

Sunway Construction net profit dips 13.3% in 4Q19

by ASILA JALIL

SUNWAY Construction Group Bhd (SunCon) net profit dipped 13.31% year-on-year (YoY) to RM31.64 million in the fourth quarter ended Dec 31, 2019 (4Q19) from RM36.5 million a year ago due to lower contribution from the construction segment.

Its revenue for the quarter fell 22.38% YoY to RM485.94 million versus RM626.02 million in the preceding year corresponding quarter, while the pretax profit fell 14.15% to RM40.51 million from RM47.18 million in the previous year.

The construction segment also registered a net profit of RM38 million in 4Q19. It said turnover increased by 20.7% from RM365.1 million in 3Q19 to RM440.5 million attributable to new building projects and a significant increase in certification for the Light Rail Transit Line 3 project in the current quarter.

The group's basic earnings per share dropped to 2.45 sen in 4Q19 from 2.82 sen in 4Q18.

For the 12 months ended Dec 31, 2019 (FY19), the group's net profit dropped 10.46% to RM129.32 million compared to RM144.43 million a year ago.

Its revenue fell 21.63% to RM1.77 billion in FY19 versus RM2.26 billion



SunCon says both revenue and profit saw a decline due to the construction segment

Pic by Mohd Amin Nohari

in the preceding year corresponding period. It also registered a lower profit before tax (PBT) of RM1574 million for FY19 compared to RM182.73 million the previous year.

The group said both revenue and profit saw a decline due to the construction segment.

"However, the group's overall margin for the current year ended was better compared to the corresponding preceding financial year

ended," it said in an exchange filing yesterday.

Its precast segment reported a revenue of RM45.4 million and returned to profit position of RM2.5 million in 4Q19 compared to revenue RM30.7 million and loss before tax of RM2.9 million in the corresponding quarter of the preceding financial year.

"Revenue recorded for the current quarter was higher by 47.9%

due to present orderbook. On profitability side, precast reversed its situation from loss as old projects with slimmer margins were completed," it said in the note.

For the full year, the construction segment posted a revenue of RM1.62 billion and PBT of RM154.6 million in FY19 versus a revenue and PBT of RM2.12 billion and RM181.7 million respectively the previous year.

"Lower revenue by 23.7% was mainly due to building division as existing jobs were mostly at their early stages. However, the profit margin for the current year ended was higher due to higher recognition of final account," it added.

Meanwhile, SunCon MD Chung Soo Kiong said the group surpassed its orderbook target of RM1.5 billion for 2019 by achieving RM1.8 billion in new orders.

The group is also targeting new orders of RM2 billion for 2020.

"We are confident of securing our projects in Myanmar and India by the second half of this year," he said in a statement.

SunCon's plan for geographical diversification is focused on Asean and India as it leverages on its extensive experience, as well as local knowledge from experienced local partners.

SunCon has partnered Capital Diamond Star Group's construction division in Myanmar and it is also bidding for a new highway project with local partners in India and plans to capitalise on its previous experience in the market.

It is currently building a fully-robotic precast integrated construction precast hub plant in Singapore, as well as exploring piling projects.