

SunCon posts flattish 2Q net profit

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KUALA LUMPUR (Aug 16): Sunway Construction Group Bhd's (SunCon) net profit for the second quarter ended June 30, 2018 (2QFY18) was flattish at RM35.86 million from RM35.9 million a year earlier.

Its quarterly revenue, however, jumped 30.45% to RM544.28 million from RM417.23 million a year ago, mainly due to construction segment, said SunCon in a filing with Bursa Malaysia today.

The group also declared a first interim dividend of 3.5 sen per share, amounting to RM45.23 million, for the financial year ending Dec 31, 2018, payable on Sept 27.

SunCon said the construction segment's revenue recorded a strong growth of 32.1% to RM511.6 million from RM387.2 million, mainly due to higher contribution from both building division and civil division in central region.

However, the group's profit before tax margin decreased to 8.3% from 10% a year ago due to decline profitability in the precast segment, it said, adding that precast segment posted a 65.1% drop in profit before tax, which stood at RM2.2 million against RM6.3 million in 2QFY17.

"Precast's profit margin for the current quarter was impacted due to higher steel bar prices compared to tender price as steel content contributes to approximately 30% of its total cost coupled with stiff competition on pricing," it added.

For the cumulative six months of FY18, SunCon's net profit grew 2.89% to RM71.71 million or 5.55 sen a share compared with RM69.69 million or 5.39 sen a share a year ago. Its revenue surged 28.29% to RM1.07 billion from RM836.76 million last year.

SunCon said the group's outstanding order book amounts to RM5.8 billion with RM854 million new order book as at end-June 2018.

"We maintain our new order book target of RM1.5 billion for the financial year 2018 based on our existing active tender activities and potential in-house projects," SunCon said.

On the risk front, the group expected lower cement prices and raw material cost can bring some cost saving to the group in future.

"Average price of steel bar prices has dropped by approximately 10% since December 2017 with the price of RM2,700 per tonne," it added.

Shares in SunCon closed unchanged at RM2.02 today, with 2.67 million shares done, bringing it a market capitalisation of RM2.61 billion.