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Data centres to continue boosting SunCon net profit

CORPORATE NEWS

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PETALING JAYA: Data centre (DC) projects will continue to figure prominently for [Sunway Construction Group Bhd](#)  (SunCon), which last week recorded another stellar set of earnings for the third quarter ended Sept 30, 2025 (3Q25).

Its core earnings came in ahead of many analysts' expectations, with TA Research noting that the company's earnings were driven by faster-than-expected progress billings from several DC projects currently at peak execution, alongside stronger contributions from in-house developments such as the Sunway Square and Sunway Ipoh Mall projects within the construction division.

Revenue had more than doubled on a yearly basis to RM4.3bil supported by a stronger order-book burn rate arising from increasing contributions from DC projects.

The brokerage noted that with RM3.9bil into the order book, total outstanding unbilled order book stood at RM5.4bil, providing earnings visibility for the next three years.

RHB Research said to hit its RM6bil new job target, the company would need to see upcoming wins stemming from its parent company, particularly for property-related projects such as Seremban Sentral coupled with potential expansion works for JHB1X0 DC in Sedenak with a total planned capacity of 200MW to 300MW.

The research house said the icing on the cake would be for the company to clinch DC jobs in the Klang Valley this year.

Due to the strong 3Q25 performance, it has decided to frontload billings recognition, particularly for DC jobs for the financial year ending Dec 31, 2025 (FY25) to FY26.

“Therefore, we arrive at a new target price (TP) of RM7.32 from RM7.26, which ascribes a 6% ESG premium and is derived by pegging the FY26 earnings per share to an unchanged target price-to-earnings-ratio of 23.5 times,” it said.

Meanwhile, CGSI Research projects a weaker 4Q25 with some of the company’s DC projects nearing completion, but expects the company to be able to capitalise on some upsizing contracts from its present DC clientele in the next few months.

“Among all contractors under our coverage, the group appears to be the most entrenched in the DC space, with DCs making up 52% of its order book of RM5.4bil as at September. It also has a tier-one DC clientele, comprising four clients, and it is among only a handful of contractors having commissioned a DC locally,” it noted.

With that, it reiterated its “add” rating on the stock with a TP of RM7.10.