

# SunCon net profit drops amid lower construction revenue, higher income tax expenses

Justin Lim / [theedgemarkets.com](http://theedgemarkets.com)  
August 19, 2019 19:59 pm +08



KUALA LUMPUR (Aug 19): Lower revenue from construction segment and higher-income tax expenses pulled down Sunway Construction Bhd's (SunCon) net profit for a consecutive quarter for the second quarter ended June 30, 2019 (2QFY19) by 7.23%.

Nonetheless, the group is optimistic of its future prospects.

In a filing with Bursa Malaysia, SunCon's quarterly net profit fell to RM33.19 million or 2.57 sen per share of 2.57 sen in 2QFY19, against RM35.77 million or 2.77 sen per share a year earlier.

Advertisement



Quarterly revenue contracted 19% to RM440.18 million from RM544.28 million a year ago (2QFY18), mainly due to the lower revenue recorded in its construction segment.

Despite lower earnings, the group declared a first interim dividend of 3.5 sen per share for the financial year ending Dec 31, 2019 (FY19), payable on Sept 26.

Its construction segment's revenue for 2QFY19 dropped 20.6% to RM406.3 million compared to RM511.6 million in 2QFY18, due to Parcel F, Putrajaya, which was completed

last quarter, coupled with delay in the light-rail train line 3 (LRT 3) package GS0708 due to cost optimisation by the client.

Meanwhile, its precast segment's revenue posted a marginal growth of 3.7% in 2QFY19 to RM33.9 million, from RM32.7 million a year ago.

For the cumulative first six months (6MFY19), SunCon said its net profit dropped by 10.26% year-on-year (y-o-y) to RM64.20 million, from RM71.54 million in 6MFY18. Meanwhile, its revenue dived 18% to RM880.21 million, from RML.07 billion.

Despite the lower performance, its group managing director Chung Soo Kiong said SunCon is positive on the outlook for the local construction sector, with the revival of the RM44 billion worth East Cost Rail Link (ECRL).

“There are also opportunities within the sustainable energy sector such as in the development of Large Scale Solar (LSS) Phase 3. We are expecting more projects to be announced in the next 12 months, which was reflected by Bursa Malaysia’s FBM Construction Index gaining more than 40 per cent since the beginning of this year,” Chung said.

Apart from Malaysia, Chung said ASEAN is also an exciting market that the group is exploring.

“In Myanmar, SunCon has teamed up with Capital Construction Ltd, the construction division of Capital Diamond Star Group (CDSG), and we have submitted a tender for mixed development project in Mandalay, Myanmar.

“We are also preparing to submit three bids in road infrastructure projects in India by the end of this year or early next year. And in Singapore, we have ventured into piling. SunCon is very hopeful to secure our first overseas project for the year,” he added.

The group’s outstanding order book as at June 2019 amounted to RM5.8 billion, with a total of RML.537 billion in new orders received to date, exceeding management target of new order book wins of RML.5 billion within the first half of 2019 (1H2019).

SunCon share price dropped five sen to close at RM2.02 today, with 101,800 shares traded, bringing a market capitalisation of RM2.61 billion.