

# Sunway Berhad

(5211 | SWB MK) Main | Industrial Products &amp; Services

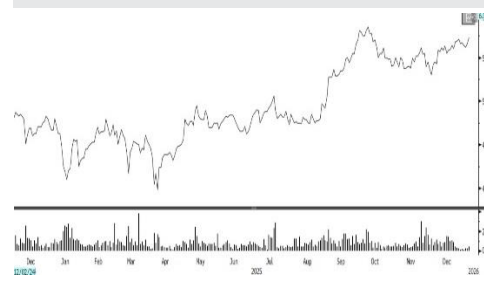

Maintain **NEUTRAL**

Revised Target Price **RM5.34**  
(from RM5.18)

## RETURN STATISTICS

Price @ 5 <sup>th</sup> Jan 2026 (RM)	5.73
Expected share price return (%)	-6.8
Expected dividend yield (%)	+1.8
Expected total return (%)	-5.0

## SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	5.5	1.5
3months	2.0	-3.5
12 months	22.7	18.7

## INVESTMENT STATISTICS

FYE Dec	2025E	2026F	2027F
Revenue	6,889	7,161	8,055
Operating Profit	845	991	1,073
Profit Before Tax	999	1,137	1,143
Core PATAMI	907	1,027	977
Core EPS	13.61	15.41	14.65
DPS	10.00	10.00	10.00
Dividend Yield	1.80%	1.80%	1.80%

## KEY STATISTICS

FBM KLCI	1,680.32
Issue shares (m)	6,588.38
Estimated free float (%)	48.34
Market Capitalisation (RM'm)	38,737
52-wk price range	RM3.93 – RM5.93
3-mth average daily volume (m)	7.82
3-mth average daily value (RM'm)	43.50
<b>Top Shareholders (%)</b>	
Sungei Way Corp Sdn Bhd	47.20
JEF-SAN Enterprise Sdn Bhd	9.50
EPF	8.58

## Land Acquisitions in Klang Valley And Penang

**Land acquisitions in Klang Valley and Penang.** Sunway Berhad announced that it has entered into three Sale and Purchase Agreements (SPA) to acquire three prime land parcels in Puchong and USJ 1, Selangor and in Georgetown, Penang. Total purchase consideration of the three land parcels is RM180m. The land acquisitions are expected to be completed in 1HCY26.

**Details of land acquisitions.** In Puchong, Sunway is acquiring 6.77 acres of land from Glomac Al-Batha Sdn Bhd for RM97.3m. The land is located at Puchong Bandar Metro. Sunway proposed to develop serviced apartments with retail component on the land. Estimated GDV of the project is RM770m, translating into land cost to GDV ratio of 12.6%. In Subang Jaya, Sunway is acquiring 1.12 acres of land in USJ 1 for RM21m. Proposed development on the land is serviced apartment and extension of Sunway International School with indicative GDV of RM207m, translating into land cost to GDV ratio of 10%. In Penang, Sunway is acquiring 1.05 acres of freehold land located at Jalan Pangkor, Georgetown for RM61.45m. Sunway proposed to develop serviced apartments with retail lots on the land with indicative GDV of RM274m. That translates into relatively higher land cost to GDV ratio of 22% which could be due to the prime location of the land in Georgetown.

**Strengthening property presence in Malaysia.** The land acquisitions are expected to strengthen Sunway's property presence in Malaysia particularly in the key growth cities. We see the land acquisitions to support the long-term new property sales prospect of Sunway. Sunway intends to fund the acquisition via internally generated funds and borrowings. Impact to balance sheet is expected to be limited. We estimate net gearing to increase marginally to 0.48x from 0.47x in 3QFY25.

**Maintain NEUTRAL with a revised TP of RM5.34.** We maintain our earnings forecast for FY25/26/27. We revise our TP for Sunway Berhad to RM5.34 from RM5.18 after fine-tuning our RNAV valuation for property division and to include RNAV contribution from the latest land acquisitions. We maintain our **NEUTRAL** call on Sunway Berhad as we opine that most of the positives are largely priced in.

Analyst

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## Sum-of-Parts

Division	Methodology	Multiple	Stake	Discount	Value (RM m)
Property Development	NPV of profits	n/a	100%	10%	10,482.1
Property Investment	Net Book Value	n/a	100%	n/a	2,895.0
Construction	Target Price of RM6.53	n/a	54%	n/a	4,580.2
Sunway REIT	Target Price of RM2.34	n/a	41%	n/a	3,276.2
Healthcare	23x EV EBITDA	23	84%	n/a	13,620.6
Trading and manufacturing	13x FY26E PER	13	100%	n/a	274.7
Quarry & Others	13x FY26E PER	13	100%	n/a	465.8
Total SOP					35,594.6
Number of shares					6,666.0
<b>Target Price (RM)</b>					<b>5.34</b>

## FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F	Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	6,889	7,161	8,055	6,889	7,161	Cash flows from operating activities					
PBT	999	1,137	1,143	999	1,137	Net income before taxation	993	1524	995	1027	1083
Net Income	907	1,087	1,037	907	1,087	Net cash from operating activities	390	1574	1543	1512	1482
Core Net Income	907	1,027	977	907	1,027						
Core EPS (sen)	13.6	15.4	14.7	13.6	15.4	Cash flows from investing activities					
Core PER (x)	52.8	36.2	42.1	37.2	39.1	Acquisition of property, plant and equipment	-96	-102	-88	-76	-65
NTA/share	2.15	2.39	2.43	2.48	2.52	Net cash used in investing activities	-472	-26	-20	-15	-12
P/NTA	2.66	2.40	2.35	2.31	2.27						
						Cash flows from financing activities					
						Net cash from/(used in) financing activities	402	573	487	530	508
Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F						
Property, plant and equipment	1,358	1,252	1,264	1,277	1,290						
Investment properties	2,664	2,973	2,914	2,855	2,798	Net increase/(decrease) in cash and cash equivalents	320	2120	2010	2026	1979
Investment in JV	7,105	7,410	7,573	7,740	7,910	Cash and cash equivalent at 1 January	1895	2230	4350	6360	8387
Total non-current assets	18,533	18,561	18,969	19,387	19,813	Cash and cash equivalent at 1 December	2230	4350	6360	8387	10365
Inventories	3,561	4,122	4,213	4,305	4,400						
Cash and bank balances	2,300	4,356	4,452	4,549	4,650						
Other assets	4,219	4,472	4,473	4,433	4,395						
<b>Total Assets</b>	<b>28,613</b>	<b>31,510</b>	<b>32,106</b>	<b>32,674</b>	<b>33,257</b>	<b>Profitability Ratios (%)</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026F</b>	<b>2027F</b>
LT Term Loans	3,633	4,905	5,249	5,616	6,009	EBIT margin	10.8%	11.3%	12.3%	13.8%	13.4%
ST Borrowings	6,018	5,972	6,091	6,213	6,337	PBT margin	15.5%	18.1%	14.5%	15.9%	13.7%
Other Liabilities	3,965	4,696	4,544	4,329	4,092	PAT margin	12.0%	14.6%	13.2%	15.2%	12.5%
Total Liability	13,615	15,573	15,884	16,158	16,439	Core PATAMI margin	11.4%	13.4%	13.2%	14.3%	11.8%
Share capital	6,161	7,049	7,049	7,049	7,049	ROE	5.0%	6.6%	5.6%	6.2%	5.6%
Other Equity	8,837	8,889	9,173	9,467	9,770	ROA	2.4%	3.4%	2.8%	3.1%	2.8%
Total Equity	14,998	15,938	16,222	16,516	16,819						
<b>Equity + Liability</b>	<b>28,613</b>	<b>31,510</b>	<b>32,106</b>	<b>32,674</b>	<b>33,257</b>						

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**197501002077 (24878-X)**

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

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#### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

#### SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

#### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

\* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology