

3Q25: JHB1X0 project almost complete

Quick Note

3Q25 earnings in line, but there might be a dip in 4Q25F: SunCon's 3Q25 net income of MYR84mn was up 80% y-y and flat q-q, and 9M25 net income formed 77%/76% of our/Bloomberg consensus estimates for FY25F. The strong run-rate has continued sequentially and can be mainly attributed to the fast pace of construction to complete the large JHB1X0 data center project. However, there is only MYR131mn in remaining orderbook from this project, and it is likely that revenue/earnings contribution from this project will fall in 4Q25F, bringing group earnings down q-q, as other remaining data center projects on hand are not of similar scale as JHB1X0. This implies that 4Q25F might be a slower quarter q-q. That said, SunCon is striving to secure phase 2 of the JHB1X0 project by December/January, which should then lead to a re-acceleration of earnings in FY26F.

Margin improves, significant special dividend: PBT margin from the construction segment further improved to 8.9% in 3Q25 (vs 8.5% in 2Q25). New orderbook replenishment was slower in 3Q25; cumulative 9M25 replenishment of MYR3.9bn (3Q25: MYR0.1bn, 2Q25: MYR1.6bn, 1Q25: MYR2.2bn) now needs conversion of some DC jobs to meet its FY25F guidance of MYR4.5-6bn. In a major positive surprise, SunCon declared a third interim dividend of 6.25sen/share and a significant special dividend of 23sen/share, which implies 9M25 DPS of 41.5sen and >100% payout, to reward shareholders for its strong earnings performance.

We are hosting a post-results conference call (virtual) with SunCon's management on 21 November (Friday) at 2:30 pm MYT. Please contact us if you would like to attend the call.

Construction segment/tenders outlook: Construction revenue for 3Q25, although down 3% q-q, remained elevated at MYR1.4bn, driven by the ramp-up of data centre (DC) projects. PBT was up 1% q-q, with PBT margin at 8.9% in 3Q25 vs 8.5% in 2Q25. New orderbook replenishment in 9M25 stood at MYR3.9bn. SunCon has an outstanding orderbook of MYR5.4bn, and management is targeting a replenishment of MYR4.5-6bn in 2025E (Nomura target: MYR5.5bn) on the back of an active tender book of MYR18.2bn (+3.4bn q-q as new DC projects have been added to the tender book). Majority of the tender book (~80%) is from DC projects, with residual small participation in local infrastructure (like Penang Mutiara LRT CMC 2 package) and precast jobs. According to management, it is currently working on ten DC tenders with project sizes ranging from MYR500mn to multi-billion ringgits. According to management, they are working to close the JHB1X0 data center project phase 2 works and Shell 2 – MNC – works by the end of 2025 or early 2026.

Pre-cast segment review: Precast revenue/PBT for 3Q25 came in at MYR58mn/MYR4mn (+33%/ +231% q-q). PBT margin was up at 7% vs 2.8% in 2Q25. Management mentioned that the precast performance improved as several projects are in their peak delivery stage.

Reiterate Neutral due to valuations: We think the market is already pricing in 2025F to be a strong year in terms of earnings recognition from DC jobs and also job wins, which might spill over to 2026F as well. However, in view of the stock's very rich current valuation at 23.3x on what should be cyclically high FY25F earnings of MYR317mn, we reiterate our Neutral rating. Our TP of MYR5.90 is based on 24x FY25F P/E.

| | |
|--------------------------------|----------|
| Rating Remains | Neutral |
| Target price Remains | MYR 5.90 |
| Closing price 20 November 2025 | MYR 5.73 |

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Fig. 1: SunCon – 9M25 results snapshot

| MYR mn | 9M25 | NMR FY25F | as % of NMR | Cons FY25F | as % of cons |
|------------------|-------|-----------|-------------|------------|--------------|
| Revenue | 4,323 | 5,956 | 73% | 5,413 | 80% |
| Adj PBT | 363 | 454 | 80% | 437 | 83% |
| Adj NPATAMI | 243 | 317 | 77% | 318 | 76% |
| Reported NPATAMI | 243 | 317 | 77% | 333 | 73% |

Source: Company data, Bloomberg Finance L.P., Nomura estimates

Fig. 2: SunCon – 3Q25 results review

| MYR mn | 3Q25 | 3Q24 | % chg y-y | 2Q25 | % chg q-q | 9M25 | 9M24 | % chg y-y | FY25F | as % of FY25F |
|--------------------------------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Revenues | 1,445 | 865 | 67% | 1,477 | (2%) | 4,323 | 2,121 | 104% | 5,956 | 73% |
| Construction | 1,387 | 832 | 67% | 1,433 | (3%) | 4,191 | 1,973 | 112% | 5,176 | 81% |
| Precast concrete | 58 | 34 | 72% | 43 | 33% | 132 | 148 | (11%) | 780 | 17% |
| Operating profit | 96 | 65 | 48% | 115 | (16%) | 320 | 171 | 87% | 327 | 98% |
| Construction | 97 | 60 | 61% | 115 | (16%) | 321 | 153 | 109% | | |
| Precast concrete | (1) | 5 | NM | (1) | NM | (1) | 17 | NM | | |
| Adjusted Pretax profit | 127 | 71 | 80% | 123 | 4% | 363 | 162 | 123% | 454 | 80% |
| Construction | 123 | 69 | 80% | 121 | 1% | 356 | 153 | 133% | 411 | 87% |
| Precast concrete | 4 | 2 | 101% | 1 | 231% | 6 | 9 | (29%) | 43 | 15% |
| Core PAT | 96 | 49 | 98% | 94 | 2% | 276 | 119 | 132% | 327 | 84% |
| Core PAT - equityholders | 84 | 46 | 80% | 84 | (0%) | 243 | 118 | 107% | 317 | 77% |
| Other one-off charges | 0 | 0 | NM | 0 | NM | 0 | 0 | NM | 0 | NM |
| Headline NPAT - equityholders | 84 | 46 | 80% | 84 | (0%) | 243 | 118 | 107% | 317 | 77% |
| Adj Pretax margins | 8.8% | 8.2% | 1 ppt | 8.3% | 0 ppt | 8.4% | 7.7% | 1 ppt | 7.6% | |
| Construction | 8.9% | 8.2% | 1 ppt | 8.5% | 0 ppt | 8.5% | 7.8% | 1 ppt | 7.9% | |
| Precast concrete | 7.0% | 6.0% | 1 ppt | 2.8% | 4 ppt | 4.9% | 6.1% | -1 ppt | 5.5% | |

Source: Company data, Nomura estimates

Fig. 3: SunCon's outstanding orderbook

As of end-3Q25

| MYR mn | Contract Sum | Outstanding order book |
|---|---------------|------------------------|
| Infrastructure/Piling | | |
| RTS Link Package 1B and 5 | 558 | 33 |
| Building | | |
| Oxley Tower + VO | 73 | 6 |
| Daiso | 285 | 79 |
| Data Centre | | |
| JHB1X0 - Data Centre & TIW | 4,049 | 131 |
| JHB1X0 - Building 2 | 25 | 25 |
| ECI and enabling works - SHELL 1 - MNC | 160 | 5 |
| PSR - MNC | 778 | 359 |
| K2 Building 4 + VO | 458 | 335 |
| General contractor Works - SHELL 1- MNC | 1,155 | 1,110 |
| Site Early Works - Shell 2 - MNC | 89 | 43 |
| India | | |
| Thorapalli Agraharam - Jittandahalli | 508 | 182 |
| Internal | | |
| South Quay Square - Superstructure + VO | 1,068 | 207 |
| SW Flora | 277 | 29 |
| SMC PH2 Fit-out | 90 | 13 |
| SMC4 Phase 3 - Fit-out | 80 | 59 |
| SW Ipoh Mall | 721 | 565 |
| RTS Transit Oriented Development Project (RTS TOD) | 1,500 | 1,373 |
| Singapore | | |
| Precast | 744 | 513 |
| External - New order 2025 | 376 | 376 |
| Total | 12,994 | 5,442 |
| Orderbook burn rate (FY24, including internal) | | 4,552 |
| Implied earnings visibility (years) | | 1.2 |

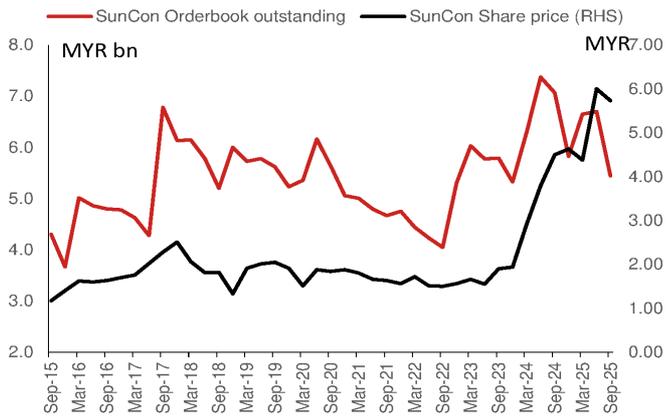
Source: Company data, Nomura research

Fig. 4: YTD 2025 orderbook replenishment

| Project | Duration | Contract Sum (MYR mn) |
|---|----------|-----------------------|
| 1Q25 | | |
| JHB1X0 - Tenant improvement works | Feb-26 | 167 |
| Bedok N8C14 | Dec-26 | 73 |
| K2 Building 4 | Mar-26 | 393 |
| RTS Transit Oriented Development Project (RTS TOD) | Nov-27 | 1,500 |
| Early Contractor Involvement (ECI) & enabling works - Package A | Apr-25 | 50 |
| Early Contractor Involvement (ECI) & enabling works - Package B | Apr-25 | 31 |
| 2Q25 | | |
| JHB1X0 - Tenant improvement works | Feb-26 | 71 |
| General Contractor Works - Package A | Feb-27 | 579 |
| General Contractor Works - Package B | Feb-27 | 576 |
| K2 Building 4 - VO | Mar-26 | 65 |
| Jurong West N1C34 | Jun-28 | 25 |
| Kallang Whampoa | Apr-28 | 39 |
| LPS Term Contract Batch 16 | Jan-28 | 87 |
| Site Early Works - Shell 2 - Package A | Jan-26 | 44 |
| Site Early Works - Shell 2 - Package B | Jan-26 | 45 |
| Project CJ | Aug-27 | 61 |
| 3Q25 | | |
| Sunway Square - Shell Advance Works | Oct-25 | 1 |
| Project CQ | Aug-28 | 91 |
| JHB1X0 - B2 Piling | Feb-27 | 25 |
| JHB1X0 - Tenant improvement works | Feb-26 | 4 |
| Total | | 3,927 |

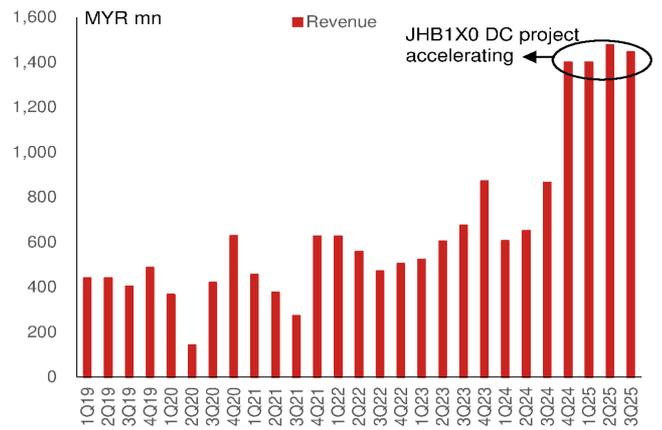
Source: Company data, Nomura research

Fig. 5: SunCon: Orderbook vs share price



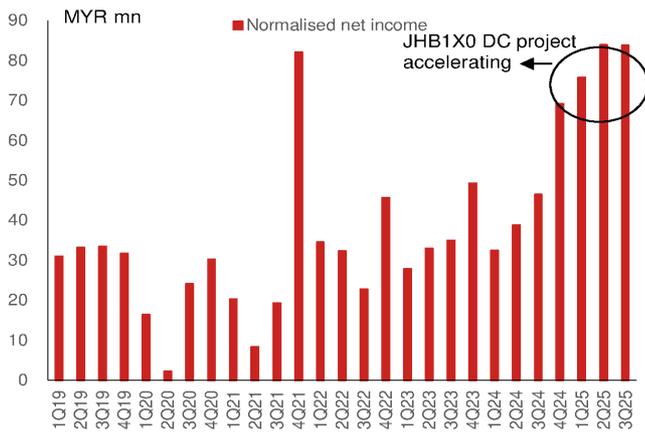
Source: Company data, Bloomberg, Nomura research

Fig. 6: SunCon: Quarterly revenue trend



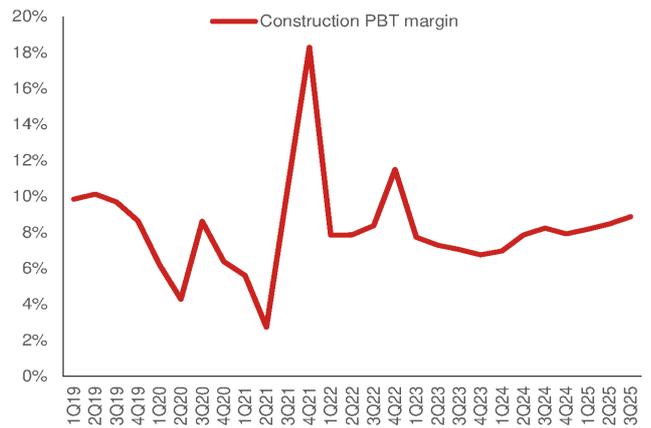
Source: Company data, Nomura research

Fig. 7: SunCon: Quarterly net income trend



Source: Company data, Nomura research

Fig. 8: SunCon: Quarterly construction PBT margin trend



Source: Company data, Nomura research

Appendix A-1

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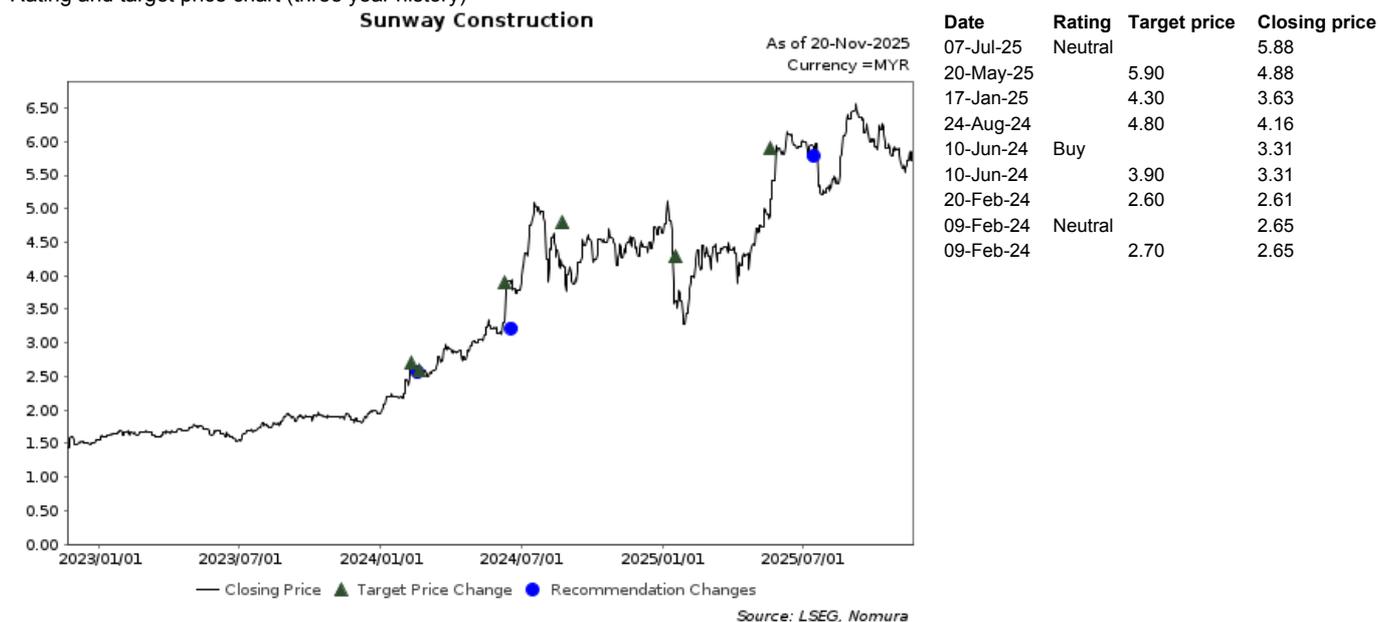
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|---------------------|---------|----------|-------------|--------------|---------------|-------------|
| Sunway Construction | SCGB MK | MYR 5.73 | 20-Nov-2025 | Neutral | N/A | |

Sunway Construction (SCGB MK)

MYR 5.73 (20-Nov-2025) Neutral (Sector rating: N/A)

Rating and target price chart (three year history)



For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology We value SunCon at a target P/E of 24x on FY25F earnings estimate of MYR317mn. We arrive at our TP of MYR5.90. The benchmark index for the stock is FTSE Bursa Malaysia KLCI Index.

Risks that may impede the achievement of the target price Upside risk to our view are: 1) no restrictive AI chip rules for Malaysia; 2) higher than expected project awards; 3) better than expected margins; 4) receivables monetization. Downside risk to our view are: 1) delays in construction project awards; 2) lower-than-expected margins; 3) lower pre-cast earnings; 4) a lack of new infra/DC projects; 5) risk of project cancellation, delays or arbitration, 6) delay in monetisation of receivables.

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As at 30 September 2025.

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