MBSB RESEARCH

Tuesday 24th. February 2026

Corporate Update

Sunway Construction Group Berhad

(5263 | SCGB MK) Main | Construction

ESG 3 Stars | SHARIAH Compliant | FTSE4Good

Maintain **BUY**

Revised Target Price **RM7.18** (from RM6.53)

DC Projects to Continue Driving Earnings

Maintain BUY. We are maintaining our **BUY** call on SunCon with an upgraded target price of **RM7.18**, supported by its strong fundamentals, resilient balance sheet, and promising growth prospects in the construction sector. SunCon continues its focus on the data centre (DC) construction segment, a key earnings driver, with 40.1% of its current RM5.70b billion order book dedicated to DC projects. Beyond the ATF segment, the group is diversifying into large-scale infrastructure, renewable energy projects, and private finance initiatives, while continuing to build on its track record in commercial and in-house works from Sunway Bhd. Balance sheet remains robust in a net cash position of RM1.70b.

Above expectations. Sunway Construction Group Berhad (SunCon) recorded a core net profit of RM119.2m (+84.6%yoy) in 4QFY25 lifted by stronger performances from both the construction and precast businesses. For the cumulative 12 months performance of FY25, the group posted a record high core net profit of RM384.8m, doubling that of FY24. This came in above expectations, exceeding our estimates by +11.1% and consensus by +12.4%. It declared a fourth interim dividend of 9 sen per share, bringing the total dividend of FY25 to 50.5 sen per share, or a yield of 8%.

Construction segment. Despite a reduction in revenue in 4QFY25 to RM940.8m (-30.5%yoy) due to the accelerated progress of the RTS Link and several data centre (DC) projects in the same quarter a year ago, PBT came in stronger at RM155.3m (+44.8%yoy), mainly due to a recalibration in margins to reflect cost savings arising from the accelerated progress in certain DC projects. For the cumulative 12 months, PBT grew +96.5% to RM511.8m, with an improvement in margins to 10.0% from 7.8% FY24.

RM5.7b order book. As at Dec-25, SunCon's outstanding order book stood at RM5.67b, providing strong earnings visibility up to FY27. The bulk of the projects are internal jobs from Sunway Group at RM2.42b (42.6%), followed by DC projects at RM2.30b (40.6%). FY25 saw the group securing RM5.21b of new jobs, which is 86.8% of the higher end of its replenishment target of RM4.5b – RM6.0b. Management has set a replenishment target of RM6.0b for FY26, which is achievable, in our view. The active tender book currently stands at RM17.5b, including more than 700MW of DCs and public infrastructure tenders.

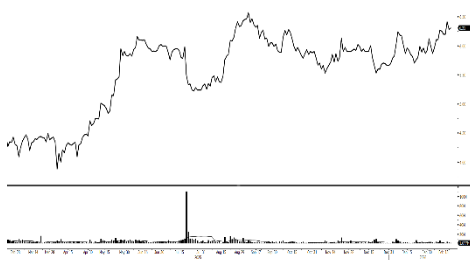
Precast segment. Revenue for the precast segment surged to RM75.3m (+62.3%yoy) during the quarter, led by higher contributions from ICPH projects in Singapore and the ramp up of newly secured projects. PBT doubled to RM7.3m. For the cumulative 12 months, PBT grew +9.5% to RM13.7m, with a slight uptick in margins to 6.6% from 6.4% in FY24.

Upgrade earnings estimates and TP. We are lifting our earnings projections for FY26E/FY27F by +31.6%/+25.7% on the back of stronger margins and we introduce FY28F earnings forecast. Hence, we also raise our **TP** to **RM7.18**, pegging SunCon's revised FY26F EPS of 31.2 sen to a PER of 23x, which is +1SD above its five-year mean.

RETURN STATISTICS

Price @ 23rd Feb 2026 (RM)	6.31
Expected share price return (%)	+10.0
Expected dividend yield (%)	+4.9
Expected total return (%)	+14.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	8.8	6.4
3months	11.5	4.1
12 months	47.4	33.4

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	6344.6	6661.8	6861.7
Operating Profit	507.6	552.9	583.2
Profit Before Tax	571.0	619.6	651.9
Core Net Profit	412.4	453.0	480.3
Core EPS (sen)	31.2	34.2	36.3
DPS (sen)	31.0	17.0	18.0
Dividend Yield	4.9	2.7	2.9

KEY STATISTICS

FBM KLCI	1,757.98
Issued shares (m)	1292.90
Estimated free float (%)	34.74
Market Capitalisation (RM'm)	8,345.09
52-wk price range	RM3.57 - RM6.5
3-mth average daily volume (m)	3.04
3-mth average daily value (RM'm)	17.97
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: 4QFY25 RESULTS SUMMARY

All in RM'm unless stated otherwise	Quarterly Results					Cumulative		
Income Statement	**4QFY25**	**3QFY25**	**4QFY24**	**QoQ**	**YoY**	**12MFY25**	**12MFY24**	**YoY**
Revenue	1,016.1	1,445.2	1,400.3	**-29.7%**	**-27.4%**	5,338.7	3,521.7	**51.6%**
Net Operating Expenses	(865.3)	(1,344.6)	(1,309.8)	**35.7%**	**33.9%**	(4,860.3)	(3,270.4)	**-48.6%**
Operating Profit	128.5	95.7	91.6	**34.3%**	**40.3%**	448.2	262.2	**71.0%**
Finance Income	37.0	39.6	33.2	**-6.6%**	**11.3%**	108.8	75.7	**43.8%**
Finance Costs	(7.6)	(13.6)	(14.6)	**44.5%**	**47.9%**	(46.9)	(65.2)	**28.1%**
JV and Associates	4.7	5.4	0.3	**-13.4%**	**1482.6%**	15.3	0.3	-
Profit Before Tax	162.6	127.1	110.6	**28.0%**	**47.1%**	525.5	273.0	**92.5%**
Tax Expense	(36.9)	(30.7)	(32.7)	**-20.4%**	**-12.9%**	(123.5)	(75.9)	**-62.6%**
Minority Interest	7.3	12.6	8.7	**-41.9%**	**-16.0%**	40.3	10.1	**298.4%**
Reported Net Profit	118.4	83.8	69.2	**41.3%**	**71.2%**	361.8	186.9	**93.6%**
Core Net Profit	119.2	94.2	64.7	**26.6%**	**84.3%**	384.8	179.9	**113.9%**

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	3521.7	5338.7	6344.6	6661.8	6861.7
Net operating expenses	3300.1	-4860.3	-5837.0	-6108.9	-6278.4
Operating profit	262.2	448.2	507.6	552.9	583.2
PBT	273.0	525.5	571.0	619.6	651.9
Net profit	186.9	361.8	412.4	453.0	480.3
Core net profit	179.9	384.8	412.4	453.0	480.3
EPS (sen)	13.9	29.1	31.2	34.2	36.3
PER (x)	45.3	21.7	20.2	18.4	17.4
DPS (sen)	8.5	50.5	31.0	17.0	18.0
Dividend yield (%)	1.8	8.0	4.9	2.7	2.9

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	**273.0**	**525.5**	**571.0**	**619.6**	**651.9**
Depreciation	17.3	17.2	17.0	17.0	17.0
Change in WC	**534.7**	1132.7	785.4	688.7	594.9
Operating cash flow	716.4	**1617.0**	**1315.1**	**1266.9**	**1205.4**
Capital expenditure	-9.4	-43.7	-30.0	-30.0	-30.0
Investing cash flow	**138.4**	**-27.0**	**189.8**	**189.8**	**189.8**
Debt raised/(repaid)	-167.2	**-422.1**	**-145.4**	**-145.4**	**-145.4**
Dividends paid	-116.0	-274.8	-410.1	-224.9	-238.1
Financing cash flow	**-303.4**	**-607.6**	**-555.5**	**-370.3**	**-383.5**
Net cash flow	551.5	**982.4**	**949.4**	**1086.5**	**1011.8**
Beginning cash flow	**384.0**	**936.3**	**1913.6**	**2863.0**	**3949.5**
Ending cash flow	936.3	**1913.6**	**2863.0**	**3949.5**	**4961.3**

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
Fixed assets	85.4	122.1	119.6	113.7	108.0
Other investments and assets	636.4	656.0	532.0	532.0	533.0
Non-current assets	**721.8**	**778.0**	**651.6**	**645.7**	**641.0**
Cash	1,015.8	2,000.0	1,900.0	1,805.0	1,714.8
Trade debtors	1,795.1	1,567.1	1,369.4	1,369.4	1,370.4
Current assets	**2,874.4**	**3,646.0**	**3,348.3**	**3,253.3**	**3,164.0**
Trade creditors	1,912.7	2,890.9	1,335.4	1,335.4	1,336.4
Short-term debt	730.6	157.7	173.5	175.2	178.7
Current liabilities	**2,656.6**	**3,102.6**	**1,562.8**	**1,564.6**	**1,569.1**
Long-term debt	0.0	142.5	118.3	98.2	81.5
Non-current liabilities	**1.2**	**153.0**	**1,132.0**	**848.8**	**750.3**
Share capital	258.6	378.4	378.4	378.4	378.4
Retained earnings	660.9	747.9	926.7	1,107.2	1,107.2
Equity	**938.5**	**1,168.4**	**1,305.1**	**1,485.6**	**1,485.6**

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
Operating profit margin	7.4%	8.4%	8.0%	8.3%	8.5%
PBT margin	7.8%	9.8%	9.0%	9.3%	9.5%
PAT margin	5.3%	6.8%	6.5%	6.8%	7.0%
Core PAT margin	5.1%	7.2%	6.5%	6.8%	7.0%

Source: Bloomberg, MBSBR

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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