THE SUN DAILY– 25 FEBRUARY 2019
https://www.thesundaily.my/business/better-margins-boost-suncon-q4-profit-JL591856
AD VALUE: 2,000

Better margins boost SunCon Q4 profit

25 FEB 2019 / 21:58 H.

a+ a-

PETALING JAYA: Sunway Construction Group Bhd's (SunCon) net profit for the fourth quarter ended Dec 31, 2018 rose 26.6% to RM36.57 million from RM28.89 million a year ago, driven by better profit margins.

However, the group's revenue was 16.3% lower at RM626.02 million compared with RM748.17 million in the previous year's corresponding quarter.

SunCon has proposed to declare a second interim dividend of 3.5 sen per share amounting to RM45.23 million for the quarter under review, payable on April 17.

For the full year period, the group's net profit rose 9.4% to RM144.69 million from RM132.3 million a year ago on the back of an 8.7% increase in revenue to RM2.26 billion from RM2.08 billion.

SunCon, which secured RM1.6 billion new order book in 2018, is targeting for RM1.5 billion new orders in 2019. To-date, it has bagged RM781 million orders comprising the proposed TNB Campus, Bangsar Kuala Lumpur. With this new award, its outstanding book now stands at RM6 billion.

Despite the government's move to reduce cost and to cancel and put on hold certain mega projects, the group believes there are still pockets of opportunity in Malaysia with the Large Scale Solar 3 worth about RM2 billion, development of hospital by JKR worth RM29 billion and the Subang Aerotech Park by Khazanah.

"During the current quarter, our LRT 3 Package GS 0708 from Kawasan 17 to Sri Andalas was progressing albeit at a slower pace as certain works could not proceed due to the on-going review to redesign the six stations in our alignment. We do not know the impact of this cost review to our contract yet but we expect to get clarity from our client soon. As for our KVMRT V201 from Sg Buloh to Persiaran Dagang, our client MMC Gamuda has confirmed that the above ground works will continue and hence this project will progress as planned albeit some reduction to those scope relating to the stations," it explained.

The group said it will mitigate the anticipated slowdown in the local construction growth from its proposed overseas expansion in the Asean region coupled with in-house projects by its holding company, Sunway Bhd.

As the raw material cost is expected to be soft for the coming year, SunCon said this should result in more competitive pricing.

Meanwhile, the group foresees its precast unit, which predominantly operates in Singapore, will be resilient due to its healthy outstanding order which stands at RM286 million.

"Our new order book to date obtained under precast amounted to only RM229 million. For year ending 2019, this segment will continue to have margin pressure due to low margin jobs secured earlier."