

KUALA LUMPUR (Feb 21): Sunway Construction Group Bhd (SunCon) said it has secured a RM720.99 million shopping mall project in the Kinta district in Perak, in a related party transaction.

The group said its wholly-owned unit, Sunway Construction Sdn Bhd, received the contract from Sunway Bhd's indirect subsidiary, Sunway Lost World Water Park Sdn Bhd on Wednesday, for earthworks and main building works of a commercial development containing a six-floor shopping complex, cinema and shops.

The project will begin on March 1 and is expected to be completed by Jan 31, 2027, the group said in a bourse filing.

This latest award raises SunCon's total secured new projects for the current year to RM831 million.

Sunway Construction clinches RM721 mil shopping mall project in Perak

BY SYAFIQAH SALIM
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The group said the project will contribute positively to SunCon's earnings for the financial year ending Dec 31, 2024 (FY2024) onwards. For FY2023, the group's net profit increased 7.34% to RM145.1 million from RM135.18 million a year earlier, as revenue grew 23.94% to RM2.67 billion from RM2.16 billion.

SunCon noted that its director and major shareholder Evan Cheah Yean Shin is also the director of several subsidiaries and a major shareholder of Sunway.

He has a direct stake of 0.001% and an indirect stake of 66.04% in SunCon. In Sunway, he holds a 0.09% direct stake and a 64.72% indirect stake. He is the son of Tan Sri Jeffrey Cheah, the founder of Sunway.

SunCon shares at new record high as analysts raise estimates after blowout quarter

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KUALA LUMPUR (Feb 21): Shares in Sunway Construction Group Bhd (SunCon) surged to a new record high on Wednesday, while analysts scrambled to raise earnings forecasts following the builder's better-than-expected results.

SunCon rose as much as 8.7% or 18 sen to RM2.79 a share in early trade, before paring gains to close unchanged at RM2.61. It saw 5.35 million shares traded, over three times its 65-day average volume of 1.56 million shares.

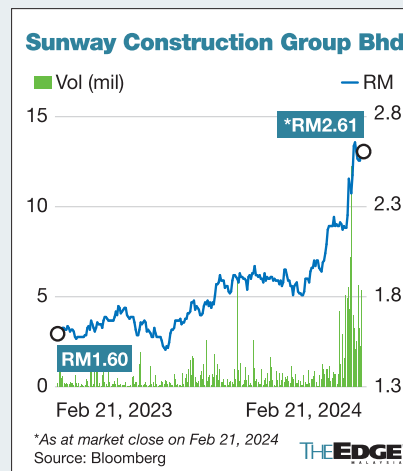
At its last close, SunCon was valued at RM3.37 billion. Year to date, the counter has risen by 34.5%.

Analysts are betting that SunCon will benefit from a slew of large infrastructure projects in the pipeline, as well as opportunities in the data centre space. At least five analysts have raised their target prices (TPs).

"We believe SunCon is poised to gain substantially from upcoming mega infrastructure projects, and has the potential to seize opportunities in the expanding data centre market and sustainable energy segment," said TA Securities, which lifted its earnings estimate for the financial year ending Dec 31, 2024 (FY2024) by 13.9%, and for FY2025 by 11.2%.

Out of 14 analysts covering the stock, eight have 'buy' ratings, four recommended to 'hold', and two have SunCon on 'sell'. The median TP is RM2.59, according to *Bloomberg*.

SunCon has racked up over 48% gain



in less than two months into the year, amid optimism that the government will accelerate the roll-out of big-ticket projects to spur economic growth while the company pursues highly-lucrative contracts to build data centres.

"We believe SunCon is shaping up to be the go-to contractor for data centres", with two such projects that account for 33% of its total outstanding order book of RM5.3 billion, said CGS International.

The research house raised its earnings-per-share forecasts by 10% for FY2024 and 9% for FY2025, factor-

ing in higher new order wins, which will likely come from more data centre projects, noting data centre projects would boost SunCon's return on equity given higher asset turnover, shorter durations and better margins.

On Tuesday, SunCon reported a 7.93% increase in net profit for the fourth quarter ended Dec 31, 2023 (4QFY2023), thanks to higher progress billings and output at its precast segment.

Net profit for 4QFY2023 was RM49.27 million or 3.82 sen per share, compared with RM45.65 million or 3.54 sen per share a year earlier, the company said in a bourse filing. Revenue for the quarter surged 73.11% year-on-year to RM871.50 million, from RM503.43 million previously.

For FY2024, SunCon said it is aiming for a higher order book of RM2.5 billion to RM3 billion. Its outstanding order book totalled RM5.3 billion, after securing RM2.51 billion in new orders last year.

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