

SunCon 4QFY21 net profit doubles on better performance of construction segment, declares four sen dividend

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KUALA LUMPUR (Feb 23): Sunway Construction Group Bhd's (SunCon) net profit for the fourth quarter ended Dec 31, 2021 (4QFY21) more than doubled to RM64.73 million from RM30.2 million last year, due to better a performance of its construction segment.

Revenue for the period was almost unchanged at RM626.61 million compared with RM627.24 million in the previous year.

In addition, the group also declared a second interim single-tier dividend of four sen per ordinary share for FY21, payable on Apr 7, 2022.

In a filing with Bursa Malaysia on Wednesday (Feb 23), SunCon said its construction segment reported a revenue of RM579.9 million and a profit before tax (PBT) of RM88.7 million compared with revenue of RM585 million and PBT of RM37.3 million in the corresponding quarter of the preceding financial year.

"Corresponding quarter of the preceding financial year recorded only slightly higher turnover from the settlement of one of our India projects amounting to RM42 million.

"PBT margin for the current quarter is much higher due to recalibration of margin to reflect some upsides as some projects are nearing completion and certainty of better margins is more visible," it said.

Meanwhile, SunCon's precast segment reported a revenue of RM46.7 million with PBT of RM2.3 million compared with a revenue of RM42.2 million and PBT of RM4.3 million in the corresponding quarter of the preceding financial year.

"Turnover for the current quarter is higher as a result of a higher outstanding order book. Lower profit in the current quarter is due to the impact of higher steel bar prices," it said.

For the full FY21 under review, SunCon's net profit grew 54.68% to RM112.59 million from RM72.79 million, while revenue was up 11.37% to RM1.73 billion from RM1.55 billion.

The construction business registered revenue and PBT of RM1.6 billion and RM148.8 million for FY21, compared with a revenue of RM1.5 billion and PBT of RM98.8 million the year before.

"Revenue improved in this current financial year as the impact of Covid-19 was less severe than last year due to vaccination drive which allowed faster resumption of economic activities. Profitability also increased due to some finalisation of account," it said in its filing with the exchange.

Meanwhile, the precast segment reported a revenue of RM122.9 million and a PBT of RM3.4 million compared with a revenue of RM97.4 million and a PBT of RM2.7 million in the corresponding preceding financial year.

On its prospects, SunCon said it will continue to focus on its overseas venture, mainly in India and also the bigger ASEAN region.

"On the domestic front, we are actively pursuing opportunities in the private and public sectors, including any private funding initiatives, as well as pipeline projects from its immediate holding company, Sunway Bhd, and in the sustainable energy segment," it said.

According to SunCon, its outstanding order book stood at RM4.8 billion with RM1.5 billion new orders secured up to December 2021.

"In the fourth quarter of 2021, we secured two awards of 50MW Large Scale Solar programme engineering, procurement and construction contract. This is our maiden large-scale solar project since our entry to the solar space two years back.

"In addition, we have commenced work on our Thorapalli Jittandali HAM (Hybrid Annuity Model) India project after receiving an appointed date on Dec 7, 2021. With this, both of our India HAM projects secured in May 2020 have commenced work in India," it said.

As for the precast segment, SunCon foresees that its precast segment will contribute more to the group's financials in the near future, with the integrated construction and prefabrication hub plant scheduled to be in operations by the second half of 2022.

"Based on the above, barring any further unforeseen circumstances including the possibility of another wave of Covid-19 restrictions and any further adverse fluctuation in building materials' prices, the group is cautiously optimistic about registering good growth for [FY22] based on our existing order book," SunCon added.

Shares of SunCon settled unchanged to close at RM1.48, giving the group a market capitalisation of RM1.91 billion.

Edited by Jenny Ng