

HLIB Research

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BUY (Maintain)

Target Price:	RM6.05
Previously:	RM6.05
Current Price:	RM5.62

Capital upside	7.7%
Dividend yield	1.5%
Expected total return	9.2%

Sector coverage: Property

Company description: Sunway is a conglomerate that engages in property development, property investment, construction, leisure and hospitality, education, trading and manufacturing, building materials and healthcare.

Share price

Stock information

Bloomberg Ticker	SWB MK
Bursa Code	5211
Issued Shares (m)	6,760
Market cap (RM m)	37,994
3-mth avg. volume ('000)	8,042
SC Shariah-compliant	Yes
F4GBM Index member	No
ESG rating	N/A

Major shareholders

Sungei Way Corp Sdn Bhd	47.2%
Jef-San Enterprise	9.5%
EPF	8.6%

Earnings summary

FYE (Dec)	FY24	FY25f	FY26f
PATMI - core (RM m)	919.7	984.3	1251.3
EPS - core (sen)	14.7	15.7	20.0
P/E (x)	38.3	35.8	28.2

Sunway

What happens after healthcare listing?

Sunway Healthcare Holdings (SHH), Sunway's healthcare arm, is expected to be listed on Bursa Malaysia by Mar 2026. While Sunway's stake in SHH will dilute from 84% to ~69.5%, the earnings impact to the group is modest (~2.6% reduction on a pro forma 9M25 basis). Looking ahead to FY26, we still expect the group to deliver earnings growth post SHH listing, supported by newly opened hospitals (SMCD, SMCI) turning profitable, as well as strong double-digit growth in Sunway's property segment driven by Singapore contribution following the MCL acquisition. On a pro-forma basis, our SOP-derived valuation for Sunway post SHH listing eases to RM5.61 (from RM6.05), although the eventual roll-over of valuation base year from FY26 to FY27 should partially mitigate the dilution impact. Maintain forecasts and BUY with an unchanged TP of RM6.05, based on SOP valuation.

Sunway healthcare division – Sunway Healthcare Holdings (SHH) is expected to be listed on the Main Market on Bursa Malaysia by Mar 2026.

Accounting impact. Pre-IPO, despite Sunway owning a majority stake (84%) in SHH, SHH financials are equity accounted. This is because its strategic partner jointly make strategic decision for SHH. However, post-IPO, SHH will be a subsidiary of Sunway and hence, SHH financials will be consolidated. Consolidation will disclose SHH's revenue and PBT line-by-line in Sunway's P&L, which should enhance transparency and highlight the true scale of its healthcare operations within the group.

No earnings dilution in FY26. In 9M25, SHH accounted for 14.8% of Sunway's core earnings. Post-listing, Sunway's effective stake in SHH will be diluted by ~14.5ppt (from 84% to ~69.5%), translating to a modest ~2.6% reduction in 9M25 earnings on a pro forma basis. This limited impact underscores the resilience of Sunway's diversified earnings base, which helps cushioning the earnings dilution. The listing also comes at an opportune time, coinciding with a strong growth phase for SHH. Its two newly opened hospitals — SMCD (opened in Dec 2024) and SMCI (Apr 2025) — should be entering their turnaround phase after around one year of operations. Notably, SMCD had already achieved its maiden EBITDA breakeven in Aug 2025 and is expected to turn profitable in the following few quarters. SMCI similarly, is expected to turn profitable by FY26. Beyond healthcare, Sunway's property segment is set to deliver strong double-digit growth in 2026, underpinned by incremental Singapore contribution once the MCL acquisition (completed in Oct 2025) begins to flow through. Taken together, we do not expect any earnings dilution in FY26 despite the SHH listing; instead, we expect Sunway to continue delivering earnings growth into FY26, driven by both healthcare and property momentum.

Dividend-in-specie. Sunway will distribute SHH shares to its shareholders via a dividend-in-specie on the basis of 1 SHH share for every 10 Sunway shares held, with the entitlement date to be determined later. The proposed distribution is subject to shareholders' approval at an extraordinary general meeting (EGM), which is expected to be convened in Jan–Feb 2026. Once Sunway shares trade ex, its share price will adjust to reflect the value of the dividend-in-specie based on the IPO valuation of SHH. Based on our estimates, the dividend-in-specie carries a value of c.18 sen per Sunway share, translating into a ~3.2% yield. Together with our projected FY26 cash dividend of 10.7 sen per share, this implies a total projected FY26 dividend yield of ~5.1%.

Impact to valuation. Post-listing, Sunway's effective stake in SHH will decline to 69.5% (from 84% currently). Reflecting this, our SOP-derived fair value for Sunway will reduce to RM5.61 (from RM6.05 previously), based on an unchanged FY26 valuation base year. We highlight that the eventual roll-over of our and the streets' valuation base year to FY27 for healthcare should help partially offset the dilution in fair value.

What happens after healthcare listing? While the listing of SHH is a major strategic milestone for Sunway, the SHH listing should be viewed as a launch pad not the finish line for Sunway. Instead, the listing acts as a catalyst that broadens its capacity to execute across multiple growth vectors. Firstly, the healthcare business continues to anchor earnings. Post-listing, Sunway will retain a sizeable stake in SHH, ensuring the healthcare division remains a core profit engine and providing continued upside from SHH's expansion trajectory. Importantly, Sunway now gains partial monetisation of its healthcare platform without relinquishing long-term participation in SHH's growth cycle.

Secondly, capital recycling deepens Sunway's strategic firepower. Proceeds from the listing (potentially close to RM900m) can be redeployed into higher-return opportunities across the group. The most visible redeployment pathway is the property segment. The incapital infusion could accelerate the build-out of strategic assets in Sunway City Iskandar Puteri (SCIP) township and the Sunway-RTS TOD, positioning Sunway to capture JS-SEZ upside and the structural demand around RTS connectivity. Concurrently, Sunway Construction stands to benefit from strong DC build-out and a potential infrastructure upcycle ahead of general election, providing sustained earnings visibility.

Beyond property and construction, Sunway is nurturing several scalable businesses — most notably its pharmacy venture and credit reporting platform. In this context, market attention is likely to gravitate towards the anticipated Big Caring Group listing in 2026, with [report from Bloomberg](#) suggesting a valuation of up to RM20bn. Such an event could establish a valuation benchmark for Sunway's pharmacy business and surface latent portfolio value.

Forecast. Unchanged.

Maintain BUY with an unchanged TP of RM6.05, based on SOP valuation. With its expanding footprint across key sectors of the Malaysian economy, Sunway remains a compelling proxy to domestic growth, which is entering a new phase driven by structural reforms.

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Cash	2,297.0	4,336.4	5,816.0	6,037.7	5,518.2
Placement in funds	825.3	520.6	520.6	520.6	520.6
Receivables	1,900.2	2,431.3	2,681.5	2,935.5	3,432.6
Inventories	765.8	829.4	999.3	1,093.9	1,279.2
Others	22,795.5	23,400.1	22,457.6	23,190.7	24,562.2
Assets	28,583.8	31,517.8	32,474.9	33,778.4	35,312.8
Payables	1,565.3	2,520.3	2,559.4	2,801.9	3,276.3
Debt	9,650.1	10,875.7	11,025.7	11,175.7	11,325.7
Others	2,368.0	2,183.4	2,183.4	2,183.4	2,183.4
Liabilities	13,583.5	15,579.4	15,768.5	16,161.0	16,785.4
Shareholder's equity	13,850.4	14,991.2	15,623.5	16,382.6	17,150.3
Minority interest	1,149.9	947.2	1,082.9	1,234.9	1,377.1
Perpetual bond	-	-	-	-	-
Equity	15,000.3	15,938.5	16,706.4	17,617.5	18,527.4

Cash Flow Statement

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Profit before taxation	993.3	1,523.8	1,355.0	1,621.0	1,806.4
D&A	141.4	144.4	181.1	193.3	204.2
Working capital	(777.8)	(170.5)	1,030.2	(156.0)	(945.8)
Taxation	(164.2)	(270.5)	(209.4)	(217.8)	(270.8)
JV and Associates	(226.1)	(421.1)	(349.7)	(576.6)	(537.8)
Perpetual bond	-	-	(25.7)	-	-
Others	492.3	536.6	-	-	-
CFO	459.0	1,342.7	1,981.6	863.8	256.2
Capex	(335.5)	(426.2)	(300.0)	(300.0)	(300.0)
Others	(222.9)	614.6	-	-	-
CFI	(558.4)	188.4	(300.0)	(300.0)	(300.0)
Changes in debt	1,037.2	1,338.8	150.0	150.0	150.0
Shares issued	-	-	-	-	-
Dividends	(322.7)	(322.7)	(352.0)	(492.1)	(625.6)
Others	(298.6)	(446.1)	-	-	-
CFF	415.9	570.1	(202.0)	(342.1)	(475.6)
Net cash flow	316.4	2,101.1	1,479.6	221.7	(519.4)
Forex	14.7	(21.2)	-	-	-
Others	(125.3)	(165.8)	(165.8)	(165.8)	(165.8)
Beginning cash	2,091.2	2,422.3	4,502.2	5,981.8	6,203.5
Ending cash	2,297.0	4,336.4	5,816.0	6,037.7	5,518.2

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SOP table

Division	Stake	Value (RM m)	RM/share	Methodology
Sunway Construction	55%	4,467	0.67	based on TP of RM6.35
Sunway REIT	41%	3,528	0.53	based on TP of RM2.52
Property Development & Investment	100%	12,953	1.95	based on 20% discount to RNAV
Healthcare	84%	16,966	2.56	based on 25x of FY26 EV/EBITDA
Trading/Manufacturing	100%	494	0.07	12x trailing P/E
Quarry	100%	526	0.08	12x trailing P/E
Building materials, pharmacy and others	100%	1,175	0.18	based on FY24 book value
		40,109	6.05	

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Income statement

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Revenue	6136.2	7882.6	7577.7	8295.5	9700.2
Operating cost	(5327.9)	(6851.0)	(6369.7)	(7131.2)	(8350.1)
EBITDA	808.3	1031.6	1208.0	1164.4	1350.1
D&A	(141.7)	(144.6)	(181.1)	(193.3)	(204.2)
Net Interest	(70.9)	(6.3)	(154.5)	(63.5)	(17.8)
JV & Associates	397.7	643.1	482.6	713.4	678.2
Pretax profit	993.3	1523.8	1355.0	1621.0	1806.4
Taxation	(137.7)	(242.7)	(209.4)	(217.8)	(270.8)
Minority Interest	(117.8)	(128.0)	(135.7)	(151.9)	(142.3)
ICPS payment	(51.3)	(51.3)	(25.7)	0.0	0.0
Reported PATAMI	737.9	1153.1	984.3	1251.3	1393.3
Exceptionals	38.6	182.0	0.0	0.0	0.0
Core Earning	648.0	919.7	984.3	1251.3	1393.3
Basic shares (m)	6271.5	6271.5	6271.5	6271.5	6271.5
Consensus core PATMI				1119.0	1200.0
HLIB/ Consensus				88%	104%
					1309.0
					106%

Valuation ratios

FYE Dec	FY23	FY24	FY25f	FY26f	FY27f
Net DPS (sen)	5.5	6.0	8.4	10.7	11.9
Yield (%)	1.0	1.1	1.5	1.9	2.1
Core EPS (sen)	10.3	14.7	15.7	20.0	22.2
P/E (x)	54.4	38.3	35.8	28.2	25.3
Market capitalization (m)	35246.0	35246.0	35246.0	35246.0	35246.0
Net cash (m)	(6527.8)	(6018.7)	(4689.1)	(4617.4)	(5286.8)
Net gearing (%)	43.5%	37.8%	28.1%	26.2%	28.5%
BV / share	2.4	2.5	2.7	2.8	3.0
P/BV (x)	2.3	2.2	2.1	2.0	1.9
ROA (%)	2.3	2.9	3.0	3.7	3.9
ROE (%)	4.3	5.8	5.9	7.1	7.5
Enterprise value	41773.8	41264.7	39935.1	39863.4	40532.8
EV/ EBITDA (x)	51.7	40.0	33.1	34.2	30.0

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BUY	Expected absolute return of +10% or more over the next 12 months.
HOLD	Expected absolute return of -10% to +10% over the next 12 months.
SELL	Expected absolute return of -10% or less over the next 12 months.
UNDER REVIEW	Rating on the stock is temporarily under review which may or may not result in a change from the previous rating.
NOT RATED	Stock is not or no longer within regular coverage.

Sector rating guide

OVERWEIGHT	Sector expected to outperform the market over the next 12 months.
NEUTRAL	Sector expected to perform in-line with the market over the next 12 months.
UNDERWEIGHT	Sector expected to underperform the market over the next 12 months.

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