

SunCon posts flat profit in Q2, LRT3 review affects its revenue – Business News

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KUALA LUMPUR: Sunway Construction Group Bhd



expects its performance this year to be "slightly affected" by the Light Rail Transit line 3 (LRT3) project review after posting flat earnings in the second quarter.

Net profit in the three months ended June 30 was unchanged at RM35.86mil, despite a 30% jump in revenue to RM544mil. The lower profit margin, SunCon told Bursa Malaysia on Thursday, was due to the decline in profitability in its precast segment.

The company's construction business reported revenue of RM511.6mil and profit before tax of RM43mil in the second quarter.

As of end of June, SunCon's order book stood at RM5.8bil, boosted by RM854mil worth of new contracts secured during the first half of the year.

SunCon is keeping its contract replenishment target for the full year at RM1.5bil, despite various decision by the new government to review certain mega projects.

Finance minister Lim Guan Eng, last month, said that the Cabinet has agreed to proceed with the LRT 3 project after the entire project cost was halved from RM31.65bil to RM16.6bil.

The reduced budget means the 37km long LRT project will be scaled down and its completion date postponed. Suncon said the company is affected by on-going review of the project.

"The affected work will not proceed as anticipated until the designs are confirmed coupled with the extension of completion on the entire LRT 3 line from 2020 to 2024," it said.

To mitigate the impact of a slowdown in the construction industry, SunCon said it will focus on in-house projects and overseas expansion.

"Our parent company, Sunway Bhd



, is now on an aggressive stance to expand its medical centre and developing its Penang and Seberang Jaya landbank," it said.