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Promising growth prospects for SunCon

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The construction firm continues to pursue in-house projects from its parent, Sunway Bhd.

PETALING JAYA: [Sunway Construction Group Bhd](#)  (SunCon) is expected to see a stronger project pipeline, supported by potential contract wins from the JHB01 project and Shell-linked data centre (DC) developments, according to RHB Research.

The research house said the group will also be supported by mechanical, electrical and plumbing (MEP) packages and the remaining phases of the JHB1X0 project in Sedenak, Johor.

It also said the group is set to secure the potential rollout of Sunway Healthcare Holdings Bhd's Seremban Sentral Hospital project in the second half of the financial year ending Dec 31, 2026 (2H26).

On the downside, the brokerage firm added that SunCon's earnings momentum may soften in the second quarter ending June 30, 2026 (2Q26) and 3Q26 following margin normalisation and the completion of the JHB1X0 DC project.

It highlighted the JHB1X0 project, valued at RM4.1bil, had reached 98.7% completion as at end-March.

Hence, the near completion could weigh on SunCon's earnings performance in the coming quarters.

However, backed by its RM8.16bil order book, the group continues to anchor its growth outlook as stronger margins across its construction and precast segments offset lower year-on-year (y-o-y) revenue in 1Q.

According to MBSB Research, SunCon's construction segment revenue declined to RM950.6mil (30.6% y-o-y) in 1Q26, upon accelerated project activity in Rapid Transit System Link and several DC projects in the corresponding period.

It noted, however, the segment's profit rose strongly by 32.7% y-o-y to RM148.7mil, with margins expanding from 8.2% a year earlier to 15.6%, underpinned by completed projects and the reversal of provisions.

SunCon's precast segment on the other hand saw sustained robust growth momentum, as revenue surged 135.6% y-o-y to RM72.1mil, following higher contributions from integrated construction and prefabrication hubs projects in Singapore plus some ramped-up newly secured projects, MBSB Research said.

Meanwhile, the construction firm continues its focus on the DC construction segment, its key earnings driver.

MBSB Research pointed out that DC projects account for the bulk of SunCon's order book at 64%, noting that the group has already surpassed 60% of its FY26 replenishment target of RM6bil, having secured RM3.59bil in new jobs year-to-date.

"SunCon is supported by strong fundamentals, a resilient balance sheet, and promising growth prospects in the construction sector," the research house explained.

The SunCon management has highlighted that the company delivered over 180MW of DC capacity while currently managing 10 ongoing projects for global technology clients, said MBSB Research.

With nearly two-thirds of the order book tied to DC projects, analysts have further indicated that SunCon should provide earnings visibility up until FY29.

The construction firm continues to pursue in-house projects from its parent, [Sunway Bhd](#) . These include hospitals, integrated developments, commercial buildings and transit-oriented developments.

In 1Q26, SunCon's net profit rose to RM118.41mil from RM75.72mil, as lower operating and finance costs, coupled with a RM20.4mil net reversal of impairment losses, offset a decline in revenue.

The group's revenue fell by nearly 27% y-o-y to RM1.02bil. SunCon declared a first interim single-tier dividend of 7.6 sen and a special single-tier dividend of 15.2 sen for FY26, both payable on June 25, 2026.