
SunCon 3Q profit slides on lower construction segment contribution

BY WONG EE LIN

KUALA LUMPUR: Sunway Construction Group Bhd's (SunCon) net profit fell 8% to RM33.48 million for the third quarter ended Sept 30, 2019 (3QFY19), from RM36.39 million, no thanks to lower revenue from its construction segment.

Earnings per share, accordingly, fell to 2.6 sen from 2.82 sen, its Bursa Malaysia filing yesterday showed. Its revenue fell 28% to RM402.58 million from RM557.32 million, as most of SunCon's existing projects are just at their initial stages.

The company also attributed the lower revenue to a delay in the Light Rail Transit Line 3 package GS0708, due to the client's cost optimisation measures.

Its cumulative profit for the first nine months of FY19 fell 9% to RM97.69 million or 7.56 sen per share, from RM107.93 million or 8.36 sen per share last year. Its revenue declined 21% to RM1.28 billion from RM1.63 billion.

Earnings for the cumulative period were lower due to lower profits in the construction and precast segments, the group said.

SunCon said it expects to continue delivering satisfactory results for the last quarter of this year, barring any unforeseen circumstances.

As of end-September, its new job wins amounted to RM1.73 billion compared with the targeted RM1.5 billion, bringing its outstanding order book to RM5.6 billion.

"Our strong order book will sustain us for the next three to four years," said its group managing director Chung Soo Kiong in a separate statement.

"While waiting for local projects to be reviewed, we will continue to bid for in-house projects from Sunway Bhd and continue to pursue our ambition to expand in Asean."

He added that SunCon has RM7.4 billion worth of active tenders and is expecting projects to be awarded in Myanmar and India by the first half of 2020.

"In our last quarterly report, we mentioned about targeting to secure our first overseas project this year, but this is likely deferred to the next financial year as the overseas tenders have been delayed by the project owners," said SunCon.