

## SunCon Q1 earnings fall 47.3%

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# SUNWAY<sup>®</sup>

## CONSTRUCTION



**PETALING JAYA:** Sunway Construction Group Bhd's (SunCon) net profit for the first quarter ended March 31, 2020 dropped 47.3% to RM16.35 million from RM31.02 million a year ago due to the construction segment.

Its revenue also fell 24.7% to RM365.83 million from RM440.04 million in the previous year's same quarter.

SunCon's outstanding order book now stands at RM5.4 billion with RM513 million new order secured up to March 2020, with the largest being its eighth India project. This 36km highway project which is 40km away from Bangalore city was secured and announced on the March 26, 2020 worth RM508 million. SunCon anticipates that the project will commence after financial close which is due in the last quarter of FY20.

The Malaysian economic growth has moderated sharply to 0.7% for first quarter of 2020 with construction sector having a negative growth of -7.9%, reflecting the impact of measures taken both globally and domestically to contain the spread of the Covid-19 pandemic. For the full year, the forecast GDP will be in the region of -2.0% to 0.5% as projected by Bank Negara Malaysia.

"SunCon will continue to expand overseas and focus on its in-house pipeline projects by its intermediate holding company, Sunway Group for its sustained growth."

Over in Singapore, the GDP has a negative growth of -2.2% in first quarter of 2020, with construction sector shrank by -4.3%. Singapore's economy is anticipated to have a negative growth in the region of -4.0% to -1.0% as announced by Singapore's Ministry of Trade & Industry.

Around 16,000 to 17,000 build-to-order (BTO) flats will be launched in 2020. In February 2020, a total of 3,095 BTO flats have been launched to meet the additional demand following key policy changes. Singapore HDB flats comprised of more than 90% of SunCon's precast segment sales and its prospect is largely dependent on these launches.

Barring any further unforeseen circumstances, the group is hoping to minimise construction delays due to non-work activity of more than two months during the movement control order (MCO) and conditional MCO period, and recover project progress.

"Precautionary measures will be strictly adhered to prevent the spread of the coronavirus and to ensure the physical safety of our workers at the construction site. In addition with the group's strong cash reserve and stringent cost control measures, we are optimistic of overcoming this difficult period."