

Wider profit margin lifts SunCon 4Q net profit by 26.6%, declares 3.5 sen dividend

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KUALA LUMPUR (Feb 25): Wider profit margin helped to lift Sunway Construction Group Bhd's (SunCon) earnings for the fourth quarter ended Dec 31, 2018 (4QFY18).

The construction firm's net profit grew 26.6% to RM36.57 million or 2.83 sen per share for 4QFY18 compared with RM28.89 million or 2.24 sen per share last year.

Quarterly revenue, however, declined 16.3% to RM626.02 million, against RM748.17 million a year ago, its filing with Bursa Malaysia today showed.

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The construction group declared a second interim single tier dividend of 3.5 sen per share for the financial year ended Dec 31, 2018 (FY18), payable on April 17.

For the full year of FY18, its net profit grew 9.37% to RM144.69 million or 11.2 sen per share versus RM132.3 million or 10.24 sen per share last year. Its revenue increased 8.7% to RM2.26 billion from RM2.08 billion in FY17.

On prospects, SunCon expects to perform satisfactorily in FY19, barring any unforeseen circumstances.

While SunCon secured RM1.6 billion new deals for its order book last year, it is targeting RM1.5 billion new orders for FY19.

"To date we have bagged RM781 million orders which comprise the proposed TNB (Tenaga Nasional Bhd) Campus, Bangsar Kuala Lumpur. With this new award, our outstanding order book now stands at RM6 billion," said SunCon.

Despite the subdued mood in the construction sector, SunCon expressed its confidence on its prospects for FY19.

SunCon noted that it will be mitigating the anticipated slowdown in the local construction growth from its proposed overseas expansion in the Asean region coupled with in-house projects by its holding company, Sunway Bhd.

"Our parent company is now on an aggressive stance to expand its medical centre and develop its Penang and Seberang Jaya land bank," said SunCon.

For its Singapore segment, its new order book to date obtained under precast amounted to RM229 million compared with RM163 million in 2017.

SunCon said it will continue to face margin pressure due to low margin jobs secured in Singapore earlier for FY19.

Shares of SunCon closed two sen or 1.14% lower at RM1.73 today, bringing its market capitalisation to RM2.24 billion.