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NEWS

## SunCon Impresses With Rising Order Book Now At RM7.9 Billion

By *Business Today Editorial* May 31, 2025



MIDF Amanah Investment Bank Bhd (MIDF Research) has maintained a **BUY** call on Sunway Construction Group Bhd (SunCon), revising its target price upwards to RM6.44 from RM5.43. This is based on an updated FY26 earnings per share forecast of 22.2 sen, valued at a price-to-earnings ratio of 29 times, which is one standard deviation above SunCon's five-year average. The broker has also raised earnings forecasts for FY25, FY26 and FY27 by 14.0%, 10.6% and 11.3% respectively, reflecting strong momentum from high-value job wins, particularly in the data centre segment.

SunCon's operational strength was reinforced this week with a RM1.16 billion contract award from a US-based multinational technology company for general contractor works on two data centre projects. These projects are scheduled to commence immediately, with completion targeted by February 2027.

This latest deal builds on an earlier 'Early Contractor Involvement' contract initially valued at RM160 million, with RM42 million outstanding as of March 2025. The award further cements SunCon's foothold in the Advanced Technology Facilities segment, highlighting its expanding presence in Malaysia's growing data centre market.

With this latest win, SunCon's outstanding order book has risen to RM7.90 billion, providing earnings visibility through to FY28. Year to date, the company has secured RM3.50 billion in new jobs, exceeding 58% of its FY25 replenishment target of between RM4.5 billion and RM6.0 billion. This includes significant projects such as the RM1.50 billion Bukit Chagar RTS TOD project and data centre packages worth RM392.7 million.

Management remains optimistic about further contract wins, supported by a robust tender pipeline across commercial, infrastructure and technology-related projects. Importantly, the company continues to diversify its portfolio beyond Sunway Berhad-related jobs, ensuring a more balanced mix between external and in-house projects, which helps mitigate earnings cyclicality.

Data centres now represent nearly half of SunCon's order book. As of March 2025, RM2.77 billion or 42% of the RM6.60 billion order book was tied to data centre contracts. Following the RM1.16 billion award, this segment now accounts for RM3.93 billion or 49.7% of the total RM7.90 billion order book. This cements SunCon's position as a market leader in data centre construction, backed by a proven track record and swift project turnaround. Despite some regional caution among global tech investors, SunCon's data centre portfolio has remained resilient, with five ongoing projects progressing well alongside a steady flow of active tenders, including a RM260 million Stage 3 package from K2 Strategic Infrastructure in Johor.

The data centre segment has also begun contributing meaningfully to earnings, with improved billings from projects such as the Yondr facility in Johor. More broadly, data centres are increasingly viewed as a structural growth driver for Malaysia's construction sector. The private-sector digital infrastructure boom complements public-sector mega projects slated for the second half of 2025, including the LRT3 and Penang International Airport expansions. SunCon is well positioned to benefit from this upcycle, leveraging strong execution capabilities and a diversified tender mix spanning factories, warehouses and commercial infrastructure.

While execution risks remain, including material cost volatility and logistics challenges, SunCon's experience with technically demanding projects and established client relationships should help mitigate these issues. The immediate project commencement will enable progressive earnings recognition starting FY25, with ramp-up expected over the coming year.