

SUNWAY[®]

CONSTRUCTION



Sunway Construction Group Berhad

Q3 2020 Results Review Pack

19 November 2020

3Q 2020 HIGHLIGHTS

“ SunCon achieves new target order of 2.3b and results of 3Q 2020 indicates that we have achieved pre-pandemic operation level”

3Q 2020 vs 3Q 2019

- 1) Turnover increased by > 4.2%(from 402.6m to 419.4m)
- 2) PBT increased by > 1.1% (from 35.6m to 36.0m)

M'sia (Construction) – Operations has resumed to normal pre-pandemic level and bottom line was bolstered by final account despite higher provision made for MFRS 9.

S'pore (Precast) - As at Sept 2020, all of our jobs were given the green light to commence work by the Singapore government (June 2020 : 19%). Expects the coming quarter result to improve.

Dividend

FYE 2020: 1st tranche 1.25 cents (paid on 24 Sept 2020)

Outstanding Order Book @ Sept 2020 : RM 5.3

- Achieves its target of 2b order book with 2.3b secured up to date
- Active Tender O/S = RM5.3b (>50% overseas i.e India, S'pore, Philippines)

3Q 2020 AWARDS



30 Sept 2020 : Mr Devanesan Evanson, CEO of MSWG presenting award to Mr Chung Soo Kiong, Group Managing Director of Sunway Construction Group Berhad

MSWG-ASEAN CORPORATE GOVERNANCE AWARDS 2019

Sunway Construction Group Berhad emerged as

- 1) Top 10 for the overall CG & Performance 2019
- 2) 2nd placing for Industry Excellence Award 2019

The ASEAN CG Scorecard adopts the OECD Principles of Corporate Governance as the main benchmark which covers the five areas below:

- Rights of Shareholders
- Equitable Treatment of Shareholders
- Role of Stakeholders
- Disclosure and Transparency
- Responsibilities of the Board

Overview of Key Performance Highlights



RM mil	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	Q3 FY 2020	Q2 FY 2020	Q1 FY 2020	YTD 2020	Q3 FY 2019	Q2 FY 2019	Q1 FY 2019	YTD 2019	
	Jul-Sept 20	April-Jun 20	Jan-Mar 20	Jan-Sept 20	Jul-Sept 19	April-Jun 19	Jan-Mar 19	Jan-Sept 19	
Revenue	419.4	140.2	365.8	925.4	402.6	440.2	440.0	1,282.8	
PBT	36.0	2.3	21.2	59.5	35.6	41.2	40.1	116.9	
PBT Margin	8.6%	1.7%	5.8%	6.4%	8.9%	9.4%	9.1%	9.1%	
PATMI	24.0	2.2	16.4	42.7	33.5	33.2	31.0	97.7	
PATMI Margin	5.7%	1.6%	4.5%	4.6%	8.3%	7.5%	7.0%	7.6%	
EPS * (sen)	1.86	0.17	1.27	3.30	2.60	2.57	2.40	7.57	

RM mil Unaudited	Q3 FY 2020		Q2 FY 2020		Q1 FY 2020		YTD 2020		Q3 FY 2019		Q2 FY 2019		Q1 FY 2019		YTD 2019	
	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI
Profit as Announced	36.0	24.0	2.3	2.2	21.2	16.4	59.5	42.7	35.6	33.5	41.2	33.2	40.1	31.0	116.9	97.7
<i>Special Items:</i>																
Assets Write (back)/off							-	-					0.0	0.0	0.0	0.0
Disposal (gain)/loss	(3.7)	(3.7)	0.0	0.0	(0.0)	(0.0)	(3.7)	(3.7)	(0.1)	(0.1)	0.1	0.1	(0.3)	(0.3)	(0.4)	(0.4)
Impairment (reversal)/prov	5.0	5.0	1.4	1.4	0.5	0.5	6.9	6.9	(1.2)	(1.2)	1.4	1.4	0.1	0.1	0.3	0.3
Write off (gain)/loss		-	(0.1)	(0.1)	-	-	(0.1)	(0.1)	1.3	1.3	0.1	0.1		-	1.4	1.4
Foreign exchange (gain)/loss	0.2	0.2	0.0	0.0	(0.1)	(0.1)	0.1	0.1	0.1	0.1	(0.3)	(0.3)	0.1	0.1	(0.2)	(0.2)
Translation (gain)/loss on foreign branches	2.3	2.3					2.3	2.3						-	-	-
Fair value (gain)/loss	0.1	0.1	0.9	0.9	0.9	0.9	1.9	1.9							-	-
Accretion of financial (assets)/liabilities	0.2	0.2	0.2	0.2	0.0	0.0	0.4	0.4	0.8	0.8	(1.2)	(1.2)	(1.0)	(1.0)	(1.5)	(1.5)
Goodwill (reversal)/prov	3.6	3.6					3.6	3.6							-	-
Profit (Net of Special Items)	43.8	31.9	4.7	4.7	22.4	17.6	71.0	54.2	38.6	36.5	40.3	32.3	36.9	27.9	115.9	96.6

FV (gain)/loss inclusive hedging and retention FV

Balance Sheet and Gearing

RM'mil	Financial Year Ended	Financial Year Ended
	30-09-20 (Unaudited)	31-12-19 (Audited)
Non-current Assets	170	195
Current Assets	1,558	1,710
Total Assets	1,729	1,905
Current Liabilities	1,045	1,120
Non-current Liabilities	75	160
Total Liabilities	1,120	1,280
Shareholders' Funds	607	623
Non-Controlling Interests	2	2
Total Equity	609	625
Total Equity & Liabilities	1,729	1,905
Total Bank Borrowings	285	286
Cash & Placement Funds	603	693
Net Gearing Ratio	Net Cash	Net Cash
Share Capital	259	259
Net Assets Per Share	0.47	0.48
Issued & Paid-up Share Cap	1,289.4	1,292.2

Construction Segmental Review

Construction	Q3 2020	Q2 2020	Q1 2020	YTD 3Q20	Q3 2019	Q2 2019	Q1 2018	YTD 3Q19
Revenue	403.4	137.2	329.6	870.2	365.1	406.3	407.0	1,178.4
PBT	34.8	5.8	20.5	61.1	35.4	41.2	40.0	116.6
PBT Margin	8.6%	4.2%	6.2%	7.0%	9.7%	10.1%	9.8%	9.9%

Revenue → Reported revenue of RM403.4 million and profit before tax of RM34.8 million compared to revenue of RM365.1 million and profit before tax of RM35.4 million in the corresponding quarter of the preceding financial year. Higher turnover in current quarter was mainly contributed by building division in central region from the ramping up of progress in our TNB Bangsar project.

PBT → Higher PBT margin in corresponding quarter of preceding year was attributed by finalisation of construction project.

Prospect → Malaysia's economy recorded a smaller contraction of 2.7% in the third quarter ended 2020 (2Q 2020 : -17.1%; 1Q 2020 : 0.7%; 4Q 2019 : 3.6%) with construction sector having a lower negative growth of 12.4% (2Q 2020 : -44.5%; 1Q 2020 : -7.9%; 4Q 2019 : 1.0%). With the continuing movement control restrictions in place, the GDP in 2020 is expected to contract by 4.5% with the economy projected to rebound between 6.5% and 7.5% in 2021. During the recent tabling of Malaysia's Budget 2021, RM15 billion has been allocated to fund several large transport infrastructure projects and the reaffirmation of some key projects such as High-Speed Rail (HSR), Rapid Transit System Link from Johor Bahru to Woodlands, Singapore (RTS) and Mass Rapid Transit 3 (MRT3) in Klang Valley bodes well for the construction sector. 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.

Precast Concrete Segmental Review

<u>Precast Concrete</u>	<u>Q3 20</u>	<u>Q2 20</u>	<u>Q1 20</u>	<u>YTD Q3 20</u>	<u>Q3 19</u>	<u>Q2 19</u>	<u>Q1 19</u>	<u>YTD Q3 19</u>
Revenue (RM'mil)	16.0	3.0	36.2	55.2	37.5	33.9	33.0	104.4
PBT (RM'mil)	1.2	(3.5)	0.7	(1.6)	0.2	0.0	0.1	0.3
PBT Margin	7.5%	>(100%)	1.9%	-2.8%	0.6%	0.1%	0.2%	0.3%

Revenue → Reported revenue of RM16.0 million with profit before tax of RM1.2 million compared to revenue of RM37.5 million and profit before tax of RM0.2 million in the corresponding quarter of the preceding financial year. Revenue recorded for the current quarter was lower by 57.3% as precast segment was still affected by the Circuit Breaker and movement restriction in the foreign workers dormitories. As at 30 Sept 2020, all of our jobs were given green light to commence work by the Singapore government (June 2020 : 19%).

PBT → Despite lower turnover, precast segment registered a profit due to reversal of 2019 bonus not utilized and recognition of higher margin projects. Our precast segment is expected to gradually resume operations to pre-pandemic level in the coming fourth quarter 2020.

Prospect → Over in Singapore, the overall economy expanded by 7.9% in third quarter of 2020 (2Q 2020 : -42.9%; 1Q 2020 : -3.3%; 4Q 2019 : 0.6%). The construction sector shrank by 44.7% year on year basis in the third quarter, extending the 59.3% year on year shrink in the second quarter of 2020. On a quarter-to-quarter basis, the construction sector grew by 38.7 per cent, a rebound from the sharp contraction of 59.4 percent recorded in the second quarter when most construction activities had to come to a stop due to the Circuit Breaker and movement restriction in the foreign workers dormitories. A total of 16,752 Build-To-Order (2019 : 14,591; 2018 : 15,811) flats has been launched in 2020 (November launched: 5,795, August launched: 7,862, February launched: 3,095) 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 Sep-2020 (RM mil)	Completion	Contract Sum	O/S Orderbook	
Building			1,048	20%
Putrajaya Parcel F	Maintenance	1,610	20	
PPA1M Kota Bharu	2Q 2021	582	58	
TNB HQ Campus (Ph 2)	2Q 2021	781	614	
PLC	2Q 2021	310	248	
Oxley Tower (MEP)	2Q 2022	68	63	
IOI Mall (MEP)	2Q 2021	68	45	
Infrastructure/Piling			800	15%
MRT V201 + S201	4Q 2020	1,213	36	
LRT 3 : Package GS07-08	4Q 2022	1,295	655	
Piling works	Various	99	7	
Sentul West Station (MEP)	1Q 2021	57	50	
Chan Sow Lin KVMRT UG St (MEP)	4Q 2021	54	52	
India			508	10%
Thorapalli Agraharam - Jittandahalli	4Q 2022	508	508	
Internal			2,658	50%
SMC 4	4Q 2021	450	327	
Sunway Serene	4Q 2021	413	218	
Velo 2	4Q 2021	352	231	
Velocity 3C4	2Q 2021	100	58	
Sunway GEOLake	1Q 2021	223	36	
Carnival Mall Ext	1Q 2021	286	196	
SMC Seberang Jaya	1Q 2021	180	129	
Big Box Hotel	3Q 2020	100	42	
Parcel CP - Piling		119	49	
Parcel CP2 (piling+super)	3Q 2021	344	344	
Belfield		403	403	
SIS	4Q 2022	121	117	
Hotel Guestroom Reno		81	78	
Velo 2B		253	253	
SMC4 + SIS (VO)		177	177	
Renewable Energy (Internal)			7	0%
New Order 2020	2Q 2020	7	7	
Singapore			285	5%
Precast	Various	331	247	
New Order 2020	Various	37	38	
Grand Total @ Sep 2020		10,681	5,306	
<i>Red : Secured in 2020</i>		<i>1,986</i>	<i>1,977</i>	

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	7
Secured-1Q 2020			516
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
Secured-2Q 2020			212
CP2 Mixed Development - Bandar Sunway	Sunway SouthQuay Sdn Bhd	40 months	344
3 blocks of 55/56 storey residential condominium	Sunway Belfield Sdn Bhd	45 months	403
Sunway International School - Bandar Sunway (Add VO)	Sunway Education Group Sdn Bhd	30 months	15
Sunway Resort Hotel and Spa Renovation Works (MEP)	Deco Style Sdn Bhd	13 months	81
Sunway Medical Phase 4 (Add VO)	Sunway Medical	22 months	162
Sunway Velocity TWO- 2 blocks of serviced residence	Sunway Velocity TWO Sdn Bhd	34 months	253
Secured -3Q 2020			1,258
Total Secured YTD 30 Sept 2020			1,986
Meensurutti - Chidambarm 32km	National Highway Authority of India	24 months	315.0
Roof top solar-3 factories in Karak, Shah Alam and Pulau Indah	F&N Group of companies	12 months	18.1
Total Secured YTD 28 October 2020			2,319

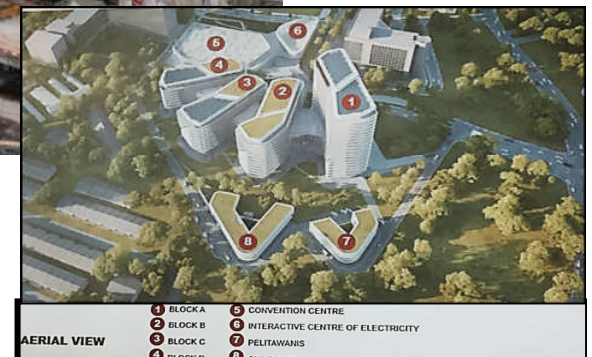
Target NEW order book → FYE 2020 : RM2b

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

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Sunway Geolake, South Quay Sunway

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THANK YOU

**Delivering Excellence,
Embracing Sustainability**



Building Construction Services • Infrastructure Services • Mechanical, Electrical & Plumbing Services
Geotechnical Engineering Services • Precast Concrete Products • Building Information Modeling
• Renewable Energy Services

Next quarter announcement on 23rd February 2021