

EQUITY: ENGINEERING & CONSTRUCTION

### Upgrade to Buy as pure-play premium likely to expand

#### Another strong performance likely in FY26F

##### 4Q25 results beat estimates due to cost savings release from DC projects

SunCon's 4Q25 net income of MYR118mn was up 71% y-y and 41% q-q (Fig. 2), and FY25 net income formed 114%/105% of our/Bloomberg consensus estimates. The strong sequential earnings growth was largely driven by higher PBT (+28% q-q, PBT margin up 7pp q-q), despite lower revenue q-q (-30% q-q). Cost savings from completed DC jobs, mainly JHB1X0, were partially recognised in 4Q25, boosting earnings in spite of lower revenue. New order wins in FY25 were at MYR 5.2bn, with MYR 1.3bn coming in the final quarter. SunCon also declared a 9 sen interim DPS, and paid 100% of earnings + a 23 sen special dividend for FY25, bringing total payout for the year to 183%. Note that SunCon also booked MYR30mn of provisions in FY25 related to deferred payment delays for a large-scale solar project, which can potentially be reversed should the client be able to arrange financing in FY26F, in our view.

##### Shaping up for another strong performance in FY26F

We see several positives for FY26F: 1) management targets MYR 6bn of orderbook this year, from a tenderbook of MYR 17.5bn (90% data center-related); we think this should be achievable with several DC tenders outstanding, some with existing clients who are likely to prefer continuity in contractor for successive phases, 2) we see a high likelihood of another year with 100% regular dividend + a potential special dividend given SunCon's stated commitment to keep the balance sheet optimal, and high ROE, 3) pre-cast business seems to be recovering, 4) residual cost savings and possible impairment reversal can support FY26F earnings, 5) ongoing M&A and regulatory scrutiny for peer IJM (IJM MK, Neutral) will likely put SunCon at a slight advantage for DC tenders, in our view.

##### Pure-play premium is likely to grow; upgrade to Buy from Neutral

We raise our orderbook assumptions for FY26F/27F to MYR 5.8bn each (+35% vs previous estimates) as we are now more confident of wins materializing for SunCon. We also raise margins, which leads to earnings upgrades of 55%/21% for FY26F/27F (Fig. 5). We think SunCon's status as a pure-play contractor, with positive earnings revisions, is likely to command a bigger valuation premium now vs other largecap peers which are seeing earnings cuts, and raise our target P/E to 27x from 24x (27x is close to the peak forward P/E seen in FY24), rolled forward to FY26F EPS of 27sen, and arrive at our new TP of MYR7.30. We upgrade SunCon to a Buy.

Year-end 31 Dec	FY25		FY26F		FY27F		FY28F	
Currency (MYR)	Actual	Old	New	Old	New	Old	New	
Revenue (mn)	5,339	4,094	5,091	4,642	5,041	0	5,345	
Reported net profit (mn)	362	231	357	269	325	0	351	
Normalised net profit (mn)	362	231	357	269	325	0	351	
FD normalised EPS	27.64c	17.83c	26.97c	20.77c	24.55c		26.51c	
FD norm. EPS growth (%)	90.6	-27.4	-2.4	16.5	-9.0		8.0	
FD normalised P/E (x)	22.8	-	23.4	-	25.7	-	23.8	
EV/EBITDA (x)	14.0	-	15.2	-	16.8	-	15.0	
Price/book (x)	7.7	-	8.2	-	9.0	-	8.0	
Dividend yield (%)	8.0	-	7.3	-	2.7	-	2.9	
ROE (%)	36.8	21.5	33.8	23.6	33.3		35.5	
Net debt/equity (%)	net cash	net cash	net cash	net cash	net cash		net cash	

Source: Company data, Nomura estimates

Rating **Buy**  
Up from Neutral

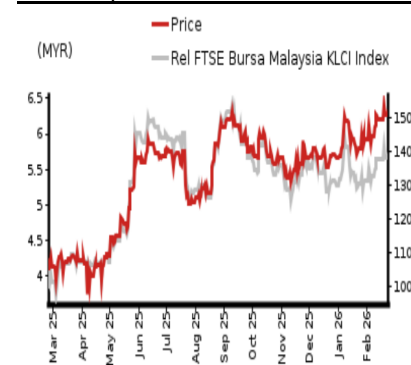
Target price **MYR 7.30**  
Increased from MYR 5.90

Closing price **MYR 6.31**  
23 February 2026

Implied upside **+15.7%**

Market Cap (USD mn) 2,146.4  
ADT (USD mn) 4.3

#### Relative performance chart



Source: LSEG, Nomura

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## Key data on Sunway Construction

### Performance

(%)	1M	3M	12M		
Absolute (MYR)	8.8	13.1	47.4	M cap (USDmn)	2,146.4
Absolute (USD)	12.0	20.6	67.5	Free float (%)	35.0
Rel to FTSE Bursa Malaysia KLCI Index	6.9	4.8	37.3	3-mth ADT (USDmn)	4.3

### Income statement (MYRmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	3,522	5,339	5,091	5,041	5,345
Cost of goods sold	-3,260	-4,890	-4,672	-4,661	-4,927
Gross profit	262	448	419	381	418
SG&A					
Employee share expense					
Operating profit	262	448	419	381	418
EBITDA	279	465	435	398	436
Depreciation	-17	-17	-17	-17	-18
Amortisation					
EBIT	262	448	419	381	418
Net interest expense	11	62	85	80	78
Associates & JCEs	0	15	15	15	15
Other income					
Earnings before tax	273	526	519	476	511
Income tax	-76	-123	-122	-112	-120
Net profit after tax	197	402	397	365	391
Minority interests	-10	-40	-40	-40	-40
Other items					
Preferred dividends					
Normalised NPAT	187	362	357	325	351
Extraordinary items	0	0	0	0	0
Reported NPAT	187	362	357	325	351
Dividends	-110	-665	-606	-227	-245
Transfer to reserves	77	-303	-250	97	105

### Valuations and ratios

Reported P/E (x)	43.5	22.7	23.4	25.7	23.8
Normalised P/E (x)	43.5	22.7	23.4	25.7	23.8
FD normalised P/E (x)	43.5	22.8	23.4	25.7	23.8
Dividend yield (%)	1.3	8.0	7.3	2.7	2.9
Price/cashflow (x)	11.4	5.1	24.4	22.3	18.2
Price/book (x)	9.3	7.7	8.2	9.0	8.0
EV/EBITDA (x)	29.0	14.0	15.2	16.8	15.0
EV/EBIT (x)	30.9	14.5	15.8	17.6	15.7
Gross margin (%)	7.4	8.4	8.2	7.6	7.8
EBITDA margin (%)	7.9	8.7	8.5	7.9	8.1
EBIT margin (%)	7.4	8.4	8.2	7.6	7.8
Net margin (%)	5.3	6.8	7.0	6.4	6.6
Effective tax rate (%)	27.8	23.5	23.5	23.4	23.5
Dividend payout (%)	58.6	183.7	170.0	70.0	70.0
ROE (%)	22.0	36.8	33.8	33.3	35.5
ROA (pretax %)	10.2	18.5	18.1	16.8	18.0
Growth (%)					
Revenue	31.8	51.6	-4.6	-1.0	6.0
EBITDA	13.9	66.6	-6.5	-8.5	9.4
Normalised EPS	28.8	91.4	-2.8	-9.0	8.0
Normalised FDEPS	28.8	90.6	-2.4	-9.0	8.0

Source: Company data, Nomura estimates

### Cashflow statement (MYRmn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	279	465	435	398	436
Change in working capital	502	1,232	-56	8	65
Other operating cashflow	-65	-80	-37	-31	-42
Cashflow from operations	716	1,617	342	375	458
Capital expenditure	-9	-44	-13	-13	-13
Free cashflow	707	1,573	329	362	446
Reduction in investments	29	16	-15	-15	-15
Net acquisitions					
Dec in other LT assets	80	-36	0	0	0
Inc in other LT liabilities	0	9	0	0	0
Adjustments	-37	29	15	15	15
CF after investing acts	778	1,592	329	362	446
Cash dividends	-116	-305	-422	-417	-236
Equity issue					
Debt issue	-164	-422	0	0	0
Convertible debt issue					
Others	-24	119	0	0	0
CF from financial acts	-303	-608	-422	-417	-236
Net cashflow	475	984	-93	-55	209
Beginning cash	541	1,016	2,000	1,907	1,852
Ending cash	1,016	2,000	1,907	1,852	2,062
Ending net debt	-285	-1,700	-1,607	-1,552	-1,761

### Balance sheet (MYRmn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	1,016	2,000	1,907	1,852	2,062
Marketable securities					
Accounts receivable	1,579	1,567	1,497	1,483	1,572
Inventories	43	60	57	57	61
Other current assets	237	19	19	19	19
Total current assets	2,874	3,646	3,480	3,411	3,713
LT investments	225	208	224	239	254
Fixed assets	85	122	118	113	108
Goodwill	0	0	0	0	0
Other intangible assets	0	0	0	0	0
Other LT assets	412	448	448	448	448
Total assets	3,596	4,424	4,270	4,211	4,523
Short-term debt	731	158	158	158	158
Accounts payable	1,806	2,891	2,762	2,755	2,913
Other current liabilities	120	54	54	54	54
Total current liabilities	2,657	3,103	2,974	2,967	3,124
Long-term debt	0	143	143	143	143
Convertible debt					
Other LT liabilities	1	10	10	10	10
Total liabilities	2,658	3,256	3,127	3,120	3,277
Minority interest	61	81	122	162	202
Preferred stock					
Common stock	259	378	378	378	378
Retained earnings	661	748	682	590	704
Proposed dividends					
Other equity and reserves	-42	-39	-39	-39	-39
Total shareholders' equity	878	1,087	1,021	929	1,044
Total equity & liabilities	3,596	4,424	4,270	4,211	4,523

### Liquidity (x)

Current ratio	1.08	1.18	1.17	1.15	1.19
Interest cover	-	-	-	-	-

### Leverage

Net debt/EBITDA (x)	net cash	net cash	net cash	net cash	net cash
Net debt/equity (%)	net cash	net cash	net cash	net cash	net cash

### Per share

Reported EPS (MYR)	14.50c	27.74c	26.97c	24.55c	26.51c
Norm EPS (MYR)	14.50c	27.74c	26.97c	24.55c	26.51c
FD norm EPS (MYR)	14.50c	27.64c	26.97c	24.55c	26.51c
BVPS (MYR)	0.68	0.82	0.77	0.70	0.79
DPS (MYR)	0.08	0.50	0.46	0.17	0.19

### Activity (days)

Days receivable	165.0	107.5	109.9	107.9	104.6
Days inventory	5.0	3.9	4.6	4.5	4.4
Days payable	171.1	175.3	220.8	216.0	210.5
Cash cycle	-1.1	-63.9	-106.4	-103.7	-101.5

Source: Company data, Nomura estimates

## Company profile

Sunway Construction (SunCon) a pure-play construction company that provides a full range of integrated design and construction services including building, infrastructure, foundation and geotechnical engineering, mechanical, electrical and plumbing (MEP) services, manufacturing and sale of precast concrete products as well as sustainable energy services. It has presence in seven countries – Malaysia, India, Singapore, UAE, Trinidad & Tobago, Taiwan and Myanmar. It has 2 precast plants in Malaysia and an Integrated Construction and Prefabrication Hub (ICPH) precast plant in Singapore. SunCon's orderbook is also supported by its parentco Sunway Bhd (SWB MK, not rated).

## Valuation Methodology

We value SunCon at a target P/E of 27x on FY26F earnings estimate of MYR357mn. We arrive at our TP of MYR7.30. The benchmark index for the stock is FTSE Bursa Malaysia KLCI Index.

## Risks that may impede the achievement of the target price

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.

## ESG

We ascribe a score of 4.0 (out of 5.0) for SunCon's Environment-related (E) achievements and risks. We ascribe a score of 3.5 (out of 5.0) for SunCon's Social-related (S) achievements and risks. We ascribe a score of 4.5 (out of 5.0) for SunCon's Governance-related (G) achievements and risks. The company is well managed with good shareholder return policy and asset-light business model which enhances return on capital and has a high dividend payout ratio. It has good long-standing customer relationships with key Malaysian project owners in both the public and private sector, which is testament to its execution capabilities. E: The company achieved a 22.6% reduction in GHG emissions intensity and committed to net-zero emissions by 2050, while exceeding waste diversion targets and increasing renewable energy usage. S: Zero workplace fatalities were recorded with 100% employee safety training, while female board representation reached 33% and the company invested MYR2.9 million in community programs. G: The board maintains strong independence with 6 out of 9 directors being independent non-executives, and the company received multiple awards including Overall Excellence for governance and sustainability. Key achievements include 98.6% local supplier spending, 84% average project quality scores, and maintaining an MSCI AA ESG rating. The company reported zero environmental fines, zero human rights violations, and zero data privacy breaches, with one corruption investigation that was confirmed as an isolated individual case.

## Segment details

**Construction segment/tenders outlook:** Construction revenue for 4Q25 was down 32% q-q due to lower recognition from JHB1X0 data center as it is at its tail-end. However, PBT was up 26% q-q, with PBT margin at 16.5% in 4Q25 vs 8.9% in 3Q25. The margin was higher q-q as SunCon recognised cost savings on the completion of certain DC projects, notably JHB1X0 which was completed ahead of schedule. New orderbook replenishment in FY25 stood at MYR5.2bn which was within management's target of MYR4.5-6bn. SunCon has an outstanding orderbook of MYR5.7bn, and management is targeting a replenishment of MYR6bn in 2026E (Nomura target: MYR5.8bn) on the back of an active tender book of MYR17.5bn. Majority of the tender book (~90%) is from DC projects, with eight clients, of which three are new for SunCon.

**Pre-cast segment review:** Precast revenue/PBT for 4Q25 came in at MYR75mn/MYR7mn (+30%/ +80% q-q). PBT margin was up at 9.6% vs 7% in 3Q25. Management mentioned that the precast performance improved due to higher contributions from ICPH projects and ramp-up of newly-secured projects.

Fig. 1: SunCon – 4Q25 results snapshot

MYR mn	FY25	NMR FY25F	as % of NMR	Cons FY25F	as % of cons
Revenue	5,339	5,956	90%	5,619	95%
Adj PBT	526	454	116%	468	112%
Adj NPATAMI	362	317	114%	343	105%
Reported NPATAMI	362	317	114%	341	106%

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

Fig. 2: SunCon – 4Q25 results review

MYR mn	4Q25	4Q24	% chg y-y	3Q25	% chg q-q	FY25	FY24	% chg y-y	FY25F	as % of FY25F
<b>Revenues</b>	<b>1,016</b>	<b>1,400</b>	<b>(27%)</b>	<b>1,445</b>	<b>(30%)</b>	<b>5,339</b>	<b>3,522</b>	<b>52%</b>	<b>5,956</b>	<b>90%</b>
Construction	941	1,354	(31%)	1,387	(32%)	5,132	3,327	54%	5,176	99%
Precast concrete	75	46	62%	58	30%	207	195	6%	780	27%
<b>Operating profit</b>	<b>129</b>	<b>92</b>	<b>40%</b>	<b>96</b>	<b>34%</b>	<b>448</b>	<b>262</b>	<b>71%</b>	<b>327</b>	<b>137%</b>
Construction	126	87	45%	97	30%	446	240	86%		
Precast concrete	3	5	(44%)	(1)	NM	2	22	(92%)		
<b>Adjusted Pretax profit</b>	<b>163</b>	<b>111</b>	<b>47%</b>	<b>127</b>	<b>28%</b>	<b>526</b>	<b>273</b>	<b>93%</b>	<b>454</b>	<b>116%</b>
Construction	155	107	45%	123	26%	512	260	97%	411	125%
Precast concrete	7	3	112%	4	80%	14	13	10%	43	32%
Core PAT	126	78	61%	96	30%	402	197	104%	327	123%
<b>Core PAT - equityholders</b>	<b>118</b>	<b>69</b>	<b>71%</b>	<b>84</b>	<b>41%</b>	<b>362</b>	<b>187</b>	<b>94%</b>	<b>317</b>	<b>114%</b>
<b>Other one-off charges</b>	<b>0</b>	<b>0</b>	<b>NM</b>	<b>0</b>	<b>NM</b>	<b>0</b>	<b>0</b>	<b>NM</b>	<b>0</b>	<b>NM</b>
<b>Headline NPAT - equityholders</b>	<b>118</b>	<b>69</b>	<b>71%</b>	<b>84</b>	<b>41%</b>	<b>362</b>	<b>187</b>	<b>94%</b>	<b>317</b>	<b>114%</b>
<b>Adj Pretax margins</b>	<b>16.0%</b>	<b>7.9%</b>	<b>8 ppt</b>	<b>8.8%</b>	<b>7 ppt</b>	<b>9.8%</b>	<b>7.8%</b>	<b>2 ppt</b>	<b>7.6%</b>	
Construction	16.5%	7.9%	9 ppt	8.9%	8 ppt	10.0%	7.8%	2 ppt	7.9%	
Precast concrete	9.6%	7.4%	2 ppt	7.0%	3 ppt	6.6%	6.4%	0 ppt	5.5%	

Source: Company data, Nomura estimates

**Fig. 3: SunCon's outstanding orderbook**

As of end-4Q25

MYR mn	Contract Sum	Outstanding order book
<b>Infrastructure/Piling</b>		
RTS Link Package 1B and 5	558	28
<b>Building</b>		
Oxley Tower + VO	73	6
Daiso	285	57
<b>Data Centre</b>		
JHB1X0 - Data Centre & TIW	4,114	49
JHB1X0 - Building 2	25	25
ECl and enabling works - SHELL 1 - MNC	160	5
PSR - MNC	778	203
K2 Building 4 + VO	458	162
General contractor Works - SHELL 1- MNC	1,155	1,007
Site Early Works - Shell 2 - MNC	89	13
General contractor Works - SHELL 2- MNC	297	297
JHB01 - Core & Shell Works	539	539
<b>India</b>		
Thorapalli Agraharam - Jittandahalli	508	77
<b>Internal</b>		
South Quay Square - Superstructure + VO	1,068	108
SW Flora	277	5
SMC4 Phase 3 - Fit-out	80	40
SW Ipoh Mall + Extension	874	674
SMC IPOH Phase 2 Fit out	90	9
RTS Transit Oriented Development Project	1,500	1,295
Sunway Ipoh Mall Extension - Hotel	224	224
Sunway Ipoh Mall Extension - Office	63	63
<b>Singapore</b>		
Precast	631	407
External - New order 2025	380	380
<b>Total</b>	<b>14,226</b>	<b>5,672</b>

Source: Company data, Nomura research

Fig. 4: 2025 orderbook replenishment

Project	Duration	Contract Sum (MYR mn)
<b>1Q25</b>		
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
<b>2Q25</b>		
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
<b>3Q25</b>		
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
<b>4Q25</b>		
JHB01 - Core & Shell Works	Nov-26	539
Sunway IPOH Mall Extension	Sep-27	153
General Contractor Works - Shell 2 - Package A	Oct-26	146
General Contractor Works - Shell 2 - Package B	Oct-26	151
Sunway IPOH Mall Extension - Hotel	May-29	224
Sunway IPOH Mall Extension - Office	Apr-28	63
Polyclinic At Clementi Close	Aug-26	5
<b>Total</b>		<b>5,207</b>

Source: Company data, Nomura research

Fig. 5: SunCon: Changes to our estimates

MYR mn	Old		New		Change	
	FY26F	FY27F	FY26F	FY27F	FY26F	FY27F
<b>Orderbook replenishment</b>	<b>4,300</b>	<b>4,300</b>	<b>5,800</b>	<b>5,800</b>	<b>35%</b>	<b>35%</b>
External	3,000	3,000	4,000	4,000	33%	33%
Internal	1,000	1,000	1,500	1,500	50%	50%
Precast	300	300	300	300	0%	0%
Revenue	4,094	4,642	5,091	5,041	24%	9%
Adj PBT	333	386	519	476	56%	23%
PBT margins	8.1%	8.3%	10.2%	9.5%	2.1 ppt	1.1 ppt
Adj NPAT	231	269	357	325	55%	21%

Source: Nomura estimates

**Fig. 6: SunCon: earnings summary**

MYR mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F
<b>Revenues</b>	<b>1,881</b>	<b>1,917</b>	<b>1,789</b>	<b>2,076</b>	<b>2,257</b>	<b>1,769</b>	<b>1,553</b>	<b>1,729</b>	<b>2,155</b>	<b>2,671</b>	<b>3,522</b>	<b>5,339</b>	<b>5,091</b>	<b>5,041</b>
Construction	1,626	1,664	1,502	1,931	2,123	1,619	1,455	1,606	1,974	2,381	3,327	5,132	4,734	4,639
Precast concrete	255	253	287	145	134	150	97	123	182	290	195	207	357	403
<b>% breakdown</b>														
Construction	86%	87%	84%	93%	94%	92%	94%	93%	92%	89%	94%	96%	93%	92%
Precast concrete	14%	13%	16%	7%	6%	8%	6%	7%	8%	11%	6%	4%	7%	8%
<b>Core PBT</b>	<b>148</b>	<b>137</b>	<b>137</b>	<b>167</b>	<b>189</b>	<b>158</b>	<b>102</b>	<b>170</b>	<b>184</b>	<b>189</b>	<b>273</b>	<b>526</b>	<b>519</b>	<b>476</b>
Construction	49	60	78	139	188	155	99	166	173	170	260	512	497	452
Precast concrete	99	77	58	28	1	3	3	3	11	19	13	14	21	24
<b>% breakdown</b>														
Construction	33%	44%	57%	83%	99%	98%	97%	98%	94%	90%	95%	97%	96%	95%
Precast concrete	67%	56%	43%	17%	1%	2%	3%	2%	6%	10%	5%	3%	4%	5%
<b>PBT margins</b>	<b>7.9%</b>	<b>7.2%</b>	<b>7.6%</b>	<b>8.0%</b>	<b>8.4%</b>	<b>8.9%</b>	<b>6.5%</b>	<b>9.8%</b>	<b>8.5%</b>	<b>7.1%</b>	<b>7.8%</b>	<b>9.8%</b>	<b>10.2%</b>	<b>9.5%</b>
Construction	3.0%	3.6%	5.2%	7.2%	8.8%	9.6%	6.8%	10.3%	8.8%	7.1%	7.8%	10.0%	10.5%	9.8%
Precast concrete	39.0%	30.4%	20.3%	19.0%	0.8%	1.8%	2.8%	2.8%	5.9%	6.5%	6.4%	6.6%	6.0%	6.0%
<b>Construction orderbook (MYR bn)</b>		<b>3.7</b>	<b>4.8</b>	<b>6.1</b>	<b>6.0</b>	<b>5.2</b>	<b>5.1</b>	<b>4.8</b>	<b>5.3</b>	<b>5.3</b>	<b>5.8</b>	<b>5.7</b>		
<b>Orderbook replenishment (MYR bn)</b>	<b>0.8</b>	<b>2.6</b>	<b>2.7</b>	<b>3.7</b>	<b>1.6</b>	<b>1.8</b>	<b>2.3</b>	<b>1.5</b>	<b>2.6</b>	<b>2.5</b>	<b>4.2</b>	<b>5.2</b>	<b>5.8</b>	<b>5.8</b>

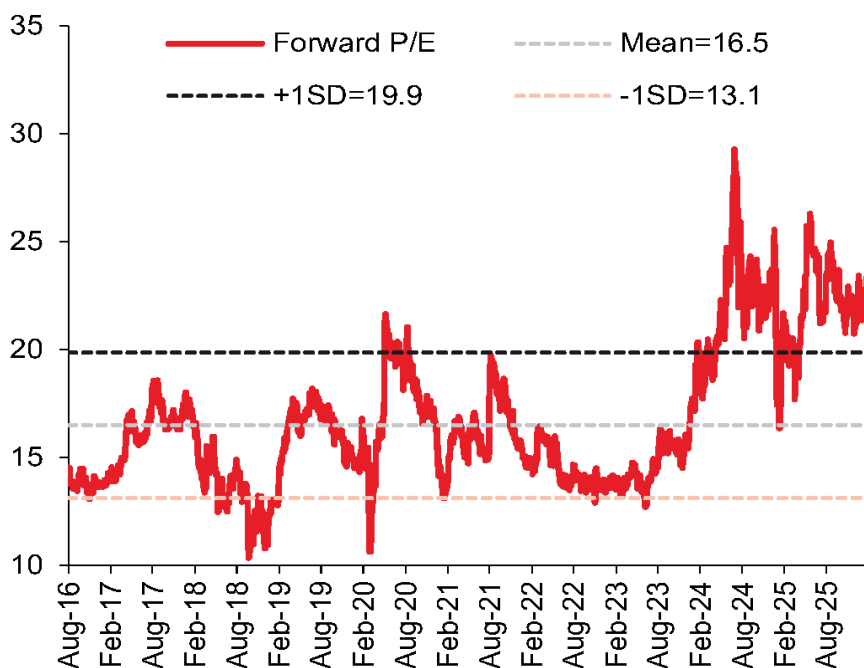
Source: Company data, Nomura estimate

**Fig. 7: SunCon – Valuation**

	Dec-26
	FY26F
Normalised net profit (MYR mn)	357
FD number of shares outstanding (mn)	1,323
FD EPS (MYR/ sh)	0.27
Target FY26F P/E	<b>27.0 x</b>
<b>Price target (MYR/ sh)</b>	<b>7.30</b>

Source: Nomura estimates

**Fig. 8: SunCon forward P/E (consensus)**



Source: Bloomberg Finance L.P. consensus, Nomura research

# Appendix A-1

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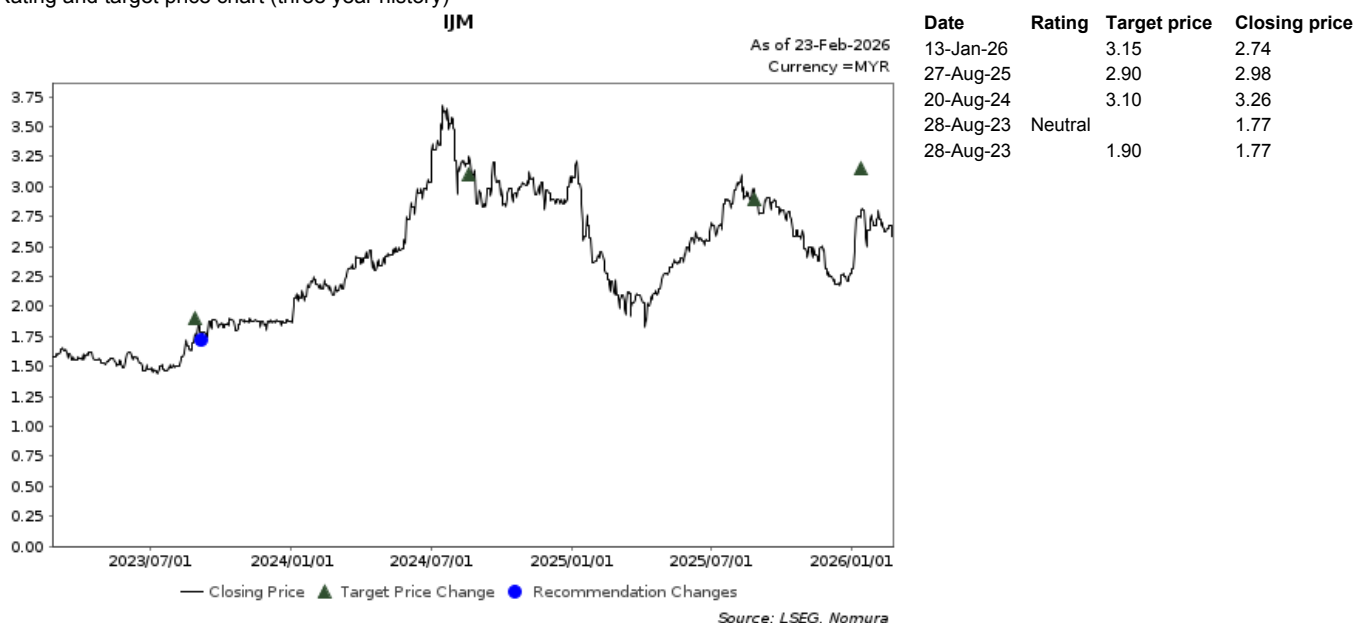
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Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
IJM	IJM MK	MYR 2.59	23-Feb-2026	Neutral	N/A	
Sunway Construction	SCGB MK	MYR 6.31	23-Feb-2026	Buy	N/A	

### IJM (IJM MK)

MYR 2.59 (23-Feb-2026) Neutral (Sector rating: N/A)

Rating and target price chart (three year history)



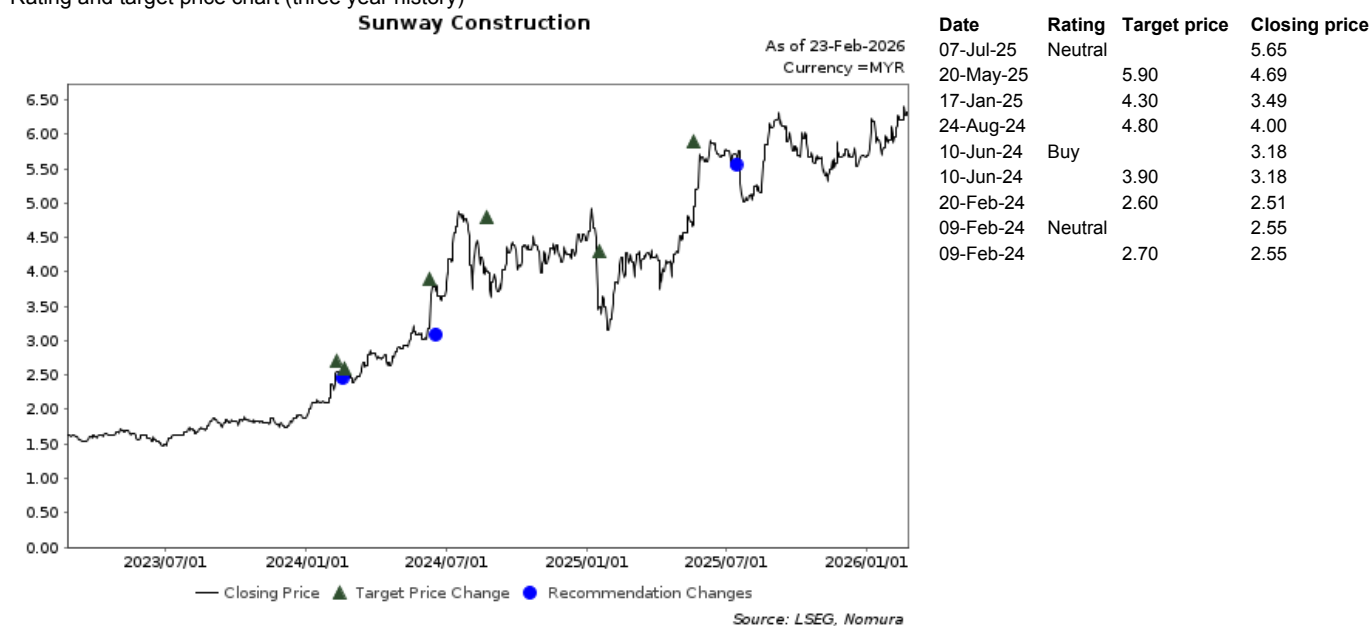
For explanation of ratings refer to the stock rating keys located after chart(s)

**Valuation Methodology** We value IJM based on the takeover offer price by Sunway Bhd, which values IJM at MYR 3.15/share. The benchmark index for the stock is the FTSE Bursa Malaysia KLCI Index.

**Risks that may impede the achievement of the target price** Upside risks are 1) a mega-infrastructure project award cycle in Malaysia, 2) revival in the property sector, 3) higher throughput through Kuantan port, 4) IJM winning any job in MRT3 project and 5) asset monetization. Downside risks are 1) project award lower than expectations, 2) subdued property sales, 3) lower throughput through Kuantan port, 4) large losses in new investments, 5) takeover offer not receiving enough acceptances to become unconditional.

**Sunway Construction (SCGB MK)****MYR 6.31 (23-Feb-2026)** Buy (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 27x on FY26F earnings estimate of MYR357mn. We arrive at our TP of MYR7.30. The benchmark index for the stock is FTSE Bursa Malaysia KLCI Index.

**Risks that may impede the achievement of the target price** 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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