

Orderbook above MYR10bn mark

Quick Note

2Q26 earnings review: SunCon's 2Q26 reported net income at MYR104mn was up 23% y-y but down 13% q-q. 1H26 net income of MYR222mn formed 55%/52% of our/Bloomberg consensus estimates. Recall that, in 1Q26, there were increased savings from finalization of accounts from the JHB1X0 project. The absence of these savings in 2Q26 resulted in earnings declining q-q.

SunCon announced a second interim dividend of 4 sen/share, implying 1H26 dividend of 26.8 sen.

We are hosting a post-results conference call (virtual) with SunCon's management on 26 Aug (Wednesday) at 2:30pm MYT. Please contact us if you would like to attend the call.

Reiterate Buy: Management has revised its orderbook replenishment target upwards to MYR7-9bn as the YTD award, already at MYR6.85bn, has surpassed its initial target of MYR6bn. The current outstanding orderbook is at an all-time high of MYR10.5bn. We reiterate our Buy rating on the stock, and our TP of MYR8.30 is based on a FY26F target P/E of 27x (EPS: 31sen, current P/E: 26.4x).

Construction segment outlook: Construction revenue for 2Q26 was down 1% q-q and PBT was down 17% q-q, with PBT margin at 13.3% vs 15.6% in 1Q26. The margin normalised down q-q as 1Q26 margins were high due to the finalization of accounts for the completed JHB1X0 DC project.

New orderbook replenishment in YTD 2026 stood at MYR6.85bn which is already above management's target of MYR6bn for FY26E. Management has now revised its orderbook replenishment target to MYR7-9bn on the back of an active tender book of MYR15.2bn. SunCon has an outstanding orderbook of MYR10.5bn which is an all-time high for the company. Note that this includes the recent (21-Aug) award of MEP works for two DC projects worth MYR1.04bn.

SunCon also indicated ongoing data centre (DC) tenders of >700MW which it is participating in. This suggests a strong tender pipeline ahead for DC jobs for SunCon. Key notable wins in the past few months include – additional data center contracts for two shell buildings (JB01 and JB02) worth MYR665mn, JHB01 MEP works worth MYR1bn, Sunway Medical in Iskandar worth MYR400mn and MYR1.04bn MEP works for two DC projects (Shell 2).

Pre-cast segment review: Precast revenue/PBT for 2Q26 came in at MYR76mn/MYR6mn (+5%/ +8% q-q). PBT margin was at 8.5% vs 8.3% in 1Q26.

Rating Remains	Buy
Target price Remains	MYR 8.30
Closing price 24 August 2026	MYR 8.08

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Fig. 1: SunCon – 1H26 results snapshot

MYR mn	1H26	NMR FY26F	as % of NMR	Cons FY26F	as % of cons
Revenue	2,040	5,657	36%	5,670	36%
Adj PBT	286	583	49%	593	48%
Adj NPATAMI	222	405	55%	429	52%
Reported NPATAMI	222	405	55%	428	52%

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

Fig. 2: SunCon – 2Q26 results review

MYR mn	2Q26	2Q25	% chg y-y	1Q26	% chg q-q	1H26	1H25	% chg y-y	FY26F	as % of FY26F
Revenues	1,018	1,477	(31%)	1,023	(0%)	2,040	2,877	(29%)	5,657	36%
Construction	942	1,433	(34%)	951	(1%)	1,892	2,803	(33%)	5,184	36%
Precast concrete	76	43	75%	72	5%	148	74	100%	473	31%
Operating profit	111	115	(3%)	135	(17%)	246	224	10%	482	51%
Construction	109	115	(5%)	131	(17%)	239	224	7%		
Precast concrete	2	(1)	NM	4	(41%)	7	(0)	NM		
Adjusted Pretax profit	131	123	7%	155	(15%)	286	236	21%	583	49%
Construction	125	121	3%	149	(16%)	274	233	17%	554	49%
Precast concrete	6	1	431%	6	8%	12	2	405%	28	44%
Core PAT	106	94	12%	117	(10%)	223	180	24%	445	50%
Core PAT - equityholders	104	84	23%	118	(13%)	222	160	39%	405	55%
Other one-off charges	0	0	NM	0	NM	0	0	NM	0	NM
Headline NPAT - equityholders	104	84	23%	118	(13%)	222	160	39%	405	55%
Adj Pretax margins	12.9%	8.3%	5 ppt	15.1%	-2 ppt	14.0%	8.2%	6 ppt	10.3%	
Construction	13.3%	8.5%	5 ppt	15.6%	-2 ppt	14.5%	8.3%	6 ppt	10.7%	
Precast concrete	8.5%	2.8%	6 ppt	8.3%	0 ppt	8.4%	3.3%	5 ppt	6.0%	

Source: Company data, Nomura estimates

Fig. 3: SunCon's outstanding orderbook

Latest orderbook

MYR mn	Contract Sum	Outstanding order book
Infrastructure/Piling		
RTS Link Package 1B and 5	558	10
Data Centre		
JHB1X0 - Data Centre & TIW	4,146	49
JHB1X0 - Building 2	196	90
JHB01 - Core & Shell Works and MEP FIT-OUT	1,561	1,346
General contractor Works - Shell 1 MNC	1,546	788
General contractor Works - Shell 2 MNC	2,576	2,295
PSR - MNC	801	81
PSR - MNC - JB01	558	558
PSR - MNC - JB02	346	346
K2 Building 4 + VO	458	53
Data centre - Serendah	1,750	1,750
India		
Thorapalli Agraharam - Jittandahalli	508	51
Internal		
Sunmed PH3 Fit-out	122	31
RTS Transit Oriented Development Project	1,500	1,054
SW Ipoh Mall	873	572
Sunway Ipoh Mall Extension - Hotel	224	224
Sunway Ipoh Mall Extension - Office	63	62
Sunway Ipoh Staff Quarters - Piling	9	6
Sunway Medical Iskandar	400	400
Sunway Sanctuary Fit out works	20	20
Singapore		
Precast	971	617
External - New order 2026	110	109
Total	19,297	10,515

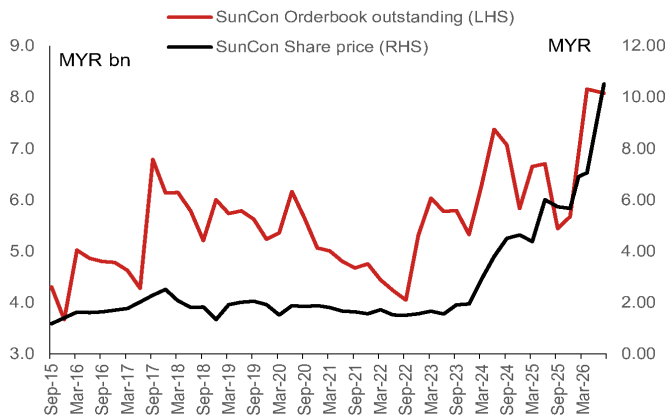
Source: Company data, Nomura research

Fig. 4: YTD 2026 orderbook replenishment

Project	Duration	Contract Sum (MYR mn)
1Q26		
JHB1X0 - Tenant improvement works	Feb-26	16
General contractor Works - Shell 2 - Package A	May-27	574
General contractor Works - Shell 2 - Package B	May-27	572
JHB1X0 - Building 2	May-26	171
Data centre - Serendah	Jul-28	1,750
Precast - Large Panel Slab & Nursing Home	4Q28	35
General contractor Works - Shell 1 - Package A	Apr-27	116
General contractor Works - Shell 1 - Package B	Apr-27	116
PSR - JB01	Apr-28	153
PSR - JB02	Nov-27	88
2Q26		
PSR - JB01	Apr-28	406
PSR - JB02	Nov-27	259
SW Ipoh Staff Quarters - Piling	Sep-26	9
PSR - MNC	Apr-27	22
JHB1X0 - Tenant improvement works	Dec-26	12
Precast - Large Panel Slab & Precast Components	4Q29	74
JHB01 - MEP Fit Out	Nov-27	1,022
Sunway Medical Iskandar	Aug-30	400
Sunway Sanctuary Fit out works	Oct-27	20
General contractor Works - Shell 2 - Package A	Mar-28	522
General contractor Works - Shell 2 - Package A	Mar-28	523
Total		6,858

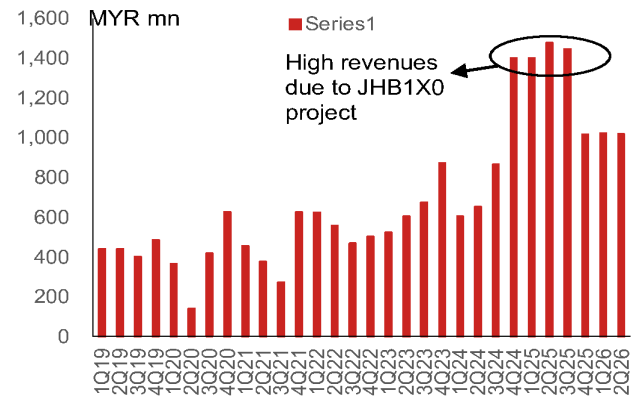
Source: Company data, Nomura research

Fig. 5: SunCon: Orderbook vs share price



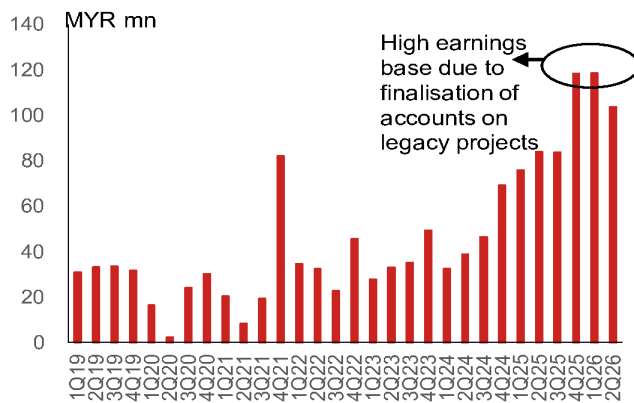
Source: Company data, Bloomberg, Nomura research

Fig. 6: SunCon: Quarterly revenue trend



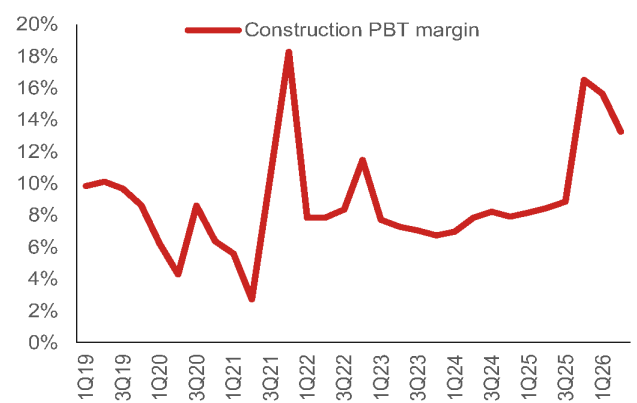
Source: Company data, Nomura research

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

Fig. 9: SunCon: earnings summary

MYR mn	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	FY28F
Revenues	1,881	1,917	1,789	2,076	2,257	1,769	1,553	1,729	2,155	2,671	3,522	5,339	5,657	5,572	5,689
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	5,184	5,089	5,317
Precast concrete	255	253	287	145	134	150	97	123	182	290	195	207	473	483	371
% breakdown															
Construction	86%	87%	84%	93%	94%	92%	94%	93%	92%	89%	94%	96%	92%	91%	93%
Precast concrete	14%	13%	16%	7%	6%	8%	6%	7%	8%	11%	6%	4%	8%	9%	7%
Core PBT	148	137	137	167	189	158	102	170	184	189	273	526	583	526	549
Construction	49	60	78	139	188	155	99	166	173	170	260	512	554	497	527
Precast concrete	99	77	58	28	1	3	3	3	11	19	13	14	28	29	22
% breakdown															
Construction	33%	44%	57%	83%	99%	98%	97%	98%	94%	90%	95%	97%	95%	94%	96%
Precast concrete	67%	56%	43%	17%	1%	2%	3%	2%	6%	10%	5%	3%	5%	6%	4%
PBT margins	7.9%	7.2%	7.6%	8.0%	8.4%	8.9%	6.5%	9.8%	8.5%	7.1%	7.8%	9.8%	10.3%	9.4%	9.7%
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%	10.7%	9.8%	9.9%
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%	6.0%
Construction orderbook (MYR bn)		3.7	4.8	6.1	6.0	5.2	5.1	4.8	5.3	5.3	5.8	5.7			
Orderbook replenishment (MYR bn)	0.8	2.6	2.7	3.7	1.6	1.8	2.3	1.5	2.6	2.5	4.2	5.2	6.8	6.3	5.8

Source: Company data, Nomura estimates

Appendix A-1

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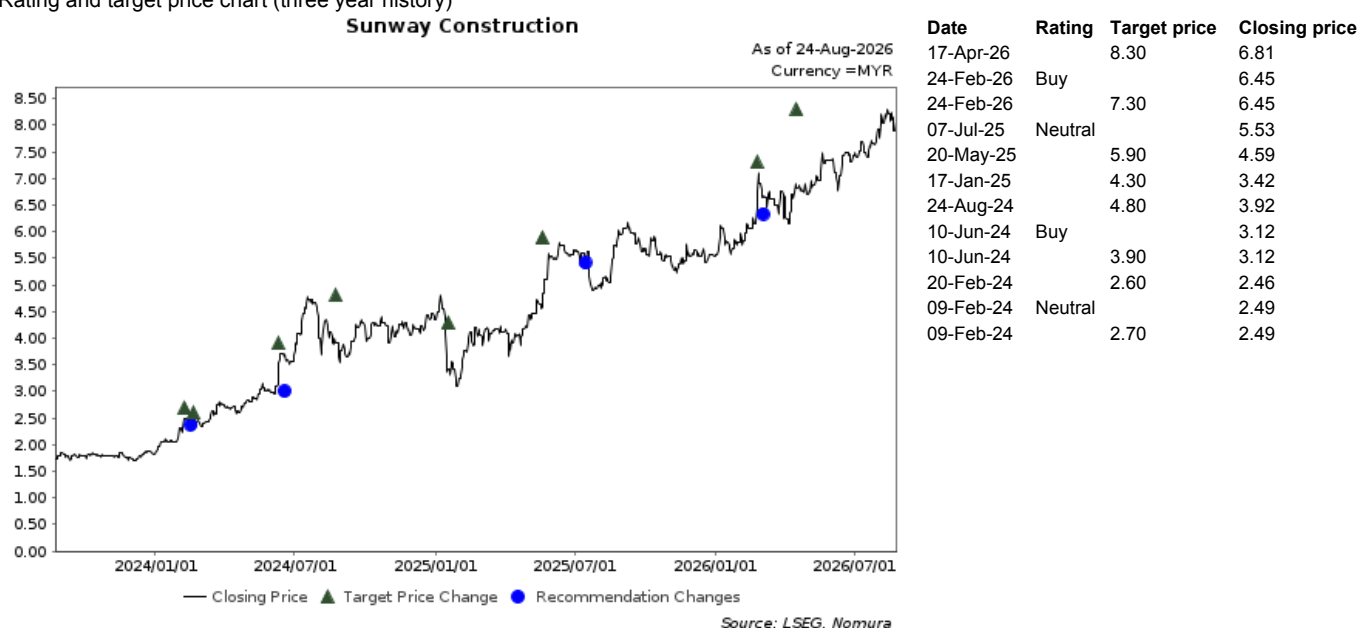
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Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
Sunway Construction	SCGB MK	MYR 8.08	24-Aug-2026	Buy	N/A	

Sunway Construction (SCGB MK)

MYR 8.08 (24-Aug-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 MYR405mn. We arrive at our TP of MYR8.30. 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 due to cost escalation; 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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