TA SECURITIES
A MEMBER OF THE TA GROUP

RESULTS UPDATE

Friday, November 20, 2026
FBMKLCI: 1,566.16
Sector: Construction

THIS REPORT IS STRICTLY FOR INTERNAL CIRCULATION ONLY*

Sunway Construction Group Berhad

TP: RM9.05 (+20.6%)

Last Traded: RM7.50

Solid 9MFY26 Performance

Buy (ESG: ★★★★)

Ng Hong Tong, CFA | Tel: +603-2167 9601 | htng@ta.com.my | www.taonline.com.my

Results Review

- Excluding the extraordinary income of RM3.3mn, SUNCON delivered 9MFY26 adjusted core net earnings of RM323.7mn which came in broadly in line with expectations, accounting for 74.6% of our full-year forecast and 73.5% of consensus estimates.

- YoY, group revenue declined sharply by 28.0% to RM3.1bn (from RM4.3bn in 9MFY25), primarily due to a 31.1% contraction in construction revenue following the absence of accelerated progress billings from several large data centre (DC) and in-house projects in the preceding financial years. Nevertheless, core net earnings rose 19.5%, underpinned by stronger operating margins in both the construction (+460bps) and precast (+300bps) segments. The stronger margin was primarily driven by a more favourable project mix and accelerated progress billings on selected high-margin projects.

- QoQ, core net profit improved marginally by 0.9% as the stronger revenue growth (5.4%) was offset by higher operating expenses (+6.3%), higher finance costs (+28.9%) as well as higher effective tax rate (+160bps).

- A third interim dividend of 7.9sen/share was declared during the quarter (3QFY25: 29.25sen/share, inclusive of special dividend of 23sen/share). This brings cumulative dividend declared to 34.7sen/share, implying a dividend yield of 4.6%.

Impact

- Given in-line financial performance, we keep our earnings forecasts unchanged.

Outlook

- YTD in FY26, SUNCON has replenished RM9.8bn of new jobs, which has surpassed the management's revised target of RM7.0-RM9.0bn. Including these job wins, this lifts its total outstanding order book to RM12.5bn, implying a healthy 2.3x FY25 revenue cover, providing its earnings visibility for at least next 2-3 years.

- Despite management has not provided an updated FY26 job win target, we believe SUNCON could potentially achieve our new job win assumption of RM10.5bn, supported by the group's sizeable RM15.7bn tender book as well as stable internal job flow from its property development arm. Sunway Bhd.

- Based on our earnings forecasts, every incremental RM1.0bn in new job wins above our RM10.5bn assumptions could lift our FY26-28 earnings

Share Information	
Bloomberg Code	SCGB MK
Bursa	SUNCON
Stock Code	5263
Listing	Main Market
Share Cap (mn)	1332.4
Market Cap (RMmn)	9993.7
52-wk Hi/Lo (RM)	8.58/5.36
12-mth Avg Daily Vol ('000 shrs)	3290.2
Estimated Free Float (%)	39.5
Beta	0.50
Major Shareholders (%)	
	Sunholdings - 52.8
	Employee Provident Fund - 6.0
	Sungei Way Corp Sdn Bhd - 5.5
	Amanah Saham Nasional Bhd - 2.4

Forecast Revision	FY26	FY27
Forecast Revision (%)	0.0	0.0
Net profit (RMm)	434.2	528.8
Consensus	440.6	547.7
TA's / Consensus (%)	98.6	96.6
Previous Rating	Buy (Maintained)	
Consensus Target Price		9.29

SCORECARD (%)		
vs TA	74.6	Within
vs Consensus	73.5	Below

Financial Indicators	FY26	FY27
Net Debt / Equity (%)	Net Cash	Net Cash
CFPS (sen)	8.5	65.4
Price / CFPS (x)	88.2	11.5
ROA (%)	8.6	8.6
NTA/Share (sen)	43.1	53.0
Price/NTA (x)	17.4	14.2

Share Performance (%)	SUNCON	FBM KLCI
Price Change		
1 mth	1.8	(1.9)
3 mth	(5.5)	(9.5)
6 mth	15.1	(9.3)
12 mth	45.2	(3.6)

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



Source: Bloomberg

forecasts by 2.8%-5.1%.

- Notably, DC-related projects accounted for around 75% of SUNCON's total outstanding order book and >90% of its FY26 YTD new job wins. We believe this highlights SUNCON's expanding exposure to the fast-growing DC construction segment and support earnings growth, given the typically stronger margin profile of DC projects.

- For its DC pipeline, SUNCON has an on-going tender book of more than 600MW across the Klang Valley and Johor. Based on the rule of thumb of RM30-32mn/MW construction cost and a conservative success rate of 30%, we estimate that the current pipeline translates into a potential DC construction opportunity of RM5.4bn to RM5.8bn for SUNCON.

Valuation

- We maintain our **Buy** recommendation on SUNCON with an unchanged **TP** of RM9.05/share, based on the same 22x its CY27 EPS.

- We continue to like SUNCON for:- (i) its strong position as the key DC pure-play construction proxy, (ii) its superior ROE profile of 64.1% to 83.2%; and (iii) its attractive dividend yield of 3.9%-5.8%.

- Key downside risks include: (i) Slower-than-expected new order book win; (ii) Delay in large-scale infrastructure job roll-out; and (iii) Weaker-than-expected property sales.

Exhibit 1: Earnings Summary (RM mn)

FYE Dec (RMmn)		2024	2025	2026F	2027F	2028F
Revenue		3,521.7	5,338.7	6,715.6	8,162.9	9,119.1
Gross profit		581.1	823.1	1,108.1	1,346.9	1,504.7
EBITDA		279.4	465.4	588.0	732.5	827.9
EBITDA margin	(%)	7.9	8.7	8.8	9.0	9.1
EBIT		262.2	448.2	570.6	712.7	805.8
PBT		273.0	525.5	652.1	794.2	887.3
PAT		186.9	361.8	434.2	528.8	590.8
Core net profit		166.6	420.7	434.2	528.8	590.8
Core EPS	(sen)	12.6	31.8	32.8	39.9	44.6
PER	(x)	64.1	25.4	22.9	18.8	16.8
Gross dividend	(sen)	8.5	50.5	45.0	30.0	34.0
Dividend yield	(%)	1.1	6.3	6.0	4.0	4.5
ROE	(%)	22.0	43.5	64.1	83.2	76.5

Source: TA Research

Exhibit 2: FY26 YTD New Job Win

Projects	Client	Expected Completion Date	Contract Sum (RM mn)
Core and shell for 2 Data Centres	US based Multinational Technology Company	Dec-27	1,146.0
Core and shell for DC @ Bandar Serendah	International hyperscaler	Q3CY28	1,750.0
Revision of order for 2 subtation job in Johor	US based Multinational Technology Company	Q4CY27/ Q2CY28	664.4
MEP works for DC in Johor	US based Multinational Technology Company	Q4CY27	1,020.0
MEP works for two DCs	US based Multinational Technology Company	Mar-28	1,044.0
MEP works for DC in Johor	US based Multinational Technology Company		921.0
Core and shell & MEP works for DC @ Bandar Serendah	International hyperscaler	Q4CY28	1,739.0
Others (mostly DC)	Various	Various	4,175.6
		Total	**9,800.0**

Source: Company, TA Research

Exhibit 3: 9MFY26 Results Analysis (RM mn)

FYE Dec	3Q25	2Q26	3Q26	QoQ (%)	YoY (%)	9MFY25	9MFY26	YoY (%)
Revenue	1445.2	1017.7	1072.7	5.4	(25.8)	4322.6	3113.1	(28.0)
- Construction	1387.4	941.6	995.2	5.7	(28.3)	4190.8	2887.3	(31.1)
- Precast	57.8	76.1	77.6	2.0	34.3	131.8	225.8	71.3
Operating profit	95.7	111.3	113.6	2.1	18.8	319.7	359.6	12.5
Finance income	39.6	20.0	20.8	4.0	(47.4)	71.8	63.3	(11.9)
Finance costs	(13.6)	(4.3)	(5.5)	(28.9)	59.7	(39.3)	(14.2)	64.0
Profit before taxation	127.1	131.3	135.2	3.0	6.4	362.9	421.2	16.1
- Construction	123.0	124.8	130.5	4.5	6.1	356.4	404.0	13.4
- Precast	4.0	6.5	4.7	(26.6)	17.8	6.5	17.2	164.6
Income tax expense	(30.7)	(25.5)	(28.5)	(11.7)	7.0	(86.5)	(91.7)	(6.0)
Non-controlling interests	12.6	2.2	1.6	(24.8)	(87.0)	33.0	2.4	(92.6)
Net profit	83.8	103.6	105.1	1.4	25.4	243.4	327.1	34.4
- Construction	80.8	98.6	101.4	2.8	25.4	238.4	313.1	31.4
- Precast	2.9	5.0	3.7	(26.2)	24.7	5.0	13.9	176.7
Core net profit	**94.6**	**104.3**	**105.1**	**0.9**	**11.1**	**271.0**	**323.7**	**19.5**
Reported EPS (sen)	6.4	7.8	7.9	1.3	24.0	18.6	24.7	32.6
Core EPS (sen)	7.2	7.9	7.9	0.7	9.9	20.7	24.4	17.9
Dividend (sen)	29.3	4.0	7.9	97.5	(73.0)	41.5	34.7	(16.4)
Margin (%):				% pts	% pts			% pts
- Operating	6.6	10.9	10.6	(0.3)	4.0	7.4	11.6	4.2
- Construction	7.0	11.6	11.6	0.0	4.6	7.7	12.3	4.6
- Precast	(1.8)	3.2	(2.0)	(5.2)	(0.2)	(0.8)	2.2	3.0
- PBT	8.8	12.9	12.6	(0.3)	3.8	8.4	13.5	5.1
- PAT	6.7	10.4	9.9	(0.4)	3.3	6.3	10.4	4.2
- Core PAT	6.5	10.2	9.8	(0.4)	3.3	6.3	10.4	4.1
- Effective tax rate	24.1	19.4	21.1	1.6	(3.0)	23.8	21.8	(2.1)

Source: TA Research

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% to12%.

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% to12%.
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
Scoring	★★★★	★★★★	★★★★★	★★★★
Remark	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 whistle-blower 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 Friday, November 20, 2026, the analyst, Ng Hong Tong, 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