



Sunway Construction Group Berhad

Q2 2019 Results Review Pack

19 August 2019



SUNWAY[®]
CONSTRUCTION

2Q 2019 HIGHLIGHTS

New order
Achieved FYE 19 target of 1.5b
Active Tender O/S = 12.5b

Outstanding Order Book
@ June 2019 : 5.8b

ASEAN expansion:

- 1) Myanmar – Submitted tender for a mixed development project
- 2) India – Tendering for projects under Rail/Road (EPCC/HAM)
- 3) Singapore – Venturing into piling

In-house Prospect:

Vying for construction of Sunway Berhad's balance 3 hospital expansion and various external mixed development

Steady Dividend Flow

FYE 2017 to 2018 : 7 cents p.a / > 60% PATMI
FYE 2019 : 1ST tranche 3.5 cents

SunCon is able to sustain/cushion through the momentary review of major infrastructure projects locally through in-house, existing order book and our future ventures overseas

Overview of Key Performance Highlights



RM mil	Unaudited	Unaudited	Restated	Restated	Restated	Restated	Restated
	Q2 FY 2019 April-Jun 19	Q1 FY 2019 Jan-Mar 19	Q4 FY 2018 Oct-Dec 18	Q3 FY 2018 Jul-Sept 18	Q2 FY 2018 April-Jun 18	Q1 FY 2018 Jan-Mar 18	YTD 2018 Jan-Dec 18
Revenue	440.2	440.0	626.1	557.3	544.3	529.2	2,256.8
PBT	41.2	40.1	47.2	46.8	45.1	43.6	182.7
PBT Margin	9.4%	9.1%	7.5%	8.4%	8.3%	8.2%	8.1%
PATMI	33.2	31.0	36.5	36.3	35.8	35.8	144.3
PATMI Margin	7.5%	7.0%	5.8%	6.5%	6.6%	6.8%	6.4%
EPS * (sen)	2.57	2.40	2.82	2.81	2.77	2.77	11.17

* Based on weighted average number of shares

RM mil	Q2 FY 2019		Q1 FY 2019		Q4 FY 2018		Q3 FY 2018		Q2 FY 2018		Q1 FY 2018		YTD 2018	
	Unaudited		PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI
Profit as Announced	41.2	33.2	40.1	31.0	47.2	36.5	46.8	36.3	45.1	35.8	43.6	35.8	182.7	144.3
Special Items:														
Disposal (gain)/loss	0.1	0.1	(0.3)	(0.3)	-	-	0.1	0.1	(0.1)	(0.1)	(1.0)	(1.0)	(1.0)	(1.0)
Impairment (reversal)/prov	(0.7)	(0.7)	0.1	0.1	-	-	2.5	2.5	(0.3)	(0.3)	-	-	2.2	2.2
Write off (gain)/loss	0.1	0.1	-	-	-	-	(1.5)	(1.5)	0.3	0.3	-	-	(1.2)	(1.2)
Foreign exchange (gain)/loss	(0.3)	(0.3)	0.1	0.1	(1.1)	(1.1)	0.1	0.1	0.1	0.1	0.3	0.3	(0.5)	(0.5)
Accretion of financial (assets)/liabilities	(1.2)	(1.2)	(1.0)	(1.0)	-	-	0.8	0.8	1.1	1.1	-	-	1.9	1.9
Arbitration (gain)/loss**	(0.8)	(0.8)	(2.0)	(2.0)	0.0	0.0	(0.1)	(0.1)	(1.8)	(1.8)	(1.8)	(1.8)	(3.6)	(3.6)
Profit (Net of Special Items)	38.3	30.3	37.0	27.9	46.1	35.4	48.7	38.2	44.4	35.1	41.2	33.3	180.4	142.0

Balance Sheet and Gearing

RM'mil	Financial Year Ended 30/06/2019 (Unaudited)	Financial Period Ended 31/12/2018 RESTATED
Non-current Assets	212	231
Current Assets	1,784	1,537
Total Assets	1,997	1,768
Current Liabilities	1,221	1,063
Non-current Liabilities	170	114
Total Liabilities	1,391	1,176
Shareholders' Funds	603	590
Non-Controlling Interests	2	1
Total Equity	605	591
Total Equity & Liabilities	1,997	1,768
Total Bank Borrowings	214	114
Cash & Placement Funds	624	485
Net Gearing Ratio	Net Cash	Net Cash
Share Capital	259	259
Net Assets Per Share	0.47	0.46

Construction Segmental Review (1/3)

<u>Construction</u>	<u>Q2 19</u>	<u>Q1 19</u>	<u>YTD Q2 19</u>	<u>Q4 18</u>	<u>Q3 18</u>	<u>Q2 18</u>	<u>Q1 18</u>	<u>YTD Q2 18</u>
Revenue (RM'mil)	406.3	407.0	813.3	595.3	524.1	511.6	492.1	1,003.7
PBT (RM'mil)	41.2	40.0	81.2	50.1	48.7	42.9	40.0	82.9
PBT Margin	10.1%	9.8%	10.0%	8.4%	9.3%	8.4%	8.1%	8.3%

- **Turnover**

YoY → Construction segment reported revenue of RM406.3 million and profit before tax of RM41.2 million compared to revenue of RM511.6 million and profit before tax of RM42.9 million in the corresponding quarter of the preceding financial year. Lower revenue in the current quarter was due to Parcel F, Putrajaya which was physically substantially completed last quarter coupled with delay in LRT 3 package GS0708 due to cost optimization by the client.

- **PBT**

YoY → Profit margin for the current quarter was higher due to recognition of final account.

- **Cashflow**

Net cash generated from operating activities for the period ended 30 June 2019 stood at RM88.2 million compared to RM230.9 million recorded in the corresponding preceding financial year. The higher operating cashflow for the corresponding preceding financial year was mainly from milestone payment, bullet payment and advance money collected during the said period.

Construction Segmental Review (2/3)

- **Prospect**

On June 2019, we have achieved our RM1.5 billion target new order with the latest newly secured Petronas Leadership Centre, Bangi. With this new award, our outstanding order book now stands at RM5.8 billion. We are not resting on our laurels as we are still pursuing various tender locally and abroad as we hope to secure our first overseas job this year. In the meantime, SunCon will continue to focus on delivering its outstanding order.

The Malaysian economic growth has surpassed expectations, after a stronger GDP growth rate of 4.9% was announced for the second quarter of 2019 (1Q 2019 : 4.5%) with construction growth at 0.5%, a slight improvement from 0.3% registered in first quarter 2019. Malaysia's construction sector will be revived as the RM44 billion East Coast Rail Link will proceed. Some believes that the High Speed Rail ("HSR") could be revived in the next 12 months as well. There is also opportunities within the sustainable energy sector such as in the development of Large Scale Solar (LSS) Phase 3.

SunCon is cautiously optimistic with the prospect but will still continue with our endeavor overseas in India and ASEAN region. Coupled with various in-house projects in the pipeline by our holding company, Sunway Berhad, we are assured of our prospects going forward barring any unforeseen circumstances.

Precast Concrete Segmental Review (1/2)



<u>Precast Concrete</u>	<u>Q2 19</u>	<u>Q1 19</u>	<u>YTD Q2 19</u>	<u>Q4 18</u>	<u>Q3 18</u>	<u>Q2 18</u>	<u>Q1 18</u>	<u>YTD Q2 18</u>
Revenue (RM'mil)	33.9	33.0	66.9	30.7	33.2	32.7	37.1	69.8
PBT (RM'mil)	0.0	0.1	0.1	(2.9)	(1.9)	2.2	3.6	5.8
PBT Margin	0.1%	0.2%	0.1%	(9.5%)	(5.6%)	6.6%	9.7%	8.4%

- **Turnover.**

YoY → Precast segment reported revenue of RM33.9 million and breakeven position in respect to profitability compared to revenue of RM32.7 million and profit before tax of RM2.2 million in the corresponding quarter of the preceding financial year. Revenue recorded for the current quarter was broadly in line with corresponding quarter.

- **PBT**

YoY → Precast's profit was lower for the current quarter as current projects are yielding lower margin.

Precast Concrete Segmental Review (2/2)

- Prospect

Over in Singapore, Fitch Solutions Macro Research said in their July 2019 report that the construction sector is likely to grow by 3 per cent in 2019, supported by an expected short-term stronger performance in the building sector. The research firm adjusted its short-term growth outlook for the construction sector, up from its previous 2.8 per cent forecast for 2019, after it had also made upward revisions of its forecasts for the residential and non-residential building sector in Singapore. Our precast unit which predominantly operates in Singapore should be resilient due to its healthy outstanding order which stands at RM294 million (refer to appendix 1). The Housing and Development Board (HDB) reported that a total of 13,842 units of flats have been launched up to August 2019 (2018 : 15,811; 2017 : 17,593; 2016 : 17,891) and for FYE 2019, HDB will launch about 15,000 new flats. For year ending 2019, this segment will continue to have margin pressure due to low margin jobs secured earlier. Newer projects secured during FYE 2018 have better pricing but will only start contributing to the earnings of SunCon towards end of 2019.

Outstanding Order Book : 5.7b



As at Jun 2019 (RM mil)	Completion	Contract Sum	O/S Orderbook
Building			1,319
Putrajaya Parcel F	1Q 2019	1,610	50
PPA1M Kota Bharu	1Q 2020	582	105
Nippon Express	4Q 2019	70	30
TNB HQ Campus (Ph 2)	2Q 2021	781	756
PLC	2Q 2021	310	310
Oxley Tower	2Q 2022	68	68
Infrastructure/Piling			2,259
MRT V201 + S201	2Q 2021	1,213	243
LRT 3 : Package GS07-08	2Q 2021	2,178	1,882
Piling works	Various	128	47
Piling works - Y19	Various	99	88
Internal			1,911
SMC 4	2Q 2021	512	417
Emerald Residences	3Q 2019	175	7
Big Box - Iskandar	4Q 2019	170	9
Sunway Serene	4Q 2020	449	294
Velo 2	4Q 2021	352	328
Velocity 3C4	2Q 2021	100	88
Sunway GEOLake	1Q 2021	223	142
Carnival Mall Ext	4Q 2020	286	241
SMC Seberang Jaya	4Q 2020	180	159
Velocity Ecodeck	3Q 2019	11	9
M&E works	3Q 2019	27	4
Big Box Hotel	3Q 2020	100	93
Parcel CP2	3Q 2021	119	119
Singapore			294
Precast	Various	331	234
New Order 2019	Various	60	60
Grand Total		10,132	5,783
Red : Secured in 2019		1,537	1,494

New Order Book Secured : 2019 (To-date)

Projects (2019 new awards)	Client	Duration	Contract Sum (RM'mil)
TNB HQ Campus Development (Phase 2)	Tenaga National Berhad	26 months	781.3
LRT 3 - GS10 piling works	SN Akmida	12 months	47.6
LRT 3 - GS06 piling works	Rahimkon	4 months	12.8
Transit Oriented Development - Plot 7MD7	Putrajaya Development Sdn Bhd	16 months	38.8
Big Box Hotel (14 floor, 288 rooms)	Sunway MarketPlace Sdn Bhd	16 months	99.5
Kallang Whampoa C57 (Precast)	Hock Guan Cheong Builder Pte Ltd	36 months	29.5
Punggol North C14 (Precast)	Hong Leong Building Materials Pte Ltd	18 months	26.6
Precast -others			3.8
CP2 - Earthwork and pilings	Sunway SouthQuay Sdn Bhd	20 months	119.0
Oxley mixed development in Jalan Ampang - Electrical and ELV	NSC for Oxley Rising Sdn Bhd. Main Contractor : Ssangyong Engineering & Construction Co Ltd	35 months	67.8
Petronas Leadership Centre, Bangi	Petronas Management Training Sdn Bhd	20 months	310.0
Grand Total till June 2019			1,536.7

Target NEW order book for FYE 2019 : RM 1.5b

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

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

New projects secured 2019



Petronas Leadership Center, Bangi

Contract Sum : RM310 mil

Client : Petronas

Completion : 1Q2021

TNB Campus, Bangsar

Contract Sum : RM781.3 mil
(13.6 acres)

Client : Tenaga Nasional Berhad

Completion Year : 1Q2021



Sunway Serene, Kelana Jaya

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Sunway Geolake, South Quay Sunway

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MRT V201 - Sg Buloh to Persiaran Dagang

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*Damansara Damai
Main Station*

*Sri Damansara East
(SDE) Station*



Pier Works, LRT 3 GS0708



Thank You

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Next quarter announcement on 19 Nov 2019

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