

SunCon 1Q net profit up 19% on wider construction margin

Adam Aziz / theedgemarkets.com

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KUALA LUMPUR (May 25): Sunway Construction Group Bhd's (SunCon) net profit in its first quarter ended March 31, 2017 (1QFY17) is up 19.3% to RM34.66 million or 2.68 sen per share, against RM29.06 million or 2.25 sen per share, mainly due to wider margins from its construction segments.

Margin in the construction segment, said SunCon, expanded by 1.1% year-on-year, from wider margin for a recently completed project, added with the receipt of an award sum from one of its arbitration cases in India.

Quarterly revenue for the construction group, however, declined by 1.14% to RM419.53 million from RM424.35 million a year ago, as revenue from its construction segment declined following completion of jobs and slower progress of design finalisation for new projects.

The decline was partly mitigated by higher revenue from its precast segment, following higher sales prices for certain precast component, added SunCon. It did not announce any dividend for the quarter under review.

SunCon currently has an outstanding order book of RM4.6 billion, with another RM900 million secured to-date. Additionally, it expects to be awarded new jobs in 3QFY17 involving Light Rail Transit Line 3 (LRT3).

"We are confident about our continued good performance backed by a strong order book and a steady flow of big ticket infrastructure projects riding on infrastructure boom," said group managing director Chung Soo Kiong in a separate statement.

"We look forward to new work orders in the likes of the light rail transit Bandar Utama-Klang Line (LRT3) project which is expected to be awarded in the third quarter of 2017," added Chung.

Meanwhile, the company expects a steady pipeline of new public housing construction and upgrading works for Singapore's Housing and Development Board flats.

The two segments form the majority of its precast businesses, it said. Additionally, SunCon's outstanding order stands of RM241 million under the precast division.

At 5pm, shares of SunCon closed unchanged at RM2.07, giving it a market capitalisation of RM2.68 billion.

