

## Sunway Construction's 3Q net profit falls 28%

Tan Siew Mung / [theedgemarkets.com](https://www.theedgemarkets.com)

November 19, 2020 19:30 pm +08



KUALA LUMPUR (Nov 19): Sunway Construction Group Bhd's net profit for the third quarter ended Sept 30, 2020 (3QFY20) fell 28.19% to RM24.04 million from RM33.48 million a year ago, dragged by lower construction margin.

The group in a bourse filing said its revenue for 3QFY20 grew 4.18% to RM419.41 million from RM402.58 million, due to the construction segment and the group's blended margin for the current quarter declined slightly due to the construction segment.

The group's construction segment reported revenue of RM403.4 million and profit before tax of RM34.8 million compared with revenue of RM365.1 million and profit before tax of RM35.4 million in the corresponding quarter of the preceding financial year.

"Higher turnover in the current quarter was mainly contributed by the building division in the central region from the ramping up of progress in our TNB Bangsar project. Higher profit before tax margin in the corresponding quarter of the preceding year was attributed by finalisation of construction project," it said.

Meanwhile, its precast segment reported revenue of RM16 million with profit before tax of RM1.2 million compared with revenue of RM37.5 million and profit before tax of RM0.2 million in the corresponding quarter of the preceding financial year.

“Despite lower turnover, the precast segment registered a profit due to recognition of higher margin projects. Our precast segment is expected to gradually resume operations to pre-pandemic level in the fourth quarter of 2020,” it said.

The group’s net profit for the nine months ended Sept 30, 2020, declined by 56.4% to RM42.59 million from RM97.69 million a year earlier

Its revenue for the period also dropped by 27.86% to RM925.42 million from RM1.28 billion.

Barring any unforeseen circumstances, the group is optimistic about the recovery of the industry after the Movement Control Order in Malaysia based on its achievement to date.

In a separate statement, the group said its construction’s new order book had expanded to RM2.3 billion and had exceeded its RM2 billion target of new orders for 2020.

Moving forward, the group will continue to expand overseas and take on in-house pipeline projects by Sunway Group for sustained growth, it said.

Its managing director Chung Soo Kiong also said the group is actively exploring the renewable energy sector with a focus on solar projects and district cooling systems.

“To date, all our sites in Malaysia as well as Singapore are back to normal. We will continue to practise stringent precautionary measures in compliance with the guidelines from the Ministry of Health. Apart from that, we will also cautiously monitor our operational expenditure to boost our profit margins.

“With the group’s strong cash reserve and stringent cost control measures, we are confident that the group will remain resilient to steer through the challenging period,” he added.

He also noted the recent tabling of Malaysia’s Budget 2021 has seen positive news to the construction sector with RM15 billion allocated to fund several large infrastructure development projects and the reaffirmation of some prominent projects such as the High-Speed Rail, Rapid Transit System as well as Mass Rapid Transit 3.

“This bodes well for Sunway Construction and we will definitely look forward to participating in some of these projects,” he said.

Sunway Construction shares closed one sen or 0.54% lower at RM1.83, valuing the group at RM2.36 billion.