186.91	360.49	366.59	421.63	Capital expenditure	-18.9	-9.4	-25.0	-30.0	-30.0
Core net profit	143.90	179.90	346.07	313.39	360.39	Investing cash flow	-62.9	138.4	184.8	189.8	189.8
Core EPS (sen)	11.13	13.91	26.71	24.19	27.82	Debt raised/(repaid)	420.9	-167.2	-145.4	-145.4	-145.4
DPS (sen)	6.00	8.50	12.25	12.50	12.50	Dividends paid	-70.9	-116.0	-77.4	-77.4	-77.4
Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F	Financing cash flow	337.4	-303.4	-222.8	-222.8	-222.8
Fixed assets	98.6	85.4	130.6	124.1	117.9	Net cash flow	-24.8	551.5	259.8	225.2	246.3
Other investments and assets	745.1	636.4	518.9	532.0	532.0	Beginning cash flow	407.7	384.0	936.3	1196.0	1421.2
Non-current assets	843.6	721.8	649.6	656.1	649.9	Ending cash flow	384.0	936.3	1196.0	1421.2	1667.6
Cash	470.4	1,015.8	548.3	520.8	494.8	Profitability Ratios (%)	2023A	2024A	2025E	2026F	2027F
Trade debtors	1,595.6	1,795.1	1,304.2	1,369.4	1,369.4	Operating profit margin	8.4%	7.4%	8.4%	7.9%	8.3%
Current assets	2,239.2	2,874.4	2,013.5	2,051.3	2,025.2	PBT margin	7.1%	7.8%	8.2%	7.5%	8.1%
Trade creditors	1,242.5	1,912.7	1,277.4	1,335.4	1,335.4	PAT margin	5.4%	5.3%	6.3%	5.8%	6.3%
Short-term debt	438.2	730.6	197.6	217.3	239.1	Core PAT margin	5.4%	5.1%	6.0%	4.9%	5.4%
Current liabilities	1,701.8	2,656.6	1,491.6	1,569.4	1,591.1						
Long-term debt	487.7	0.0	99.3	118.3	118.3						
Non-current liabilities	489.1	1.2	102.4	-47.2	-281.7						
Share capital	258.6	258.6	258.6	258.6	258.6						
Retained earnings	590.0	660.9	810.4	926.7	1,107.2						
Equity	892.0	938.5	1,069.0	1,185.3	1,365.8						

Source: Bloomberg, MIDFR

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STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology