

Sunway Construction Group Berhad

Q2 2016 Results Review Pack

25 AUGUST 2016



SunCon : High visibility for 2017

- Proposed Interim Dividend of 2.5 cents/share (more than 50% of 1H 2016 PATMI).
- Riding on infrastructure boom, SunCon has high visibility of future earnings from **outstanding order book of RM4.9 billion as at June 2016** with new YTD 2016 order book secured of RM 2.4 billion (management's target of 2.5b). FYE 2017 is expected to register strong growth in turnover based on existing outstanding order book to-date as recently secured projects will achieve peak progress then.
- Strong War Chest. Cash position continue to be strong (FYE Dec 2015 net cash = 332 million vs June 2016 = 315m). Approximately RM0.24 per share is backed by cash

Overview of Key Performance Highlights



RM mil	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	Q2 FY 2016	Q1 FY 2016	1H FY 2016	Q2 FY 2015	Q1 FY 2015	1H FY 2015
	April - Jun 2016	Jan - Mar 2016	Jan-Jun 2016	April - Jun 2015	Jan - Mar 2015	Jan-Jun 2015
Revenue	430.2	424.4	854.6	500.2	496.1	996.3
EBIT	37.6	35.4	73.0	41.3	39.2	80.5
EBIT Margin	8.7%	8.3%	8.5%	8.3%	7.9%	8.1%
PBT	38.1	37.5	75.6	41.6	39.6	81.2
PBT Margin	8.9%	8.8%	8.8%	8.3%	8.0%	8.2%
PATMI	31.2	29.1	60.3	37.8	34.4	72.2
PATMI Margin	7.3%	6.9%	7.1%	7.6%	6.9%	7.2%
EPS (sen) *	2.42	2.25	4.67	2.92	2.66	5.58

* Based on weighted average number of shares

RM mil	Q2 FY 2016		Q1 FY 2016		1H FY 2016		Q2 FY 2015		Q1 FY 2015		1H FY 2015	
	PBT	PAT	PBT	PAT	PBT	PAT	PBT	PAT	PBT	PAT	PBT	PAT
Profit as Announced	38.13	31.22	37.50	29.10	75.63	60.32	41.60	37.80	39.60	34.40	81.20	72.20
Special Items:												
Assets Write (back)/off	0.04	0.04	-	-	0.04	0.04	0.10	0.10	(0.60)	(0.60)	(0.50)	(0.50)
Disposal (gain)/loss	(0.55)	(0.55)	(0.05)	(0.05)	(0.59)	(0.59)	0.10	0.10	0.43	0.43	0.53	0.53
Impairment (reversal)/prov	(6.11)	(6.11)	(7.93)	(7.93)	(14.05)	(14.05)	-	-	-	-	-	-
Foreign exchange (gain)/loss	0.64	0.64	(0.20)	(0.20)	0.44	0.44	0.58	0.58	2.08	2.08	2.65	2.65
Fair value of ESOS options	0.61	0.61	0.50	0.50	1.11	1.11	0.99	0.99	0.99	0.99	1.99	1.99
Listing expenses	-	-	-	-	-	-	1.20	1.20	-	-	1.20	1.20
Fair value (gain)/loss	0.47	0.47	1.17	1.17	1.65	1.65	0.05	0.05	(0.58)	(0.58)	(0.53)	(0.53)
Profit (Net of Special Items)	33.24	26.32	30.99	22.59	64.23	48.91	44.62	40.82	41.91	36.71	86.54	77.53

Balance Sheet and Gearing

RM'mil	Quarter ended 30/06/2016 (Unaudited)	Financial Year Ended 31/12/2015 (Audited)
Non-current Assets	161	180
Current Assets	1,149	1,217
Total Assets	1,310	1,397
Current Liabilities	847	942
Non-current Liabilities	3	4
Total Liabilities	851	946
Shareholders' Funds	458	451
Non-Controlling Interests	1	1
Total Equity	459	452
Total Equity & Liabilities	1,310	1,397
Total Borrowings	75	137
Cash and bank balances and placement funds	390	469
Net Gearing Ratio	Net Cash	Net Cash
Share Capital	259	259
Net Assets Per Share	0.35	0.35

Construction Segmental Review

	<u>Q2 2016</u>	<u>Q1 2016</u>	<u>1H 2016</u>	<u>Q2 2015</u>	<u>Q1 2015</u>	<u>1H 2015</u>
Revenue (RM'mil)	360.5	373.8	734.3	431.4	421.0	852.4
Profit Before Tax (RM'mil)	21.2	26.0	47.2	27.3	17.6	44.9
PBT Margin	5.9%	7.0%	6.4%	6.3%	4.2%	5.3%

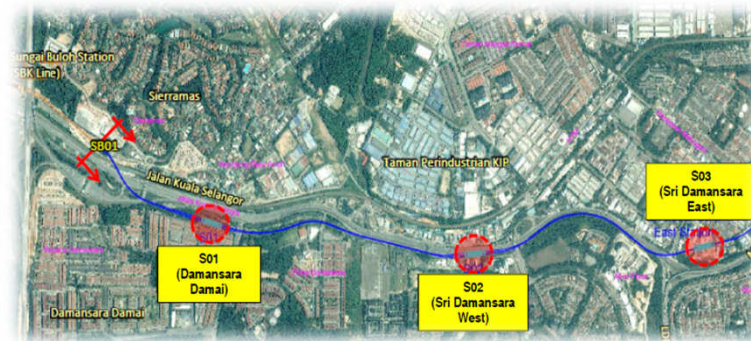
- **Turnover.** Overall 1H 2016 recorded lower turnover compared to 1H 2015 due to Civil / Infrastructure projects which saw the completion of BRT in Q2 2015 and substantial physical completion of LRT and MRT in Q4 2015. SunCon's new project MRT V201 secured in April 2016 has just commenced some preliminary works end of July 2016 and is only expected to contribute to turnover towards 2H 2016. In addition, several anticipated tenders from our Foundation and Geotechnical Division did not come in as expected.
- **PBT.** Margin dropped to 5.9% in Q2 2016 from Q1 2016 from the balance of Civil / Infrastructure projects which have lower margins and preparatory work towards MRT V201 which is not generating turnover and profit at present. 1H 2016 profitability was maintained despite lower turnover from the absence of loss recognition for a project made in 1H 2015.
- **Operating CashFlow.** 1H 2016 registered a negative operating cashflow of 18m due to a certain project which will only receive bullet payment upon completion in 2017, bonus pay out during this period coupled with earlier collection from projects in 2015. Due to our healthy net cash position, SunCon is able to bridge this timing in collection.



Sunway Velocity Ph2 Mall



Putrajaya Parcel F



MRT Package V201 – Sg Buloh to Persiaran Dagang

Precast Concrete Segmental Review

	<u>Q2 2016</u>	<u>Q1 2016</u>	<u>1H 2016</u>	<u>Q2 2015</u>	<u>Q1 2015</u>	<u>1H 2015</u>
Revenue (RM'mil)	69.8	50.5	120.3	68.8	75.1	143.9
Profit Before Tax (RM'mil)	16.9	11.5	28.4	14.3	22.0	36.3
PBT Margin	24.2%	22.8%	23.6%	20.7%	29.4%	25.2%

- **Turnover.** for Q2 2016 improved from Q1 2016 by 38% and is now comparable to Q2 2015 level. As a result the utilization rate for 1H 2016 for both the Tampines and Senai factory has increased to 82.7% and 59.1% respectively from 70.5% and 42.5% for full year 2015. Despite the overall selling price per M3 has dropped to almost 20% compared to last year due to reduction of major raw material prices like steel rebar and steel mesh by as much as 30%, we managed to maintain the same turnover value for Q2 2016 vs Q2 2015.
- **PBT.** The margin continue to be in the expected normalized range of 20% to 25%.
- Our 3rd plant in Iskandar, Johor has commenced operations in Q2 2016 with a maximum capacity of 52,000 m3 per annum.



BMRC 53



Precast Yard in Singapore



BMC 50

Order Book @ 30 June 2016 – RM4.9 bil

As at June 2016	Contract Sum (RM mil)	O/S Orderbook (RM mil)
Infrastructure		
MRT V4 (Sec 17 to Semantan)	1,173	18
MRT V201 (Sungai Buloh - Persiaran Dagang)	1,213	1,199
Johor		
Coastal Highway Southern Link	170	46
Building		
Putrajaya Parcel F	1,610	1,292
KLCC (NEC + Package 2 & 2a)	646	349
HUKM (MEP works)	66	66
International School of Kuala Lumpur	268	268
Others	93	26
Internal		
Sunway Velocity 2 Mall + Link Bridge	370	67
Sunway Velocity Hotel + Office	113	64
Sunway Velocity Medical Centre	185	160
Sunway Geo Retail Shops & Flexi Suites	153	24
Sunway Medical Centre 3 (Sub&Superstructure)	167	65
Sunway Medical Centre 4 (2 towers)	428	422
Sunway Iskandar - Citrine Svc Apt	213	71
Sunway Geo Retail Shops & Flexi Suites Phase 2	244	198
Sunway Lenang Phase 1A	96	13
Sunway Iskandar - Emerald Residences	175	152
Others	135	46
Singapore		
Precast	888	380
Grand Total	8,404	4,927

New Order Book 2016 Secured YTD 2.42 bil **SUNWAY**[®] CONSTRUCTION

Projects	Contract Sum (RM mil)
MRT Package V201 (Sungai Buloh - Persiaran Dagang)	1,213
Velocity Link Bridge	20
MRT Spurline (piling)	12
Casa Kiara 3 (piling)	19
SMC4 & 5	428
Sunway Velocity Medical Centre	185
Sunway Velocity Hotel + Office	113
HUKM - MEP works	66
RC8	10
ISKL	268
Precast	82
Others	3
Grand Total	2,419

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

Thank You

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Next quarter announcement on 24 Nov 2016

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