

# SunCon's 1Q net profit falls 47% on MCO impact, but group optimistic on prospects

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KUALA LUMPUR (May 21): Sunway Construction Group Bhd's (SunCon) first quarter net profit fell 47% year-on-year to RM16.35 million from RM31.02 million, largely because of the imposition of the Movement Control Order (MCO) in March.

Revenue in the first quarter ended March 31, 2020 dropped 17% at RM365.83 million from RM440.04 million a year ago.

In a filing today, the group said its revenue was impacted from March 18 when the first phase of the MCO took effect.

Profit margins also saw a decline as a result of lower turnover while maintaining its fixed overhead, it said.

However, unlike the construction segment, the group said its precast segment performed better with a 10% increase in revenue supported by its current order book.

In a separate statement, SunCon said it has secured two new work orders worth RM175 million, which brings its total order book to RM688 million.

Its outstanding orderbook however stood at RM5.4 billion as at March 31, higher than the group's targeted orderbook figure for this year of RM2 billion.

The first project, to be completed in two years, is the construction of a new campus for Sunway International School worth RM121 million.

The second involves mechanical, electrical and plumbing works for the Chan Sow Lin underground MRT station project worth RM54 million, which is expected to be completed next year.

SunCon managing director Chung Soo Kiong acknowledges the challenging period for the construction sector, but said with a strong net cash position and stringent cost control measures, he is optimistic on the group's prospects.

"SunCon hopes to minimise construction delays due to non-work activity of more than two months during the MCO and conditional MCO period, and recover project progress.

"Precautionary measures will be strictly adhered to in order to prevent the spread of the coronavirus and to ensure the physical safety of our workers at the construction site," said Chung.

The group added it will continue its strategy to expand overseas and focus on its in-house pipeline projects by its intermediate holding company, Sunway Group, for its sustained growth.

Shares of SunCon took a nose dive a day after the Government implemented the MCO, falling to RM1.29 on March 19. It has since rebounded 52% to close at RM1.96 today.