

# Sunway Construction Group Berhad

**TP: RM5.64 (+33.0%)**
*Clinches RM1.5bn New Jobs from SUNWAY*
*Last Traded: RM4.24*
**Buy (ESG: ★★★★★)**

Raymond Ng Ing Yeow

Tel: +603-2167 9601

raymondng@ta.com.my

www.taonline.com.my

## Acceptance of RM1.5bn New Jobs from SUNWAY

SUNCON has secured a new contract worth RM1.5bn from Sunway Integrated Properties Sdn Bhd, an indirect wholly-owned subsidiary of Sunway Bhd. The contract primarily covers construction works related to the Rapid Transit System Transport Oriented Development (RTS TOD) at Bukit Chagar, Johor. The project scope includes:-

Part	Description
A	Construction and completion of a multi-storey park-and-ride building for the RTS TOD project, a drop-off and pick-up facility, a connection to the immigration customs and quarantine complex, the perimeter ring road and retaining walls.
B	Construction and completion of a retail mall, podium, and the top side property at Bukit Chagar station.

The project will commence in phases upon receiving the Notice to Proceed (NTP). The first NTP has been issued for Part A, with work set to begin on 5 March 2025. The first section of Part A is scheduled for completion by November 2026, with full operational readiness targeted for November 2027. Meanwhile, Part B remains pending an NTP, which will be issued at a later date.

## Our View

This contract award raises SUNCON's YTD new job wins to RM1.7bn, bringing its total unbilled orderbook to approximately RM7.6bn—equivalent to 2.3x FY24 construction revenue. Assuming a PBT margin of 7%, the project is expected to contribute an estimated net profit of RM79.8mn throughout the construction period.

Looking ahead, order book growth is likely to be supported by potential data centre (DC) projects, underpinned by a robust RM14.6bn tender book as of December last year. Several significant DC projects are expected to be finalised by 1H CY25, following the resumption of key projects delayed from December. Additionally, order book expansion will be bolstered by internal projects, including the rollout of special-purpose buildings, contributing a collective project value of approximately RM500mn.

## Impact

No changes to our earnings estimates as the new job wins fall within our new job assumption of RM5.5bn for FY25.

## Valuation

We reiterate our target price at RM5.64, based on a 26x CY25 EPS and 3% ESG premium given our 4-star rating. We continue to like the stock due to the following reasons: - (i) its strong position as a contender for mega infrastructure projects, namely Johor ART, Penang LRT, and Penang

### Share Information

Bloomberg Code	SCGB MK
Bursa	SUNCON
Stock Code	5263
Listing	Main Market
Share Cap (mn)	1,289.4
Market Cap (RMmn)	5466.9
52-wk Hi/Lo (RM)	5.30/2.51
12-mth Avg Daily Vol ('000 shrs)	4288.1
Estimated Free Float (%)	26.5
Beta	1.6

### Major Shareholders (%)

Sunholdings	- 54.6
Sungei Way Corp Sdn Bhd	- 10.1
Employee Provident Fund	- 7.3
Amanah Saham Nasional Bhd	- 3.3

### Forecast Revision

	FY25	FY26
Forecast Revision (%)	0.0	0.0
Net profit (RMmn)	270.3	325.7
Consensus	271.4	294.3
TA's / Consensus (%)	99.6	110.7
Previous Rating	Buy (Maintained)	
Consensus Target Price	4.78	

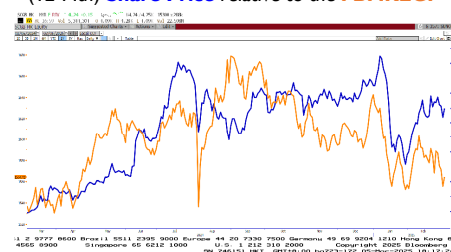
### Financial Indicators

	FY25	FY26
Net Debt / Equity (%)	(67.8)	(87.4)
CFPS (sen)	30.2	25.0
Price / CFPS (x)	14.1	16.9
ROA (%)	6.6	6.6
NTA/Share (sen)	77.5	88.9
Price/NTA (x)	5.5	4.8

### Share Performance (%)

Price Change	SUNCON	FBM KLCI
1 mth	11.0	(0.6)
3 mth	(5.1)	(3.2)
6 mth	7.9	(6.0)
12 mth	66.9	1.8

### (12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

International Airport expansion, and (ii) its leading position in securing new contracts within the thriving ATP industry. Maintain **Buy** recommendation on the stock.

**Figure I: YTD Job Wins for FY25**

Projects	Client	Expected Completion Date	Contract Sum (RM'mn)
RTS Transport Oriented Development @ Bukit Chagar, Johor	Sunway Integrated Properties Sdn Bhd	Various	1,500
Various	Various	TBD	200
		<b>Total</b>	<b>1,700</b>

Source: Company

## Earnings Summary

### Profit & Loss (RMmn)

YE Dec 31	2023	2024	2025F	2026F	2027F
Revenue	2,671.2	3,521.7	4,638.8	5,337.8	5,789.0
EBITDA	245.5	279.4	318.7	358.6	364.8
Dep. & amortisation	(21.0)	(17.3)	(17.4)	(18.4)	(19.4)
Net finance cost	(21.7)	10.5	65.8	102.0	124.0
PBT	188.6	273.0	367.0	442.2	469.4
Taxation	(42.8)	(75.9)	(95.4)	(115.0)	(122.0)
MI	(0.7)	(10.1)	(1.3)	(1.5)	(1.6)
Net profit	145.1	186.9	270.3	325.7	345.7
Core net profit	176.8	166.6	270.3	325.7	345.7
GDPS (sen)	6.0	8.5	12.0	14.0	16.0
Div Yield (%)	1.4%	2.0%	2.8%	3.3%	3.8%

### Cash Flow (RMmn)

YE Dec 31	2023	2024	2025F	2026F	2027F
<b>PBT</b>	<b>188.6</b>	<b>273.0</b>	<b>367.0</b>	<b>442.2</b>	<b>469.4</b>
Adjustments	42.7	6.8	(48.3)	(83.6)	(104.6)
Changes in WC	(516.7)	534.9	275.2	178.4	(31.5)
Others	28.8	(21.9)	(1.3)	(1.5)	(1.6)
<b>Operational cash flow</b>	<b>(299.4)</b>	<b>716.7</b>	<b>497.2</b>	<b>420.4</b>	<b>209.6</b>
Capex	(18.5)	(9.2)	(20.0)	(20.0)	(20.0)
Others	442.2	(53.7)	158.6	0.0	0.0
<b>Investment cash flow</b>	<b>423.8</b>	<b>(62.9)</b>	<b>138.6</b>	<b>(20.0)</b>	<b>(20.0)</b>
Debt raised/(repaid)	420.9	(167.0)	0.0	0.0	0.0
Dividend	(70.9)	(116.0)	(153.9)	(179.5)	(205.2)
Others	(12.5)	(20.2)	65.8	102.0	124.0
<b>Financial cash flow</b>	<b>337.4</b>	<b>(303.2)</b>	<b>(88.1)</b>	<b>(77.5)</b>	<b>(81.2)</b>
Forex effect	1.1	0.2	0.0	0.0	0.0
Deposit	(86.4)	(79.5)	(79.5)	(79.5)	(79.5)
<b>Net cash flow</b>	<b>(24.8)</b>	<b>552.1</b>	<b>389.1</b>	<b>322.9</b>	<b>108.4</b>
<b>Beginning cash</b>	<b>407.7</b>	<b>384.0</b>	<b>936.3</b>	<b>1325.3</b>	<b>1648.3</b>
<b>Ending cash</b>	<b>384.0</b>	<b>936.3</b>	<b>1325.3</b>	<b>1648.3</b>	<b>1756.7</b>
Adjustments	0.0	0.0	0.0	(0.0)	0.0
<b>Cash</b>	<b>384.0</b>	<b>936.3</b>	<b>1325.3</b>	<b>1648.3</b>	<b>1756.7</b>

YE Dec 31	2023	2024	2025F	2026F	2027F
Order book replenishment	#REF!	4,221	5,500	5,000	4,500

### Balance Sheet (RMmn)

YE Dec 31	2023	2024	2025F	2026F	2027F
Fixed assets	253.1	224.6	224.6	224.6	224.6
Others	590.5	449.2	451.8	453.4	454.0
<b>NCA</b>	<b>843.6</b>	<b>673.9</b>	<b>676.4</b>	<b>678.0</b>	<b>678.7</b>
Cash and cash equivalent	384.0	936.3	1,325.3	1,648.3	1,756.7
Others	1,855.2	1,986.1	2,595.1	2,965.0	3,210.5
<b>CA</b>	<b>2,239.2</b>	<b>2,922.4</b>	<b>3,920.5</b>	<b>4,613.3</b>	<b>4,967.1</b>
<b>Total assets</b>	<b>3,082.8</b>	<b>3,596.2</b>	<b>4,596.9</b>	<b>5,291.3</b>	<b>5,645.8</b>
ST borrowings	438.2	730.6	730.6	730.6	730.6
Other liabilities	1,263.6	1,925.9	2,810.2	3,358.4	3,572.4
<b>CL</b>	<b>1,701.8</b>	<b>2,656.6</b>	<b>3,540.8</b>	<b>4,089.0</b>	<b>4,303.0</b>
<b>Shareholders' funds</b>	<b>820.2</b>	<b>877.9</b>	<b>994.3</b>	<b>1,140.5</b>	<b>1,281.0</b>
MI	71.8	60.6	60.6	60.6	60.6
LT borrowings	487.7	0.0	0.0	0.0	0.0
Other LT liabilities	1.3	1.2	1.2	1.2	1.2
<b>Total capital</b>	<b>3,082.8</b>	<b>3,596.2</b>	<b>4,596.9</b>	<b>5,291.3</b>	<b>5,645.8</b>

### Ratio

YE Dec 31	2023	2024	2025F	2026F	2027F
EBITDA Margins (%)	9.2	7.9	6.9	6.7	6.3
Core EPS (sen)	13.8	13.0	21.1	25.4	27.0
EPS Growth (%)	20.2	(5.8)	62.2	20.5	6.1
PER (x)	30.8	32.6	20.1	16.7	15.7
GDPS (sen)	6.0	8.5	12.0	14.0	16.0
Div Yield (%)	1.4	2.0	2.8	3.3	3.8
Net cash (RMmn)	(455.6)	285.1	674.2	997.1	1,105.5
Net gearing (%)	55.5	(32.5)	(67.8)	(87.4)	(86.3)
ROE (%)	18.6	22.0	28.9	30.5	28.6
ROA (%)	5.5	5.6	6.6	6.6	6.3
NTA/share (sen)	64.0	68.5	77.5	88.9	99.9
P/NTA(x)	6.6	6.2	5.5	4.8	4.2

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

### Sector Recommendation Guideline

**OVERWEIGHT:** The total return of the sector, as per our coverage universe, exceeds 12%.

**NEUTRAL:** The total return of the sector, as per our coverage universe, is within the range of 7% to 12%.

**UNDERWEIGHT:** The total return of the sector, as per our coverage universe, is lower than 7%.

### Stock Recommendation Guideline

**BUY :** Total return of the stock exceeds 12%.

**HOLD :** Total return of the stock is within the range of 7% to 12%.

**SELL :** Total return of the stock is lower than 7%.

**Not Rated:** The company is not under coverage. The report is for information only.

**Total Return of the stock** includes expected share price appreciation, adjustment for ESG rating and gross dividend. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

**Total Return of the sector** is market capitalisation weighted average of total return of the stocks in the sector.

### ESG Scoring & Guideline

	Environmental	Social	Governance	Average
<b>Scoring</b>	★★★★	★★★★	★★★★★	★★★★
<b>Remark</b>	Environmental management system in place with ISO 14001:2015 certification. SUNCON will embark on the environmental supply chain assessment in 2021 and complete it by 2023.	Adopted e-bidding. CSR events include Build A Home which focuses on the welfare of the Orang Asli community.	Established anti-bribery and whistleblower policies. 20.0%-woman representation on the board. Transparent in its sustainability report and has won several ESG and IR awards.	

★★★★★ (≥80%)	: Displayed market leading capabilities in integrating ESG factors in all aspects of operations, management and future directions.	+5% premium to target price
★★★★ (60-79%)	: Above adequate integration of ESG factors into most aspects of operations, management and future directions.	+3% premium to target price
★★★ (40-59%)	: Adequate integration of ESG factors into operations, management and future directions.	No changes to target price
★★ (20-39%)	: Have some integration of ESG factors in operations and management but are insufficient.	-3% discount to target price
★ (<20%)	: Minimal or no integration of ESG factors in operations and management.	-5% discount to target price

### Disclaimer

The information in this report has been obtained from sources believed to be reliable. Its accuracy and/ or completeness is not guaranteed and opinions are subject to change without notice. This report is for information only and not to be construed as a solicitation for contracts. We accept no liability for any direct or indirect loss arising from the use of this document. We, our associates, directors, employees may have an interest in the securities and/or companies mentioned herein.

As of Thursday, March 06, 2025, the analyst, Raymond Ng Ing Yeow, who prepared this report, has interest in the following securities covered in this report:  
(a) nil

**Kaladher Govindan – Head of Research**

TA SECURITIES HOLDINGS BERHAD 197301001467 (14948-M)  
A Participating Organisation of Bursa Malaysia Securities Berhad

Menara TA One | 22 Jalan P. Ramlee | 50250 Kuala Lumpur | Malaysia | Tel: 603 – 2072 1277 | Fax: 603 – 2032 5048  
[www.ta.com.my](http://www.ta.com.my)