


SunCon's earnings jump 11% on higher progress work



Mass Rapid Transit Corp awarded Sunway Construction the RM1.21bil viaduct work package V201 for the MRT Sungai Buloh-Serdang-Putrajaya line last year.

KUALA LUMPUR: Sunway Construction Group Bhd  (SunCon) reported an 11% growth in earnings year-on-year to RM34.59mil for the third quarter ended Sept 30, thanks to higher progress of work on two main projects.

The biggest pure-play construction player on Bursa Malaysia said its construction segment's pre-tax profit soared 46% to RM40.7mil due to contribution from the Klang Valley MRT viaduct project (from Sungai Buloh to Persiaran Dagang) and from the Parcel F project in Putrajaya (building government office buildings).

This higher construction segment's profit was more than enough to offset the decline in its precast concrete product manufacturing business.

The precast segment posted an 81% drop in pre-tax profit to RM2.4mil for the quarter under review, mainly due to slower progress by main contractors who were unable to take delivery of its precast components.

SunCon's overall revenue for the third quarter rose 29% to RM491.36mil from a year earlier.

This lifted the group's earnings for the nine-month financial period to RM106.01mil, up 16% from the corresponding period in 2016.

On its prospects, SunCon said it expected to perform "satisfactorily" in the coming year.

It noted that it had outstanding order book totalling RM6.8bil, with RM4.0bil new order book win after including the recent win of Package GS07-08 for Light Rail Transit Line 3 (LRT3) worth RM2.18bil.

"Our tender book value is now more than RM15bil with majority of jobs tendered under the civil/infrastructure division. In addition, SunCon at present is in discussion with our parent company for several potential projects," the company said.

SunCon pointed out that the price of steel bar had risen by 30% from an average of RM2,000 per tonne in the immediate preceding quarter to RM2,600 per tonne last month.

However, it added that steel bars only made up about 3% of its total cost. Therefore, coupled with pass through clauses on some of its contracts, the increase should be contained and manageable.