19 Nov 2026 08:46:04 ET | 12 pages

Sunway Construction (SCOG.KL)

3Q26 Results Within Expectations; Data Centre Job Prospects Remain Strong

CITI'S TAKE

SunCon's 3Q26 core net profit of RM102m (+15% YoY, -3% QoQ) was deemed within expectations, as we expect a stronger backloaded revenue recognition in the upcoming 4Q26 quarter. Results were predominantly driven by accelerated progress on data center projects. Looking ahead, outlook remains positive. YTD new wins of RM9.8bn exceeded management's full-year guidance of RM7-9bn, bringing order book to a record high of RM12.5bn. While no revised guidance were introduced, we expect the group to easily win ~RM8-10bn worth of new wins over the next 12-13 months. Latest tender book stands at RM15.7bn, with >80% of it coming from data centers. **Maintain Buy with TP of RM9.40.**

Buy	
Short-Term View: Upside, expires 23-NOV-26	
Price (19 Nov 26 17:00)	RM7.50
Target price	RM9.40
Expected share price return	25.3%
Expected dividend yield	6.4%
Expected total return	31.7%
Market Cap	RM9,994M
	US$2,428M

Steven Chan[AC]

3Q26 results within expectations — SunCon's 3Q26 core net profit came in at RM102m (+15% YoY, -3% QoQ) - deemed within expectations (9M26 made up 70%/69% of ours/consensus full year earnings forecasts), as we anticipate a stronger backloaded revenue recognition in the upcoming 4Q26 quarter. Overall, results were predominantly driven by accelerated progress for data center projects. Dividends for the quarter was announced at 7.9 sen per share - representing a 100% payout - bringing YTD dividends totalling to 34.7 sen per share (141% payout).

Outlook remains positive — YTD new orders secured have reached RM9.8bn - breaching past management's full year guidance of RM7-9bn, and bringing order book to a record high of RM12.5bn. Latest tender book stands at RM15.7bn and is still predominantly data center driven (i.e. >80%). While a revised order win target has not been guided yet, we expect the group to easily achieve ~RM8-10bn worth of new wins over the next 12-13 months as the data center pipeline still remains strong.

Implications — Maintain Buy and TP of RM9.40. No changes to our FY26-28E earnings.

Earnings Summary

Year to 31 Dec	Net Profit (RMM)	Diluted EPS (RM)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	176	0.13	2.3	56.6	11.4	20.8	1.1
2025A	392	0.29	122.1	25.5	9.2	39.9	6.7
2026E	433	0.33	10.6	23.1	11.4	44.1	6.4
2027E	502	0.38	15.8	19.9	11.4	57.3	5.1
2028E	535	0.40	6.5	18.7	11.4	61.1	5.3

Source: Powered by dataCentral

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations

Figure 1. Results Summary

FYE Dec (RM'mil)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	YoY	QoQ	9M25	9M26	YoY
Revenue	1,400.5	1,476.9	1,445.2	1,016.1	1,022.7	1,017.7	1,072.7	-26%	5%	4,322.6	3,113.1	-28%
Operating expenses	(1,295.9)	(1,363.3)	(1,350.6)	(866.4)	(910.6)	(909.0)	(966.3)	-28%	6%	(4,009.8)	(2,785.9)	-31%
Other operating income	4.8	4.0	5.9	1.2	2.1	3.6	3.9	-35%	6%	14.8	9.6	-35%
Net impairment	0.0	(3.0)	(4.9)	(22.3)	20.4	(1.0)	3.4	-169%	-437%	(7.9)	22.8	-390%
Profit from operations	**109.5**	**114.6**	**95.7**	**128.5**	**134.7**	**111.3**	**113.6**	**19%**	**2%**	**319.7**	**359.6**	**12%**
Finance income	14.3	18.0	39.6	37.0	22.5	20.0	20.8	-47%	4%	71.8	63.3	-12%
Finance costs	(12.9)	(12.8)	(13.6)	(7.6)	(4.4)	(4.3)	(5.5)	-60%	29%	(39.3)	(14.2)	-64%
JV & associates	2.3	2.9	5.4	4.7	1.9	4.2	6.3	15%	48%	10.6	12.5	17%
Profit before tax	**113.2**	**122.6**	**127.1**	**162.6**	**154.7**	**131.3**	**135.2**	**6%**	**3%**	**362.9**	**421.2**	**16%**
Income tax expense	(27.5)	(28.4)	(30.7)	(36.9)	(37.7)	(25.5)	(28.5)	-7%	12%	(86.5)	(91.7)	6%
Non-controlling interests	(10.0)	(10.3)	(12.6)	(7.3)	1.4	(2.2)	(1.6)	-87%	-25%	(33.0)	(2.4)	-93%
Net profit	**75.7**	**83.9**	**83.8**	**118.4**	**118.4**	**103.6**	**105.1**	**25%**	**1%**	**243.4**	**327.1**	**34%**
Core net profit	**75.7**	**86.9**	**88.7**	**140.7**	**98.0**	**104.6**	**101.7**	**15%**	**-3%**	**251.2**	**304.3**	**21%**
Operating margins	*8%*	*8%*	*7%*	*13%*	*13%*	*11%*	*11%*			*7%*	*12%*	
PBT margins	*8%*	*8%*	*9%*	*16%*	*15%*	*13%*	*13%*			*8%*	*14%*	
Net margins	*5%*	*6%*	*6%*	*12%*	*12%*	*10%*	*10%*			*6%*	*11%*	
Core net margins	*5%*	*6%*	*6%*	*14%*	*10%*	*10%*	*9%*			*6%*	*10%*	
Effective tax rate	*24%*	*23%*	*24%*	*23%*	*24%*	*19%*	*21%*			*24%*	*22%*	

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Source: Citi Research

Short-Term View on Sunway Construction (SCOG.KL)

Direction:	**Upside**
Duration:	Within 90 Days (expires 23 Nov 2026)
Date Added:	24 Aug 2026
Category:	Thematic driven

We expect the group to secure additional contract wins throughout the rest of this year, bringing total new orders secured to within RM7-9b (current YTD wins stands at RM6.9bn). Additionally, underpinned by its current record high order book of RM10.5bn, we expect the group to continue posting record earnings throughout FY26-28E.

Sunway Construction

Valuation

We value Suncon based on 25x 2027E P/E, at roughly +0.5SD from its 5-year mean, for a target price of RM9.40. We feel a premium is warranted for Suncon's valuations as we remain bullish on the Malaysian data center space, highlighting Suncon as the best play for this thematic.

Risks

Possible downside risks to our target price include (i) slowdown in DC investments in Malaysia, especially on the back of heightened geopolitical tensions or policies, (ii) job execution risks, given the high working capital requirement, (iii) delay in roll-out of Malaysian infrastructure jobs, and (iv) slowdown of in-house jobs.

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Appendix A-1

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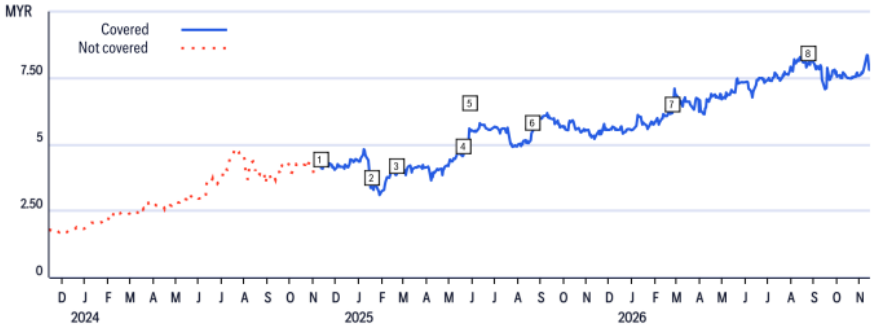
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Sunway Construction (SCOG.KL)

Ratings and Target Price History
Fundamental Research

Analyst: Steven Chan



	Date	Rating	Target Price	Closing Price
1	11-Nov-24 07:20:49	*1	*5.10	4.11
2	17-Jan-25 18:31:51	1	*4.20	3.42
3	20-Feb-25 13:08:39	1	*5.00	3.88
4	20-May-25 09:55:33	1	*5.70	4.59
5	29-May-25 13:21:57	1	*6.70	5.49
6	21-Aug-25 10:01:31	1	*7.00	5.51
7	23-Feb-26 10:16:12	1	*8.10	6.18
8	24-Aug-26 10:49:56	1	*9.40	8.08

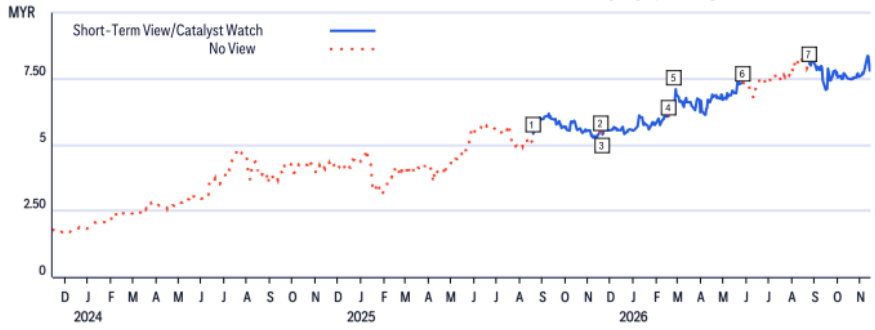
*Indicates Change

Rating/target price changes above reflect Eastern Time

Sunway Construction (SCOG.KL)

Short-Term View/Catalyst Watch Research

Analyst: Steven Chan



	Date	Action	Expected Direction	Duration	Closing Price
1	19-Aug-25 01:01:00	Add STV	Upside	90 Days	5.42
2	17-Nov-25 23:14:47	Remove STV	Upside	90 Days	5.51
3	20-Nov-25 04:39:06	Add STV	Upside	90 Days	5.39
4	18-Feb-26 23:13:03	Remove STV	Upside	90 Days	6.07
5	24-Feb-26 23:01:11	Add CW	Upside	90 Days	6.45
6	27-May-26 01:22:54	Remove CW	Upside	90 Days	7.34
7	24-Aug-26 06:49:56	Add STV	Upside	90 Days	8.08

CW - Catalyst Watch , STV - Short-Term View

Rating/target price changes above reflect Eastern Time

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