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SunCon 3Q net profit down 19%, dragged by MCO, higher steel prices

Adam Aziz / [theedgemarkets.com](https://www.theedgemarkets.com)

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KUALA LUMPUR (Nov 18): Sunway Construction Group Bhd's (SunCon) third quarter (3Q) net profit fell 19.74% to RM19.3 million, from RM24.04 million a year earlier, on the back of weaker results at both its construction and precast segments.

Earnings per share dropped to 1.5 sen from 1.86 sen, the group's bourse filing showed.

The group said the construction segment was dragged by lower revenue due to the Movement Control Order (MCO) with relaxation only occurring in mid-August.

Meanwhile, the precast segment turned to loss despite slightly higher revenue year-on-year — although still lower than pre-Covid-19 level — due to the impact of higher steel bar prices which increased by more than 25% this year, said SunCon.

Quarterly revenue fell 35.12% to RM272.08 million, from RM419.41 million a year earlier, due to the weaker construction division.

For the nine-month period ended Sept 30, 2021, SunCon's cumulative net profit rose 12.39% to RM47.86 million or 3.71 sen per share, from RM42.59 million or 3.3 sen per share in the previous January-September period, with a swing to profit by the precast segment.

Cumulative nine-month revenue rose 19.14% to RM1.1 billion, from RM925.42 million previously, as both segments showed better performances.

On prospects, the construction group pointed to its RM4.7 billion order book, in which RM796 million worth of new orders had been secured up to September 2021.

"The group is optimistic in sustaining our performance for the financial year ending 2021 as our staff including our business partners' vaccination rates are close to 100%, with the exception of those with health conditions," it said.

Shares of SunCon slid one sen or 0.64% to close at RM1.56, giving the group a market capitalisation of RM2.02 billion.