

19 December 2025

Construction & Engineering | Construction

## Sunway Construction (SCGB MK)

**Buy** (Maintained)

### Garners DC-Related Job Down South; BUY

Target Price (Return): MYR7.32 (+29%)  
 Price (Market Cap): MYR5.66 (USD1,829m)  
 ESG score: 3.3 (out of 4)  
 Avg Daily Turnover (MYR/USD) 17.0m/3.97m

- **Maintain BUY and MYR7.32 TP, 29% upside with c.3% FY26F yield.** Sunway Construction announced that it has accepted a letter of award from a US-based multi-national corporation (MNC), on core-and-shell package works for the development of a data centre (DC) in Johor. This package is worth MYR570m (including the Sales & Services Tax). Completion of the DC job is targeted for 4Q26 (12-month time frame).
- **Further details.** The client has the option and right (but not the obligation) to award the mechanical and engineering fit-out works package for this DC project to SCGB, subject to finalisation and execution of the contract for the DC. By benchmarking against other DC projects, we estimate that the value of the mechanical and engineering fit-out works could be at least similar or higher than that of the core-and-shell package.
- **Total DC wins for YTD-FY25.** Excluding tenant improvement works for the JHB1X0 DC in Sedenak and some variation orders, the latest job secured marks SCGB's second DC project for FY25. The previous DC job secured in FY25 was for another US-based MNC worth MYR1.2bn (for two packages) back in May, and involves the provision of general contractor works. As such, SCGB has clinched MYR1.8bn worth of DC projects so far in FY25.
- **Orderbook update.** Taking into account the latest job win, its YTD wins stand at MYR4.6bn (vs our FY25 job win target of MYR6bn), while its latest outstanding orderbook is worth MYR6.1bn. We estimate that SCGB has around MYR17bn in active tenders after excluding the latest win (with around 80% comprising DC jobs, as per our estimates). To hit our MYR6bn new job target for SCGB, upcoming wins may stem from property projects related to its parent (such as Seremban Sentral), as well as from potential expansion works for the JHB1X0 DC, which has a total planned capacity of 200-300MW. Icing on the cake would come in the form of SCGB clinching any DC jobs in the Klang Valley by end-CY25.
- **No changes to our estimates** as the latest job win is within our FY25 job replenishment target. Therefore, our TP of MYR7.32 – which includes a 6% ESG premium and is derived by pegging the FY26F EPS to an unchanged target P/E of 23.5x – remains unchanged. The stock is trading at a FY26F P/E of 19.3x. It was trading around 15-17x P/E's during the 2017 construction upcycle (with no DC factor) so its now-higher valuation is justified by DC jobs, which fetch better margins and feature faster turnaround times.
- **A key rerating catalyst aside from new DC wins** would be if SCGB secures any packages from the Penang Light Rail Transit project. The last infrastructure job it won was the Rapid Transit System Link package 1B and package 5 back in Mar 2023. Key downside risk: Lower-than expected job wins.

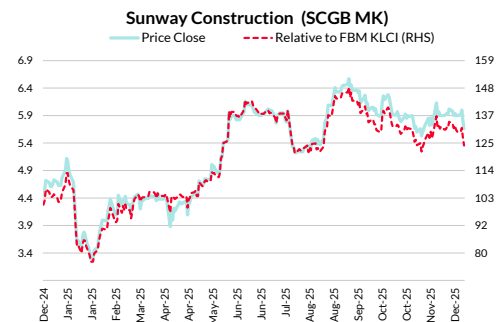
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#### Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	22.2	(1.1)	(10.9)	(6.0)	26.9
Relative	22.2	(2.9)	(13.6)	(14.6)	24.2
52-wk Price low/high (MYR)	3.29 – 6.57				



Source: Bloomberg

Forecasts and Valuation	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total turnover (MYRm)	2,671	3,522	5,544	5,772	5,893
Recurring net profit (MYRm)	151	171	356	381	390
Recurring net profit growth (%)	5.0	13.3	107.6	7.1	2.3
Recurring P/E (x)	48.26	42.60	20.58	19.27	18.83
P/B (x)	8.9	8.3	11.9	9.5	7.9
P/CF (x)	na	10.18	21.35	21.46	12.57
Dividend Yield (%)	1.1	1.5	8.4	3.1	3.2
EV/EBITDA (x)	26.70	26.40	14.81	13.65	11.65
Return on average equity (%)	18.6	22.0	47.5	54.8	45.9
Net debt to equity (%)	38.7	net cash	net cash	net cash	net cash

Source: Company data, RHB

**Overall ESG Score: 3.3 (out of 4)**

**E Score: 3.4 (EXCELLENT)**

**S Score: 3.2 (EXCELLENT)**

**G Score: 3.0 (GOOD)**

Please refer to the ESG analysis on the next page

## Emissions And ESG

Trend analysis	Emissions (tCO2e)	Dec-22	Dec-23	Dec-24	Dec-25
While SCGB's Scope 1 emissions increased in FY24 by 65% YoY, total emissions by 15% in the same year.	Scope 1	7,167	7,440	12,283	na
	Scope 2	4,504	6,997	6,729	na
	Scope 3	168,888	314,414	248,952	na
	Total emissions	180,559	328,851	267,964	na

Source: Company data, RHB

## Latest ESG-Related Developments

As part of its continuous sustainability journey, FY24 marked a significant milestone in strengthening SCGB's greenhouse gas (GHG) emissions accounting. It integrated the latest emission factors and expanded its Scope 3 emissions coverage to include six out of 15 categories, as part of the transition to IFRS S2. These enhancements have improved the accuracy and transparency of its carbon footprint assessment, thereby underscoring the company's commitment to data-driven climate action and reinforcing efforts to drive meaningful decarbonisation across Sunway's group value chain.

## ESG Unbundled

**Overall ESG Score: 3.3 (out of 4)**

Last Updated: 20 Feb 2025

**E Score: 3.4 (EXCELLENT)**

SCGB's solar investment projects are generating green attributes, which enables carbon avoidance of about 3,305 tCO2e, offsetting close to 50% of the group's FY23 Scope 2 emissions. This puts it in a good position to prematurely achieve the group's 2030 target, and benefits include offsets generated from rooftop solar panels on assets at Sunway Enterprise Park and Sunway Precast Industries.

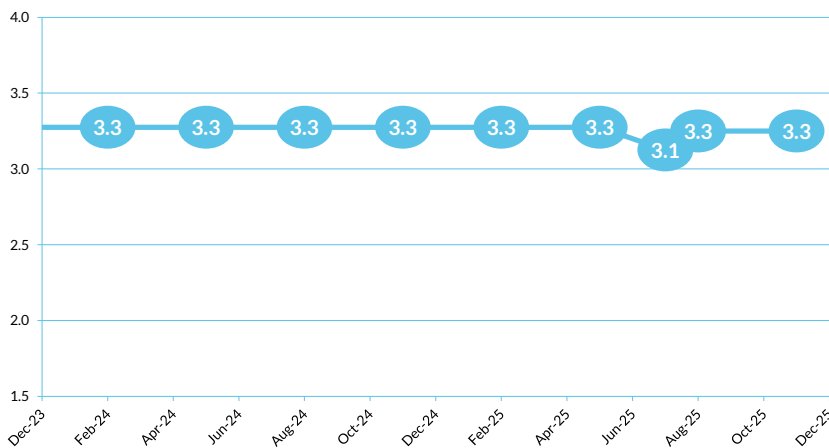
**S Score: 3.2 (EXCELLENT)**

The group ensures the safety and health of all its employees, and public areas surrounding the construction sites, via various training and safety programmes. Apart from up-to-standard health & safety policies, we see active community engagement and efforts to uplift employee relations.

**G Score: 3.0 (GOOD)**

57% of its board members are independent, with full disclosure on director remuneration, including salaries and bonuses. The group has an in-house investor relations team. Accessibility to investor relations is excellent, and the team mostly helps to deal with investor queries.

## ESG Rating History



Source: RHB



## Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2025-11-21	Buy	7.32	5.80
2025-08-22	Buy	7.26	6.09
2025-08-19	Buy	6.80	5.76
2025-08-15	Buy	6.55	5.37
2025-07-21	Buy	6.55	5.49
2025-05-30	Buy	6.80	5.90
2025-05-21	Buy	6.22	5.15
2025-05-14	Buy	5.63	4.99
2025-03-05	Buy	5.63	4.24
2025-02-21	Buy	5.63	4.45
2025-02-17	Buy	5.50	4.18
2025-01-19	Buy	5.50	3.63
2024-11-22	Buy	5.50	4.56
2024-08-26	Buy	5.50	4.14
2024-08-23	Buy	5.50	4.16

Source: RHB, Bloomberg

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<b>Buy:</b>	Share price may exceed 10% over the next 12 months
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<b>Neutral:</b>	Share price may fall within the range of +/- 10% over the next 12 months
<b>Take Profit:</b>	Target price has been attained. Look to accumulate at lower levels
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<b>Not Rated:</b>	Stock is not within regular research coverage

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