

KUALA LUMPUR (Aug 19): Sunway Construction Group Bhd's (SunCon) net profit more than trebled to RM8.34 million for the second quarter ended June 30, 2021 (2QFY21), from RM2.19 million a year ago, on better contribution from its business segments.

Quarterly revenue rose 167.7% to RM375.27 million, from RM140.18 million previously, underpinned by higher contribution from the construction and precast segments, as well as the low base effect, the group said in a bourse filing.

Revenue for the construction segment surged 154.5% to RM349.2 million, while profit before tax (PBT) jumped 63.8% to RM9.5 million, the group said.

"The increase in revenue and PBT was primarily attributable to the difference in duration between the first movement control order (MCO 1.0), and the full movement control order (MCO 3.0) implemented on June 1, 2021.

"During the MCO 1.0, all construction activities were halted for approximately two months. Meanwhile, MCO 3.0 affected one month of productivity in June 2021. PBT margin was higher in the corresponding quarter in the preceding year, due to lower overhead," said SunCon.

The group said its precast segment's quarterly revenue improved to RM26.1 million, from RM3 million a year earlier, due to a shorter closure duration of precast facilities. Correspondingly, PBT improved from a loss of RM3.5 million

SunCon 2Q net profit surges three folds on improved business performance

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previously to break even in the quarter.

SunCon has proposed a first interim dividend of 1.25 sen, equivalent to more than 56% of its profit after tax and minority interests, to be paid on Sept 29.

For the cumulative six-month ended June 30, the group's net profit jumped 54.05% to RM28.57 million, from RM18.54 million in the same period last year, as revenue increased 64.12% to RM830.47 million from RM506 million.

In a press statement, SunCon group managing director Chung Soo Kiong said the group is encouraged by the government's decision to allow the construction industry under Phase 1 of the National Recovery Plan to operate with capacity based on the percentage of fully vaccinated workers.

But he cautioned that the headwinds confronting the uncertainties in policy making may potentially stall the implementation of

large-public infrastructure projects, coupled with the fluctuation of construction materials prices, congestion at ports, shortage of skilled workers due to border closures and uncertainties in Covid-19 containment measures such as quarantine protocols and compulsory sporadic fortnightly testing.

"Despite the headwinds, SunCon strives to sustain our performance for the year through diversification to overseas markets, opportunities in sustainable energy and capitalizing on Sunway Group's synergy for in-house projects", he added.

SunCon shares closed unchanged at RM1.58 today, valuing the group at RM2.04 billion.

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