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NEWS

SunCon Offers Clear Visibility For 2026

By **Business Today Editorial** November 21, 2025

RHB Investment Bank Bhd (RHB Research) and Hong Leong Investment Bank Bhd (HLIB) have both maintained their **BUY** calls on Sunway Construction Bhd, with RHB Research setting a target price of RM7.32, representing 28% upside.

At the same time, HLIB has a lower target of RM6.35, citing solid growth prospects in the data centre (DC) segment. Analysts from both banks highlighted the company's exceptional 9M25 results, driven by faster-than-expected progress on ongoing projects, particularly its high-margin DC developments.

SunCon recorded a 9M25 core net profit of RM271 million, surging 176% year-on-year and exceeding both RHB's and market expectations at 85% and 87% of full-year projections respectively.

The strong performance was underpinned by accelerated billings from key DC projects, including the JHB1X0 DC, which reached approximately 97% completion by the end of 3Q25, up from 80% at the end of 2Q25, and the PSR MNC DC at 54% completion versus 29.5% previously.

Meanwhile, the precast segment doubled its PBT to RM4 million as projects approached peak delivery stages.

Revenue for 3QFY25 came in at RM1.45 billion, slightly down 2.1% sequentially but up 67% year-on-year, while core PATAMI rose 2.2% quarter-on-quarter and 189.8% year-on-year, bringing 9M25 total to RM271.5 million, a 173% increase from the previous year.

Both banks noted that results beat expectations, driven by stronger-than-anticipated construction contributions and accelerated recognition of DC project billings.

The company's construction orderbook stood at RM5.4 billion at the end of 3Q25, down from RM7.1 billion a year earlier, with RM3.9 billion of new orders secured year-to-date. SunCon also holds RM18.2 billion worth of active tenders, approximately 80% of which are DC-related, providing visibility for future growth.

Analysts pointed to potential additional wins from parent Sunway-related property projects and possible expansion of existing DC facilities, which could further bolster the company's earnings trajectory.

Dividend payments were notable, with SunCon declaring an interim DPS of 6.25 sen and a special DPS of 23 sen, bringing total 9M25 dividends to 41.5 sen and translating to a 7.2% yield at the current share price. HLIB highlighted that accelerated return of capital is aligned with the company's record earnings and growing cash reserves, which rose from RM1.2 billion to RM1.8 billion sequentially.

Looking ahead, analysts maintain that SunCon's strong execution in the DC sector, coupled with ongoing projects from its parent company, including hospitals and malls, should continue to support earnings. While RHB Research modestly raised FY25-26 forecasts to account for front-loaded billings, it trimmed FY27 profit projections slightly.

HLIB recalibrated its FY25 core PATAMI upwards by 13.5% but lowered FY26-27 forecasts following revised new job assumptions. Both banks continue to view SunCon as well-positioned to capitalise on the high-margin DC space, with a premium valuation justified by robust ROEs and earnings visibility.

Net cash, expanding orderbook, and ongoing project execution underpin analyst optimism, while slower-than-expected DC project wins remain the primary downside risk.