

SunCon 1Q profit dips 8%; firm gets 67% of targeted RM1.5b order book replenishment

BY EMIR ZAINUL

KUALA LUMPUR: Sunway Construction Group Bhd (SunCon) has reported a slightly lower net profit by 8% for the first quarter ended March 31, 2019 (1QFY19) at RM40.13 million, compared with RM43.62 million a year ago, on lower revenue.

Its quarterly revenue declined by 17% to RM440.04 million from RM529.23 million in 1QFY18, due to its construction and precast segments.

In a filing with Bursa Malaysia yesterday, SunCon said the lower revenue contribution from the construction segment was due to Parcel F, Putrajaya which was physically substantially completed this quarter, as well as a delay in both light rail transit 3 and mass rapid transit 2, owing to

cost optimisation of station works in both packages by the client.

For the precast segment, SunCon explained that lower revenue was recorded as some secured jobs will only commence production later this year as per its present work schedule, while its lower profits were due to smaller margins from current projects.

In a separate statement, SunCon reported it has secured 67% of its targeted order book replenishment of RM1.5 billion for FY19 in its 1Q, bringing its outstanding order book to RM5.7 billion. The group said this provides good earnings visibility for the next two years.

"Going forward, we are confident [that] we will sustain our performance through the year and meet our targeted order book replenishment through our expansion strategy into Asean and

India, and good prospects presented by Sunway Bhd's plans to expand its healthcare division," SunCon group managing director Chung Soo Kiong said in the statement.

SunCon added that the proposed overseas expansion strategy into Asean and India will mitigate the anticipated slowdown in local construction growth.

"Taking into consideration the prevailing challenging external environment, management is cautiously optimistic about the business performance for the year. Nevertheless, every effort will be taken to minimise any adverse impact that we might encounter in the year", it said.

SunCon shares closed up four sen or 2.11% yesterday at RM1.94, with a market capitalisation of RM2.51 billion.