

SunCon quarterly profit falls to lowest since listing as MCO drags, announces two new projects worth RM866m

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KUALA LUMPUR (Aug 18): Sunway Construction Group Bhd net profit in the second quarter ended June 30, 2020 (2QFY20) fell 93.39% to a record-low of RM2.19 million from RM33.19 million in the same period last year, as revenue shrunk due to the Movement Control Order (MCO).

Revenue fell 68.15% to RM140.18 million from RM440.18 million, as its construction and precast segments saw lower contributions respectively.

The lower revenue resulted in margin squeeze, SunCon said in a stock exchange filing. The MCO and the similar Circuit Breaker in Singapore also halted operations in the precast segment, which swung back to the red after breaking even last year.

As a result, quarterly earnings per share fell to 0.17 sen from 2.57 sen. Nevertheless, the group declared a first interim dividend of RM16.12 million or 1.25 sen per share — down from 3.5 sen last year — payable on Sept 24.

With its 1QFY20 also turning out weaker due to the pandemic's impact, SunCon's profit for the six-month period ended June 30, 2020 (6MFY20) slumped 71.12% to RM18.54 million, from RM64.2 million, as revenue dropped 42.51% to RM506.01 million from RM880.21 million.

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Separately, SunCon said it has been awarded two projects today worth a collective RM866.03 million, from indirect subsidiaries of its major shareholder, Sunway Bhd, which is expected to contribute to its earnings this year.

One project is to build a commercial mixed development with car parks and amenities on Parcel CP2 of Sunway South Quay for RM463.17 million. Work on this has started on July 15, to be completed by Dec 14, 2023. The other is to build three blocks of service apartments with car parks and amenities on a plot of land on Jalan Belfield in Kuala Lumpur for RM402.86 million. It shall start in September and be completed by June 2024.

"The group is hoping to minimise construction delays due to non-work activity of more than 2.5 months during the MCO and CMCO (conditional movement control order) period, and recover project progress," SunCon said in its results filing.

"In addition to the group's strong cash reserve and stringent cost control measures, we are optimistic of overcoming this difficult period," SunCon added.

Shares of SunCon slipped one sen or 0.56% to close at RM1.79 today, valuing the group at RM2.31 billion. The counter has recouped its losses during the March equity sell-off but is still down 6.28% year-to-date.