

SunCon 1Q net profit up 6% as revenue jumps despite precast drag

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KUALA LUMPUR (May 17): Sunway Construction Group Bhd's (SunCon) net profit in its first quarter ended March 31, 2018 (1QFY18) grew 6% year-on-year to RM35.85 million from RM33.8 million, as revenue strengthened.

However, the group's margin was slightly affected due to a decline in profitability in its precast segment, which was impacted by higher steel bar prices, SunCon said in a Bursa Malaysia filing today.

Revenue rose 26% y-o-y to RM529.23 million from RM419.53 million due to higher contribution from its construction segment, which mitigated the decline from its precast segment, SunCon's Bursa Malaysia filing today showed.

The construction segment's revenue grew 40% y-o-y to RM492.1 million from RM350.7 million, on higher contribution from the building division in the central region due to higher progress of work from Parcel F, Putrajaya, and the International School of Kuala Lumpur, SunCon said. Construction profit margin remained about the same when compared y-o-y.

As for the precast segment, revenue sank 46% y-o-y to RM37.1 million from RM68.8 million, mainly on longer delivery period on its outstanding order book.

SunCon said its ongoing project remains on track and that the group is expected to hand over the International School of Kuala Lumpur and Emerald Residence in Sunway Iskandar by 3QFY18. Its MRT Line 2: Package V201 from Sungai Buloh to Persiaran Dagang has also been progressing well, with completion at 44% to date.

As at March, the group has an outstanding order book of RM6.1 billion, after RM542 million new orders were secured in the first quarter of the year, which comprised mainly of the extension of Sunway Carnival Mall in Penang and the 44-storey Sunway GEOLake residential tower in Sunway City. Its latest award, on May 14, 2018, brings its new orders to date to RM722 million.

"We maintain our new order book target of RM1.5 billion to RM2 billion which will primarily come from building projects for the financial year 2018 having secured our latest award on May 14, 2018 from Alliance Parade Sdn Bhd for the construction of Sunway Medical Centre Seberang Jaya Phase 1 worth RM180 million," said SunCon group managing director Chung Soo Kiong.

SunCon's share price closed unchanged at RM2.15 for a market capitalisation of RM2.79 billion.