



Sunway Construction Group Berhad

Q1 2017 Results Review Pack

25 May 2017



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CONSTRUCTION

SunCon : Good start of the year with new order flow and improved margin

- **New Order Book 2017.** SunCon new order secured to-date = 0.9 billion vs target of RM2 billion.
- **Order Book.** SunCon has high visibility of future earnings from outstanding order book of RM4.6 billion.
- **Bright Prospect.** Good prospect from order book and future flow of big ticket projects riding on infrastructure boom.
- **Margin improvement.** Construction margin improved to 8.1% from 4.4% from the immediate preceding quarter whilst precast margin also improved at 23.0% from 20.0%.

Overview of Key Performance Highlights



RM mil	Unaudited Q1 FY 2017 Jan-Mar 17	Unaudited Q4 FY 2016 Oct-Dec 16	Unaudited Q3 FY 2016 Jul-Sept 16	Unaudited Q2 FY 2016 April-Jun 16	Unaudited Q1 FY 2016 Jan-Mar 16	Audited YTD 2016 Jan-Dec 16	Audited YTD 2015 Jan-Dec 15
Revenue	419.5	553.1	381.1	430.2	424.4	1,788.8	1,916.8
PBT	44.2	37.6	40.4	38.1	37.5	153.7	140.7
PBT Margin	10.5%	6.8%	10.6%	8.9%	8.8%	8.6%	7.3%
PATMI	34.7	32.1	31.1	31.2	29.1	123.5	127.2
PATMI Margin	8.3%	5.8%	8.2%	7.3%	6.9%	6.9%	6.6%
EPS (sen)	2.68	2.48	2.41	2.42	2.25	9.56	9.84

Highest quarterly PBT since listing

RM mil Unaudited	Q1 FY 2017		Q4 FY 2016		Q3 FY 2016		Q2 FY 2016		Q1 FY 2016		YTD 2016	
	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI
Profit as Announced	44.2	34.7	37.6	32.1	40.4	31.1	38.1	31.2	37.5	29.1	153.7	123.5
<i>Special Items:</i>												
Assets Write (back)/off	0.1	0.1	0.1	0.1	0.5	0.5	0.0	0.0	0.0	-	0.6	0.6
Disposal (gain)/loss	0.1	0.1	0.0	0.0	(0.1)	(0.1)	(0.5)	(0.5)	(0.0)	(0.0)	(0.6)	(0.6)
Impairment (reversal)/prov			(3.2)	(3.2)	(0.6)	(0.0)	(5.8)	(6.1)	(8.3)	(7.9)	(17.8)	(17.2)
Foreign exchange (gain)/loss	(0.7)	(0.7)	(0.3)	(0.3)	(0.2)	(0.2)	0.7	0.6	(0.2)	(0.2)	0.0	0.0
FV (gain)/loss-ESOS options	-		(1.1)	(1.1)	1.0	1.0	0.6	0.6	0.5	0.5	1.0	1.0
Fair value (gain)/loss	-		(8.1)	(8.1)	0.5	0.5	0.5	0.5	1.2	1.2	(5.9)	(5.9)
Profit (Net of Special Items)	43.7	34.2	25.2	19.6	41.6	32.9	33.6	26.3	30.7	22.6	131.0	101.4

Balance Sheet and Gearing

RM'mil	Quarter ended 31/03/2017 (Unaudited)	Financial Year Ended 31/12/2016 (Audited)	Financial Year Ended 31/12/2015 (Audited)
Non-current Assets	149	155	180
Current Assets	1,185	1,442	1,217
Total Assets	1,334	1,597	1,397
Current Liabilities	799	1,103	942
Non-current Liabilities	2	1	4
Total Liabilities	801	1,104	946
Shareholders' Funds	533	493	451
Non-Controlling Interests	1	1	1
Total Equity	534	494	452
Total Equity & Liabilities	1,334	1,597	1,397
Total Bank Borrowings	94	137	137
Cash & Placement Funds	373	466	469
Net Gearing Ratio	Net Cash	Net Cash	Net Cash
Share Capital	259	259	259
Net Assets Per Share	0.41	0.38	0.35

Construction Segmental Review

<u>Construction</u>	<u>Q1 17</u>	<u>Q1 16</u>	<u>Q4 16</u>
Revenue (RM'mil)	350.7	373.8	466.5
PBT (RM'mil)	28.4	26.0	20.3
PBT Margin	8.1%	7.0%	4.4%

- **Turnover.** The lower revenue in the current quarter was due to lower contribution from Building division which was affected by completing jobs and also slower progress of new project due to design finalisation. In addition, our Geotechnical division saw a decline as new orders obtained recently will only produce result in the remaining quarters of financial year ending 2017. The higher revenue recorded in immediate preceding quarter was mainly due to building division as there was recognition for a variation order for work done earlier for a project and projects that are completing or have completed contributing to that quarter's turnover. In addition, under the Geotechnical division, jobs at hand are nearing completion and new jobs will only contribute in the following quarter's turnover.
- **PBT.** The improved margin is due to recognition of higher margin for a project that has recently completed under Civil division and from receipt of an award sum from one of our arbitration cases.
- **Prospect.** The Group's outstanding order book amounts to RM4.6 billion with RM0.9 billion new order book secured up to-date. Coupled with a good start in beginning of the year with strong flow of new work order and steady flow of jobs from the infrastructure domain spurred by Government spending in the likes of LRT3 that is expected to be awarded in the 3rd quarter 2017, barring unforeseen circumstances, SunCon expects to perform satisfactorily in this coming year as project implementation and hence billings will pick up in the remaining quarters of 2017.

Precast Concrete Segmental Review

<u>Precast Concrete</u>	<u>Q1 17</u>	<u>Q1 16</u>	<u>Q4 16</u>
Revenue (RM'mil)	68.8	50.5	86.6
PBT (RM'mil)	15.8	11.5	17.3
PBT Margin	23.0%	22.8%	20.0%

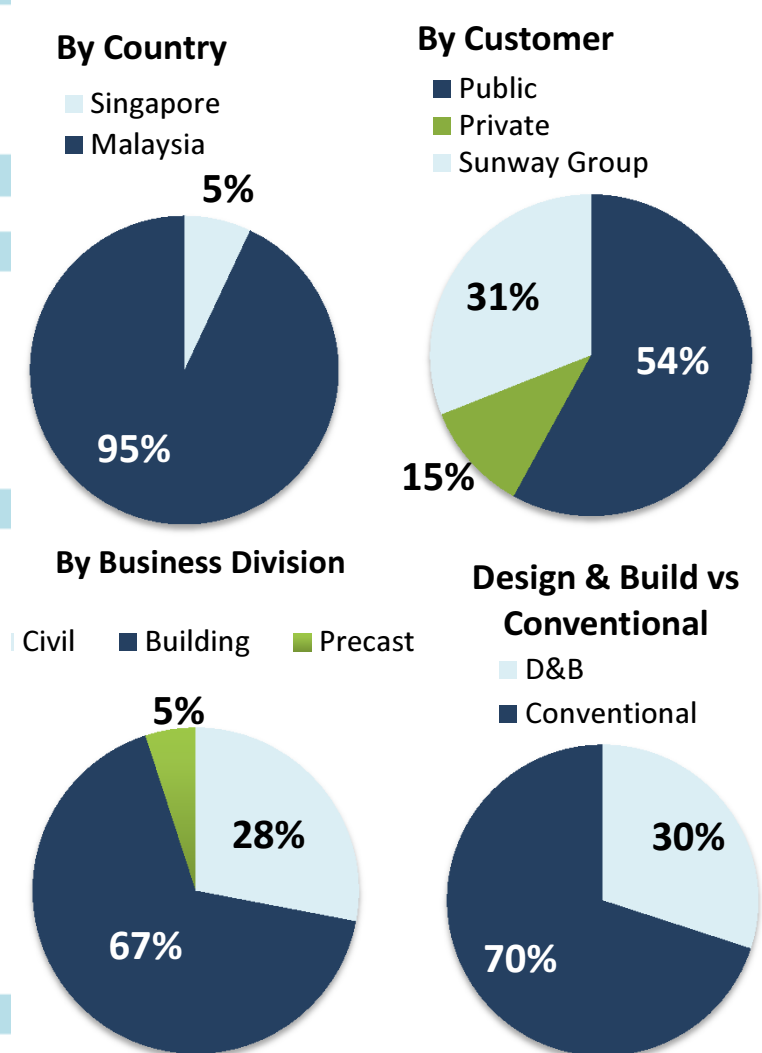
- **Turnover.** The higher revenue in the current quarter by 36.2% compared to corresponding preceding quarter was mainly from higher sales price for certain precast component. Revenue for the current quarter decreased by 20.6% as compared to immediate preceding quarter due to lower production volume as there was a slowdown of progress at site by the main contractors.
- **PBT.** Profit margins for the all quarters under comparison remained relatively the same.
- **Prospect.** Under the Precast division, the outstanding order stands at RM241 million. This translates to approximately one year of turnover which is a norm based on its shorter contract duration. As per BCA ("Building and Construction Authority of Singapore") on 6 Jan 2017, there will be a steady pipeline of new public housing construction, upgrading works for HDB flats, and a number of upcoming sizeable projects earmarked for developments. HDB BTO form the majority of Precast's business and as such its performance is closely related to the launches by HDB.
- **Capacity building.** We have returned our Tampines plant in April 2017 and our present 2 plants in Senai and Iskandar will be sufficient to cater for its existing work order. The intended expansion of our Iskandar Plant from 5 lines to 9 lines is on-going and will be completed latest by 3rd quarter 2017.

Order Book of RM4.6b

As at Mar 2017 (RM mil)	Completion	Contract Sum	O/S Orderbook
Infrastructure/Piling			
MRT V201 + S201 (Sg Buloh - Persiaran Dagang)	2Q 2021	1,213	1,101
MRT V201 - Advance Works	3Q 2017	53	39
SUKE - Cheras to Ulu Kelang - Bore Piling	2Q 2018	18	18
DASH - Puncak Perdana to Kota Damansara - Bore Piling	1Q 2018	16	16
Johor			
Coastal Highway Southern Link	1Q 2017	170	5
Building			
Putrajaya Parcel F	3Q 2018	1,610	1,147
KLCC (NEC + Package 2 & 2a)	4Q 2018	646	196
HUKM (MEP works)	2Q 2018	66	66
International School of Kuala Lumpur	2Q 2018	268	209
Gas District Cooling (Plant 1)	3Q 2018	152	152
Others	Various	26	3
Internal			
Sunway Velocity 2 Linked Bridge	3Q 2017	20	5
Sunway Velocity Hotel + Office	1Q 2017	101	38
Sunway Velocity Medical Centre	4Q 2018	185	144
Sunway Medical Centre 3 (Sub & Superstructure)	1Q 2017	167	24
Sunway Medical Centre 4 (2 towers)	4Q 2018	428	396
Sunway Iskandar - Citrine Svc Apt	1Q 2017	213	17
Sunway Geo Retail Shops & Flexi Suites Phase 2	1Q 2018	244	97
Sunway Iskandar - Emerald Residences	1Q 2018	175	105
Sunway Iskandar - 88 units shoplots	2Q 2018	57	50
Sunway Iskandar - Retail Complex/Big Box	4Q 2017	100	96
Sunway Property - Kelana Jaya Condo	4Q 2020	449	449
Others	Various	31	19
Singapore			
Precast	Various	713	234
Grand Total		7,118	4,626

Red : Secured in 2017

Order Book Segmentation (YTD 2017)



Healthy Order Book with a Diversified Portfolio of Projects

New Order Book 2017 Secured YTD 0.9 bil



Projects (2017 new awards)	Client	Duration	Contract Sum (RM mil)
Sunway Property - Kelana Jaya Condo	Sunway Property	Jan 2017 - Nov 2020	449
CP3 walkway	Sunway South Quay	2017	4
Precast	Various		43
GDC Plant 1	Putrajaya Holdings Sdn Bhd	2Q 2017 - 3Q 2018	152
SUKE - Package CB 1	Cergas Murni Sdn Bhd	2Q 2018	18
DASH - Package CA 1	Usahasama Monza - Latimer	1Q 2018	16
MRT S201: Construction and Completion of Elevated Stations and Other Associated Works at Damansara Damai, Sri Damansara West and Sri Damansara East - <i>Contract sum is part of MRT V201 package - RM 1.213Bil</i>	Mass Rapid Transit Corporation Sdn Bhd	Mar 2017- Sept 2020	212
Grand Total			894
<i>In House</i>		<i>51%</i>	<i>453</i>
<i>External</i>		<i>49%</i>	<i>441</i>

New order 2016 : 2.7B, 2015 : 2.6b, 2014 : 0.8b, 2013 : 2.9b, 2012 : 1.9b

Parcel F – Progress @ Mar 2017

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ISKL – Progress @ Mar 2017



Thank You

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Next quarter announcement on 24 Aug 2017

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