UOBKayHian

Country Daily | Malaysia

Thursday, 24 September 2026

Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
S&P 500	7,706.0	(0.8)	2.0	0.4	12.6
FTSE 100	10,705.3	(0.0)	0.2	(1.0)	7.8
AS30	8,956.2	0.1	0.9	(3.9)	(0.7)
CSI 300	4,517.3	(0.6)	0.8	(1.0)	(2.4)
FSSTI	5,709.9	(0.2)	1.3	0.5	22.9
HSCEI	8,273.8	(1.1)	0.8	(2.3)	(7.2)
HSI	24,834.1	(1.0)	0.5	(4.5)	(3.1)
JCI	6,374.9	1.6	(1.0)	(1.9)	(26.3)
KLCI	1,676.4	(0.4)	(0.2)	(3.4)	(0.2)
KOSPI	7,080.9	0.9	5.4	4.3	68.0
Nikkei 225	65,019.0	1.4	1.6	(0.8)	29.2
SET	1,610.7	0.4	3.1	0.6	27.9
TWSE	48,157.3	0.7	5.0	7.6	66.3
S&P 500	7,706.0	(0.8)	2.0	0.4	12.6
BDI	3,430	(0.1)	3.1	20.7	82.7
CPO (RM/mt)	4,614	0.1	(0.6)	(1.6)	17.3
Brent Crude (US$/bbl)	103	3.9	(2.6)	9.2	69.4

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
New Economy Conference at The Ritz Carlton Hotel	Malaysia	07 Oct	07 Oct
NDR with Food Empire Holdings Ltd (FEH SP)	Malaysia	08 Oct	08 Oct

Corporate and Macro Calendar

Economic Indicator/Event	Country/Region	Date
Malaysia PMI Manufacturing	Malaysia	01 Oct

Top Stories

Company Update | Sunway Construction Group (SCGB MK/**BUY**/RM7.57/Target: RM8.44) Page 2 →

- Suncon's rosy prospects for 2026-28 are backed by a robust orderbook. Earnings are on track to chart good growth throughout 2026-28, mainly backed by strong DC tender pipelines and internal project flows. The group's lush prospective yield of over 5% in 2026-28 and palatable valuations are also well supported by multi-year earnings visibility and a healthy balance sheet. We upgrade Suncon to BUY with an unchanged target price of RM8.44, following the recent share price correction.

Market Spotlight

Page 5 →

- The FBMKLCI came under selling pressure and dropped 7.07pt to close at 1,676.43 yesterday.
- US stocks were lower after the close on Wednesday, as losses in the utilities, consumer services and technology sectors led shares lower.

Technical Analysis

FBMKLCI, FCPO & FKLI Index Outlook Page 6 →

Traders' Corner Page 8 →

Oppstar | OPPSTAR MK Page 8 →

- Trading Buy Range: RM0.69-0.70

QES Group | QES MK Page 8 →

- Trading Buy Range: RM0.58-0.59

SCGM | SCGM MK Page 9 →

- Trading Buy Range: RM0.34-0.345

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

Sunway Construction Group (SCGB MK)

Retracement Offers Opportunities; Upgrade To BUY

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Highlights

- Suncon has achieved a record-high orderbook of RM10.5b. We remain confident that the group will achieve its orderbook replenishment of RM7b-9b in 2026.
- Suncon's implied dividend yield of 4.8-6.5% for 2026-27 (based on 100% dividend payout assumptions) remains appealing. Upgrade to BUY with an unchanged target price of RM8.44, which implies 22x 2027F PE.

Analysis

- **Multi-year earnings growth remains intact; orderbook replenishment targets further revised upwards.** Following the recent contracts wins, Sunway Construction Group (Suncon) has secured around RM6.9b in new jobs ytd. Management now targets to secure a RM7b-9b orderbook replenishment in 2026, raised from its initial target of RM6b. Suncon's outstanding orderbook also stands tall at a record-high of RM10.5b (1.7x orderbook cover). We remain optimistic that the group's RM7b-9b orderbook replenishment target in 2026 is highly attainable, well supported by data centre (DC)-related contracts.
- **Resilient tenderbook pipeline with upsizing opportunities.** With a healthy tenderbook of over RM14.2b, we are also optimistic that Suncon will be able to deliver earnings growth of 8-29% during 2026-28. The group is well positioned to clinch more contracts, with notable ones in the pipeline for 2H26-2027 including: a) multiple DC contracts (RM4b-6b); b) residential contracts for Rapid Transit System Transport Oriented Development (RTS TOD) at Bukit Chagar (RM350m-500m); c) internal project flows from parent company Sunway Berhad (potentially RM2b-3b); and d) various precast orders (~RM1b). Meanwhile, Suncon may also secure the MRT 3 civil packages (landbank acquisition completing in end-26) based on its past track records.
- **Valuations appear palatable after recent share price correction.** Suncon's share price has retraced as much as 16% in 2H26 thus far, mainly reflecting: a) profit taking after the stellar share price rally of >50%, and b) the ongoing Middle East tensions. Meanwhile, the sharp withdrawal of foreign funds from Malaysian equities also hurts sentiment. In our opinion, Suncon's current valuation poses palatable capital upside opportunities based on our forecasted earnings trajectories. Suncon is currently trading at 19x 2027F PE (five-year mean).

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	3,521.7	5,338.7	5,836.7	6,312.2	6,450.0
EBITDA	279.4	469.2	524.7	558.6	588.3
Operating profit	262.2	448.2	495.6	532.6	564.2
Net profit (rep./act.)	186.9	361.8	466.7	503.3	536.1
Net profit (adj.)	167.2	425.1	466.7	503.3	536.1
EPS	13.0	33.0	36.2	39.0	41.6
PE (x)	58.2	22.9	20.9	19.4	18.2
P/B (x)	11.1	9.0	10.1	10.2	10.3
EV/EBITDA (x)	30.5	18.2	16.2	15.3	14.5
Dividend yield (%)	1.1	6.7	6.1	5.2	5.6
Net margin (%)	5.3	6.8	8.0	8.0	8.3
Net debt/(cash) to equity (%)	(32.5)	(156.4)	(171.4)	(189.5)	(197.4)
ROE (%)	n.a	n.a	n.a	n.a	n.a
Consensus net profit	n.a	n.a	427.7	509.3	533.9
UOBKH/Consensus (x)	n.a	n.a	1.1	1.0	1.0

Source: Suncon, Bloomberg, UOB Kay Hian

BUY (Upgraded)

Share Price	RM7.57
Target Price	RM8.44
Upside	11.5%

Stock Data

Sector	Industrials
Bloomberg ticker	SCGB MK
Shares issued (m)	1,332.1
Market cap (RMm)	10,085.4
Market cap (US$m)	2,472.5
3-mth avg daily t'over (US$m)	6.0

Price Performance (%)

52-week high/low				RM8.40/RM5.33
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(4.2)	0.9	14.0	21.7	33.7

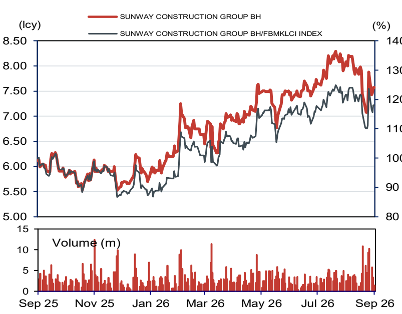
Major Shareholders (%)

Sunway Holdings Sdn Bhd	52.8
Employees Provident Fund Board	5.7
Sungei Way Corp Sdn Bhd	5.5

Balance Sheet Metrics

FY26 NAV/Share (RM)	0.8
FY26 Net Debt/Share (RM)	(1.3)

Price Chart



Source: Bloomberg

Company Description

A leading construction company in Malaysia.

- **Feeling the heartbeat of DC-powered growth.** Note that Suncon secured three DC contracts worth RM2.9b in 2025, and other DC contracts worth approximately RM6.3b ytd. The group currently has three completed and 10 ongoing DC projects with a combined 330MW IT load, with DC works making up 70% of the total outstanding orderbook. Of the current tenderbook of about RM14.2b, above 80% are DC-related. Suncon is also still bidding for a few DC projects with a combined IT load of over 700MW (estimated value of RM11b-13b) that may be awarded within 2026-27. Overall, we assess that Suncon is in a good position to win several DC bids within 2026-27.
- **Attractive yield and capital management upside.** Suncon is in a net cash position of about RM1.2b currently, reflecting an improving trend over the last two years following better earnings and improved cash flow conversion. In line with the yoy earnings growth, we forecast a 100-143% dividend payout ratio in 2026-28, implying a lush prospective yield of 5.2-6.1%. We also do not rule out further special dividends as the group has sufficient room for better capital management.
- **Internal job flows supporting growth trajectories.** We forecast a RM1b orderbook replenishment from Suncon's parent company, Sunway Berhad, in 2026 and 2027. Several potential internal project flows in the pipeline include: a) Sunway Medical's hospital expansion, b) Sunway's new property launches of RM2b-3b p.a. in the coming years, c) multiple capacity expansions of medical centres, and d) potential renovation and refurbishment works for Sunway's existing hotels and malls. We believe that these internal projects will be doled out by Sunway in stages throughout 2026-27, and earnings translation is likely to be spread out across years.
- **Manageable impact from various input cost accelerations.** To recap, the elevated diesel prices due to the Middle East tensions, earlier higher sales and service tax (from 6% to 8%), implementation of diesel subsidy rationalisation, and higher labour costs following minimum wage revisions have raised concerns about cost hikes for certain building material costs (especially cement and premix concrete). Nevertheless, management alluded that the impact is negligible given larger contract sizes, and the group has avenues to partially pass through these costs. Overall, we assess that the negative earnings impact from these input costs increase is within 3%.

Valuation/Recommendation

- **Upgrade to BUY with an unchanged target price of RM8.44,** following the recent share price retracement. Our target price is pegged to 21.6x 2027F PE (+1SD above the five-year mean of 18x).
- **Key upside risks to our rating and target price** include: a) higher-than-expected contract wins, b) escalating rollout of mega projects, and c) improving institutional or foreign shareholdings which will further tighten the stock's liquidity (floating shares of about 20%).

Environment, Social, Governance (ESG) Updates

Environmental

- Mitigate the release of emissions, biodiversity impacts, waste disposal, pollution.

ial

- Work with local authorities and communities to ensure projects' success.

Governance

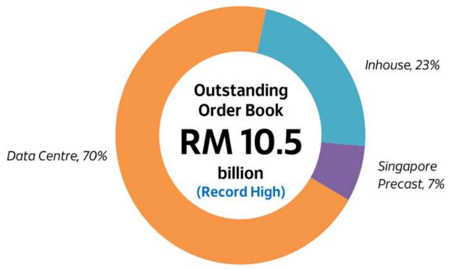
- Independent directors (four out of seven) comprise the majority of the board.

Outstanding Orderbook As Of End-2Q26

Projects	(RMm)
JHB1X0 Data Centre	139
JHB01 Data Centre	1,346
K2 Phase 2 Data Centre	53
RTS Link Package 1B & 5	10
Daiso Warehouse	25
PSR -MNC	81
PSR – MNC - JB01	558
PSR – MNC - JB02	346
General DC Contractor Work - Shell 1 - MNC	788
General DC Contractor Work - Shell 2 - MNC	2,295
Serendah DC	1,750
India Highways	51
Total External (A)	**7,419**
RTS TOD	1,054
Sunway Square Superstructure+VO	124
SW Ipoh Mall	864
Sunmed PH3 fit-out	31
Sunway Medical Iskandar	400
Sunway Sanctuary Fit-out Works	20
Total Internal (B)	**2,369**
Precast Concrete (C)	**727**
Grand Total (A+B+C)	**10,515**

Source: Suncon

Orderbook



Source: Suncon

Segmental Forecasts

(RMm)	2025	2026F	2027F
Revenue	**5,339**	**5,837**	**6,312**
- Construction	5,132	5,513	6,141
- Precast Concrete	207	324	171
Operating profit	**448**	**496**	**533**
- Construction	446	460	514
- Precast Concrete	2	36	19
Orderbook replenishment assumptions			
- Construction	4,500	7,000	6,000
- Precast Concrete	300	300	300

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**5,339**	**5,837**	**6,312**	**6,450**
EBITDA	469	525	559	588
Deprec. & amort.	21	29	26	24
EBIT	448	496	533	564
Associate contributions	15	17	19	20
Net interest income/(expense)	62	95	104	113
Pre-tax profit	**526**	**607**	**655**	**698**
Tax	(123)	(134)	(144)	(154)
Minorities	(40)	(7)	(8)	(8)
Preferred dividends	362	467	503	536
Net profit	**425**	**467**	**503**	**536**
Net profit (adj.)	5,339	5,837	6,312	6,450

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	122	112	107	105
Other LT assets	656	759	778	797
Cash/ST investment	2,000	1,898	2,008	2,016
Other current assets	1,646	1,748	1,838	1,826
Total assets	**4,424**	**4,518**	**4,730**	**4,745**
ST debt	158	131	105	79
Other current liabilities	2,945	3,208	3,470	3,534
LT debt	143	119	95	71
Other LT liabilities	10	10	10	10
Shareholders' equity	1,087	961	954	946
Minority interest	81	89	96	104
Total liabilities & equity	**4,424**	**4,518**	**4,730**	**4,745**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**1,617**	**647**	**691**	**624**
Pre-tax profit	526	607	655	698
Tax	(107)	(134)	(144)	(154)
Deprec. & amort.	21	29	26	24
Associates	(15)	(17)	(19)	(20)
Working capital changes	1,133	160	173	76
Other operating cashflows	60	0	0	0
Investing	**(27)**	**(19)**	**(21)**	**(21)**
Capex (growth)	(44)	(19)	(21)	(21)
Investments	(164)	0	0	0
Proceeds from sale of assets	24	0	0	0
Others	(7)	0	0	0
Financing	**(608)**	**(642)**	**(561)**	**(594)**
Dividend payments	(305)	(592)	(511)	(544)
Proceeds from borrowings	(422)	(50)	(50)	(50)
Others/interest paid	119	0	0	0
Net cash inflow (outflow)	**982**	**(15)**	**109**	**9**
Beginning cash & cash equivalent	**936**	**1,914**	**1,898**	**2,008**
Changes due to forex impact	(5)	0	0	0
Ending cash & cash equivalent	**2,000**	**1,898**	**2,008**	**2,016**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	8.8	9.0	8.8	9.1
Pre-tax margin	9.8	10.4	10.4	10.8
Net margin	6.8	8.0	8.0	8.3
ROA	11.4	14.5	15.2	16.1
ROE	42.0	58.4	63.3	67.8
Growth				
Net profit (adj.)	154.2	9.8	7.8	6.5
EPS	154.2	9.8	7.8	6.5
Leverage				
Debt to total capital	25.7	23.8	19.1	14.3
Debt to equity	27.6	26.0	21.0	15.9
Net debt/(cash) to equity	(156.4)	(171.4)	(189.5)	(197.4)

Market Spotlight

Market News

The FBMKLCI came under selling pressure and dropped 7.07pt to close at 1,676.43 yesterday. Meanwhile, Asian stock markets traded unevenly on Wednesday as investors took a cautious stance ahead of a meeting between US President Donald Trump and Chinese President Xi Jinping. The FBMKLCI's top gainers were Maxis (+2.6%), Petronas Gas (+1.3%) and YTL Corporation (+1.3%), while the top losers were MISC (-2.3%), Sunway Healthcare Holdings (-1.8%) and Axiata Group (-1.7%). In the broader market, losers outpaced gainers 549 to 519 with 577 counters unchanged. Turnover was 3.20b shares valued at RM2.99b.

US stocks were lower after the close on Wednesday, as losses in the utilities, consumer services and technology sectors led shares lower. At the close in NYSE, the Dow Jones Industrial Average fell 0.68%, while the S&P 500 Index lost 0.75%, and the NASDAQ Composite Index lost 1.13%. Falling stocks outnumbered advancing ones on the New York Stock Exchange by 2,145 to 591 and 71 ended unchanged; on the Nasdaq Stock Exchange, 2,527 fell and 894 advanced, while 170 ended unchanged. (*Sources: Investing.com*)

FBMKLCI, FCPO & FKLI Index Outlook

Analyst(s)

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FBMKLCI

Source: UOBKH ChartGenie

FTSE Bursa Malaysia KLCI

Last close:	1,676.43
Expected moving range:	1,665-1,700

Technical View:

From a technical perspective, the FBMKLCI closed lower and formed a bearish candlestick pattern yesterday, suggesting weaker performance ahead. However, a negative follow-through needs to be established in order to confirm the selling trend. Nevertheless, overall reading of the index shows that the pullback could be temporary and further upside can be expected once selling pressure normalises. We believe the index would trade sideways in the near term. The support and resistance levels are still maintained as follows:

Support: 1,665, 1,650

Resistance: 1,720, 1,755

FCPO

Source: TradingView

Futures Crude Palm Oil (FCPO) Active Contract, 1 Hour Chart

Technical BUY with +4.9% potential return

Trading BUY range:	RM4,900-5,020
Last price:	RM4,793
Target price:	RM4,974, RM5,029
Support:	RM4,751
Stop-loss:	RM4,749

BUY with a target price of RM5,029 and stop-loss at RM4,749. Based on the chart, FCPO continue the bullish movement and closed at RM4,793 yesterday. This bullish movement is supported by an uptick in RSI and bullish crossover in both MACD and DMI indicators. We still maintained our targets at RM5,029 and RM5,099 in the near term.

Expected timeframe: One day to three days

FKLI

Source: TradingView

FTSE Bursa Malaysia KLCI Futures (FKLI), 1 Hour Chart

Technical SELL with -1.9% downside

Trading SELL range:	1,643-1,650
Last price:	1,666
Target price:	1,644, 1,634
Resistance:	1,684
Stop-loss:	1,685

SELL with a target price of 1,634 and stop-loss at 1,685. Based on the chart, FKLI continues the bearish movement and closd lower at 1,666 yesterday. This bearish movement is supported by the downtick in the RSI and bearish crossovers in both MACD and DMI indicators. We still maintained our targets at 1,644 and 1,634 in the near term.

Expected timeframe: One day to three days

Traders' Corner

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Source: UOBKH ChartGenie

Oppstar
OPPSTAR MK

Technical BUY with +36.2% potential return

Trading BUY range:	RM0.69-0.70
Last price:	RM0.705
Target price:	RM0.845, RM0.96
Support:	RM0.615
Stop-loss:	RM0.61

BUY with a target price of RM0.96 and stop-loss at RM0.61. Following a correction from the recent high, OPPSTAR has established strong support at the RM0.615 level in the past few weeks. Yesterday's gain to close above the 7- and 21-day EMA lines signals the end of the recent consolidation. This is consistent with renewed buying interest as indicated by an uptick in the RSI and bullish crossover in both MACD and DMI. We peg our targets at RM0.845 and RM0.96 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

QES Group
QES MK

Technical BUY with +23.1% potential return

Trading BUY range:	RM0.58-0.59
Last price:	RM0.605
Target price:	RM0.695, RM0.745
Support:	RM0.52
Stop-loss:	RM0.515

BUY with a target price of RM0.745 and stop-loss at RM0.515. The share price has rebounded gradually and penetrated the breakout level of RM0.59 yesterday after pulling back from the recent high. As the stock climbs steadily along the BBI lines, we expect the recent uptrend to resume. This is consistent with the rising buying momentum as shown by an uptick in the RSI. We peg our targets at RM0.695 and RM0.745 in near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

Source: UOBKH ChartGenie

SCGM
SCGM MK

Technical BUY with +23.6% potential return

Trading BUY range:	RM0.34-0.345
Last price:	RM0.36
Target price:	RM0.42, RM0.445
Support:	RM0.285
Stop-loss:	RM0.28

BUY with a target price of RM0.445 and stop-loss at RM0.28. An Ascending Triangle was spotted on the daily chart that indicates the bullish continuation pattern. This is supported by an uptick in the RSI and a bullish crossover in the DMI, which suggest stronger buying momentum ahead. Moving forward, we expect SCGM will continue the bullish movement toward our targets at RM0.42 and RM0.445 in the near term.

Expected timeframe: Two weeks to two months

Note: Not available for CFD Trading

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