

# **SUNWAY**<sup>®</sup>

## **CONSTRUCTION**



## **Sunway Construction Group Berhad**

### **Q2 2020 Results Review Pack**

**18 August 2020**

# 1Q 2020 HIGHLIGHTS

## 2Q 2020 vs 2Q 2019

- 1) Turnover decreased by > 68.2% (from 440.2m to 140.2m)
- 2) PBT decreased by > 94.3% (from 41.2m to 2.3m)

**M'sia (Construction)** - Impacted by 2 months non activity due to MCO/CMCO from 18 March 2020 to 9 June 2020. Construction activities only managed to resume early June 2020 due to stringent SOP for all our foreign workers to be tested negative for COVID 19.

**S'pore (Precast)** - As at June 2020, only 19% of our jobs were given the green light to commence work by the Singapore government.

## Dividend

FYE 2020: 1<sup>st</sup> tranche 1.25 cents

## Outstanding Order Book @ June 2020 : RM 5.4b

- New order 2020 : Achieved = RM725 mil
- Target 2020 new order: RM 2b (still retaining this target)
- Active Tender O/S = RM8.5b (>50% overseas i.e India, S'pore, Philippines)

## Share price (2Q '20 movement)

Appreciated by 24.5% (RM1.51 to RM1.88) [ 1Q 2020 : -20.9%]

KL Construction Index : 23.8% (1Q 2020 : - 34%)

KLCI : 11% (1Q 2020 : - 15%)

# Overview of Key Performance Highlights



RM mil	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Q2 FY 2020	Q1 FY 2020	YTD 2020	Q4 FY 2019	Q3 FY 2019	Q2 FY 2019	Q1 FY 2019	YTD 2019
	April-Jun 20	Jan-Mar 20	Jan-Sept 20	Oct-Dec 19	Jul-Sept 19	April-Jun 19	Jan-Mar 19	Jan-Sept 19
Revenue	140.2	365.8	506.0	485.9	402.6	440.2	440.0	1,768.7
PBT	2.3	21.2	23.5	40.5	35.6	41.2	40.1	157.4
PBT Margin	1.7%	5.8%	4.7%	8.3%	8.8%	9.4%	9.1%	8.9%
PATMI	2.2	16.4	18.6	31.6	33.5	33.2	31.0	129.3
PATMI Margin	1.6%	4.5%	3.7%	6.5%	8.3%	7.5%	7.0%	7.3%
EPS * (sen)	0.17	1.27	1.44	2.45	2.60	2.57	2.40	10.02

RM mil	Q2 FY 2020		Q1 FY 2020		YTD 2020		Q4 FY 2019		Q3 FY 2019		Q2 FY 2019		Q1 FY 2019		YTD 2019		
	Unaudited	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI		
Profit as Announced		2.3	2.2	21.2	16.4	23.5	18.6	40.5	31.6	35.6	33.5	41.2	33.2	40.1	31.0	157.4	129.3
<b>Special Items:</b>																	
Assets Write (back)/off					-	-								0.0	0.0	-	-
Disposal (gain)/loss		0.0	0.0	(0.0)	(0.0)	0.0	0.0	(2.7)	(2.7)	(0.1)	(0.1)	0.1	0.1	(0.3)	(0.3)	(3.1)	(3.1)
Impairment (reversal)/prov		1.4	1.4	0.5	0.5	1.9	1.9	2.8	2.8	(1.2)	(1.2)	1.4	1.4	0.1	0.1	3.0	3.0
Write off (gain)/loss		(0.1)	(0.1)	-	-	(0.1)	(0.1)	5.7	5.7	1.3	1.3	0.1	0.1	-	-	7.1	7.1
Foreign exchange (gain)/loss		0.0	0.0	(0.1)	(0.1)	(0.1)	(0.1)	0.4	0.4	0.1	0.1	(0.3)	(0.3)	0.1	0.1	0.2	0.2
Fair value (gain)/loss		0.9	0.9	0.9	0.9	1.8	1.8									-	-
Accretion of financial (assets)/liabilities		0.2	0.2	0.0	0.0	0.2	0.2	0.1	0.1	0.8	0.8	(1.2)	(1.2)	(1.0)	(1.0)	(1.3)	(1.3)
Arbitration (gain)/loss**						-	-	(1.6)	(1.6)	2.1	2.1	(0.8)	(0.8)	(2.0)	(2.0)	(2.3)	(2.3)
<b>Profit (Net of Special Items)</b>		<b>4.8</b>	<b>4.6</b>	<b>22.4</b>	<b>17.6</b>	<b>27.2</b>	<b>22.2</b>	<b>45.2</b>	<b>36.3</b>	<b>38.6</b>	<b>36.5</b>	<b>40.3</b>	<b>32.3</b>	<b>36.9</b>	<b>27.9</b>	<b>161.0</b>	<b>133.0</b>

# Balance Sheet and Gearing

RM'mil	Financial Year Ended	Financial Year Ended
	30/06/2020 (Unaudited)	31/12/2019 (Audited)
Non-current Assets	179	195
Current Assets	1,511	1,710
<b>Total Assets</b>	<b>1,690</b>	<b>1,905</b>
Current Liabilities	1,012	1,120
Non-current Liabilities	78	160
<b>Total Liabilities</b>	<b>1,091</b>	<b>1,280</b>
Shareholders' Funds	599	623
Non-Controlling Interests	2	2
<b>Total Equity</b>	<b>601</b>	<b>625</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,692</b>	<b>1,905</b>
Total Bank Borrowings	287	286
Cash & Placement Funds	674	693
<b>Net Gearing Ratio</b>	<b>Net Cash</b>	<b>Net Cash</b>
Share Capital	259	259
<b>Net Assets Per Share</b>	<b>0.46</b>	<b>0.48</b>
Issued & Paid-up Share Cap	1,289.4	1,292.2

# Construction Segmental Review

<u>Construction</u>	<u>Q2 20</u>	<u>Q1 20</u>	<u>YTD Q2 20</u>	<u>Q4 19</u>	<u>Q3 19</u>	<u>Q2 19</u>	<u>Q1 19</u>	<u>YTD Q4 19</u>
Revenue (RM'mil)	137.2	329.6	466.8	440.5	365.1	406.3	407.0	1,618.9
PBT (RM'mil)	5.8	20.5	26.3	38.0	35.4	41.2	40.0	154.6
PBT Margin	4.2%	6.2%	5.6%	8.6%	9.7%	10.1%	9.8%	9.5%

**Revenue** → Reported revenue of RM137.2 million and profit before tax of RM5.8 million compared to revenue of RM406.3 million and profit before tax of RM41.2 million in the corresponding quarter of the preceding financial year. Lower revenue in the current quarter was due to the impact of 2.5 months of Movement Control Order (“MCO”) and Conditional Movement Control Order (“CMCO”) that was effective from 18 March 2020 to 9 June 2020. Despite construction being able to initiate work earlier, we were hampered by inability of test lab to cope with the amount of testing as it was compulsory to have all our foreign workers including our business partners’ tested and confirmed negative for COVID-19 before commencing. Full site operations were only restated in early June 2020.

**PBT** → Despite the decline in turnover, this segment managed to reduce its fixed overheads to maintain a profit making position.

**Prospect** → SunCon’s outstanding order book now stands at RM5.4 billion (Mar 2020 : RM5.4 billion) with RM725 million new order secured up to June 2020. Malaysia’s economy shrank 17.1% in the second quarter ended 2020 as it was seriously impacted by the movement control orders (1Q 2020 : 0.7%; 4Q 2019 : 3.6%) with construction sector having a negative growth of 44.5% (1Q2020 : -7.9%; 4Q 2019 : 1.0%). Bank Negara Malaysia lowered its forecast for the economy this year due to the impact of the Covid-19 pandemic and it expected negative growth of between 3.5% and 5.5% this year before rebounding 5.5% to 8% next year. 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. Based on the above, barring any further unforeseen circumstances, the Group is hoping to minimize construction delays due to non-work activity of more than 2.5 months during the MCO and CMCO 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 to the Group’s strong cash reserve and stringent cost control measures, we are optimistic of overcoming this difficult period.

# Precast Concrete Segmental Review

<u>Precast Concrete</u>	<u>Q2 20</u>	<u>Q1 20</u>	<u>YTD Q2 20</u>	<u>Q4 19</u>	<u>Q3 19</u>	<u>Q2 19</u>	<u>Q1 19</u>	<u>YTD Q4 19</u>
Revenue (RM'mil)	3.0	36.2	39.2	45.4	37.5	33.9	33.0	149.8
PBT (RM'mil)	-3.5	0.8	(2.7)	2.5	0.2	0.0	0.1	2.8
PBT Margin	-116.7%	2.1%	-7.0%	5.5%	0.6%	0.1%	0.2%	1.9%

**Revenue** → Reported revenue of RM3.0 million with loss before tax of RM3.5 million compared to revenue of RM36.2 million with profit before tax of RM0.8 million in the immediate preceding quarter. Both revenue and profitability saw a decline as our production has to be stopped and there were delivery restriction of precast components out from Malaysia due to MCO/CMCO imposed by the Government of Malaysia as well as the Circuit Breaker imposed by the Government of Singapore. Although Singapore's Circuit Breaker ended on 1 June 2020, the Singapore's Building and Construction Authority (BCA) only allows construction work to resume in phases under a controlled manner after the COVID-19 circuit breaker period ended on 1 June 2020. Like in Malaysia, migrant workers in the construction industry must be tested negative before they are allowed to return to work. In addition, construction projects must also put in place adequate safe management measures.

**PBT** → Profit margin saw a decline as production has to be stopped and there were delivery restriction of precast components out from Malaysia due to the MCO/CMCO imposed by the Government of Malaysia as well as the Circuit Breaker imposed by the Government of Singapore.

**Prospect** → Over in Singapore, the GDP has a negative growth -42.9% in second quarter of 2020 (1Q2020 ; -3.3%; 4Q 2019 ; 0.6%), dragged down by weak external demand and COVID-19 "circuit breaker" measures. The construction sector was the worst hit in the second quarter, contracting 59.3% year-on-year after the first quarter's 1.1% fall. On a quarter-on-quarter basis, the construction sector plunged 95.6 per cent. The authorities have flagged that they expect Singapore's gross domestic product (GDP) to shrink between 5% and 7% (2019 0.7%; 2018 ; 3.4%) this year, as the coronavirus outbreak continues to pose severe strains on the economy. Around 16,000 to 17,000 Build-To-Order (2019 : 14,591; 2018 : 15,811)(BTO) flats will be launched in 2020. In August 2020, a total of 10,957 (August launched: 7,862, February launched: 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 our precast segment sales and our prospect is largely dependent on these launches.

# Outstanding Order Book : 5.4b

As at June-2020 (RM mil)	Completion	Contract Sum	O/S Orderbook	
<b>Building</b>			1,159	21%
Putrajaya Parcel F	Maintenance	1,610	20	
PPA1M Kota Bharu	2Q 2021	582	64	
TNB HQ Campus (Ph 2)	2Q 2021	781	666	
PLC	2Q 2021	310	283	
Oxley Tower (MEP)	2Q 2022	68	66	
IOI Mall (MEP)	2Q 2021	68	59	
<b>Infrastructure/Piling</b>			1,853	34%
MRT V201 + S201	4Q 2020	1,213	123	
LRT 3 : Package GS07-08	4Q 2022	2,178	1,589	
Piling works	Various	99	19	
GS06,09 + GS10	Various	60	13	
Sentul West Station (MEP)	1Q 2021	57	57	
Chan Sow Lin KVMRT UG St (MEP)	4Q 2021	54	54	
<b>India</b>			508	9%
Thorapalli Agraharam - Jittandahal	4Q 2022	508	508	
<b>Internal</b>			1,569	29%
SMC 4	4Q 2021	450	351	
Sunway Serene	4Q 2021	413	240	
Velo 2	4Q 2021	352	265	
Velocity 3C4	2Q 2021	100	64	
Sunway GEOLake	1Q 2021	223	50	
Carnival Mall Ext	1Q 2021	286	214	
SMC Seberang Jaya	1Q 2021	180	136	
Big Box Hotel	3Q 2020	100	58	
Parcel CP2 (piling)	3Q 2021	119	70	
SIS	4Q 2022	121	121	
<b>Renewable Energy (Internal)</b>			4	0%
New Order 2020	2Q 2020	5	4	
<b>Singapore</b>			320	6%
Precast	Various	331	282	
New Order 2020	Various	37	38	
<b>Grand Total</b>		10,303	5,414	



# New Order Book Secured : Q2 2020



**Proposed Sunway International School, Subang**

**Proposed construction of Sunway International School with 3 blocks of teaching facilities for Middle and High School students which includes libraries, multi-purpose hall, kitchen and dining and sports facilities.**

**Contract Sum : RM120,981,263**

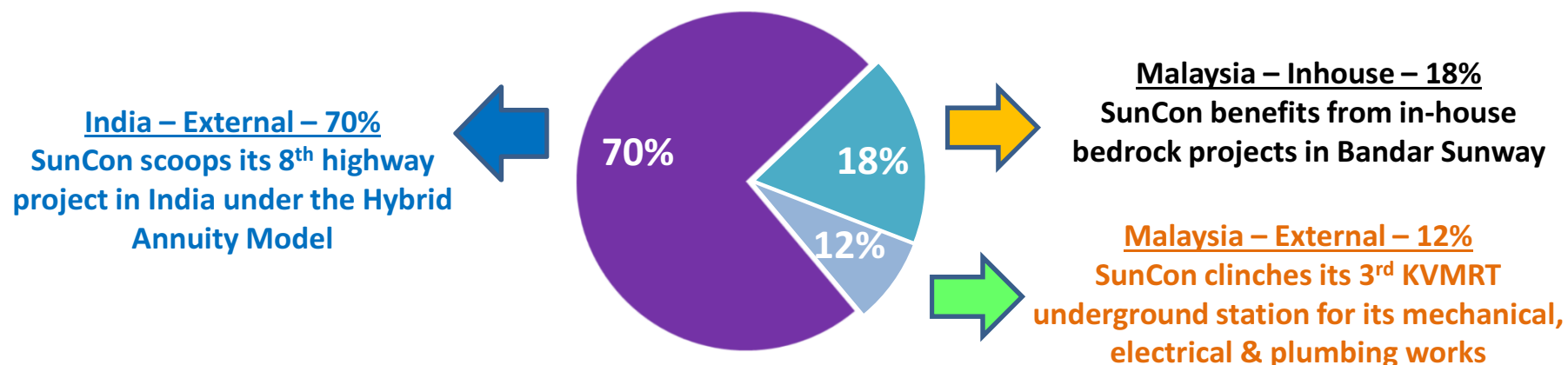
**Duration : 25 months**

**Project Owner : Sunway Education Group**



# New Order Book Secured : 2020

Projects (2020 new awards)	Client	Duration	Contract Sum (RM'mil)
Thorapalli Agraharam – Jittandahalli Section of NH-844	National Highway Authority of India	24 months	508
Bukit Batok Primary School	Logistic Construction Pte LTD	Various	1
Rooftop solar projects	Various	< 6 months	4
<b>Secured-1Q 2020</b>			<b>513</b>
Chan Sow Lin KVMRT underground station (MEP)	MMC Gamuda KVMRT (UGW) JV	12 months	54
Sunway International School - Bandar Sunway	Sunway Education Group Sdn Bhd	30 months	121
Ang Mo Kio N6C34	Thong Huat Brothers Pte Ltd	24 months	37
<b>Secured-2Q 2020</b>			<b>212</b>
<b>Total Secured YTD June 2020</b>			<b>725</b>



Target NEW order book → FYE 2020 : RM2b

**New order 2019** : 1.8b; **2018** : 1.6b, **2017** : 4.0b, **2016** : 2.7b, **2015** : 2.6b, **2014** : 0.8b, **2013** : 2.9b, **2012** : 1.9b

**Outstanding Order book 2019** : 5.2b; **2018** : 5.2b, **2017** : 6.6b, **2016** : 4.8b, **2015** : 3.8b, **2014** : 3.0b, **2013** : 3.2b, **2012** : 4.1b

# TNB Campus, Bangsar

**SUNWAY™**



**AERIAL VIEW**

- 1 BLOCK A
- 2 BLOCK B
- 3 BLOCK C
- 4 BLOCK D
- 5 CONVENTION CENTRE
- 6 INTERACTIVE CENTRE OF ELECTRICITY
- 7 PELITAWANIS
- 8 CHILDCARE



# Sunway Serene, Kelana Jaya

**SUNWAY**<sup>®</sup>  
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# Petronas Leadership Centre, Bangi

**SUNWAY**<sup>®</sup>  
CONSTRUCTION





# Sunway Geolake, South Quay Sunway

**SUNWAY**<sup>®</sup>  
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# MRT 2 – V201 Station

