



Sunway Construction Group Berhad

Q1 2018 Results Review Pack

17 May 2018



SUNWAY[®]
CONSTRUCTION

1Q 2018 HIGHLIGHTS

FYE 2018 secured to-date = RM541m
(Mgmt target for 2018 1.5b to 2.0b)

Outstanding Order Book
@ Mar 2018 : RM6.1b (Dec'17 = RM6.1b)

Turnover improved by 26%:
1Q 2018 : 529m vs 1Q 2017 : 420m

PBT Margin improved :
1Q 2018 : 8.3% vs 4Q 2017 : 5.8%

Short Term [2018/19] : Vying for
construction of Sunway Berhad 's 5
hospital expansion & main contractor for
HSR, MRT3 and LRT Penang

Medium Term [2020 and beyond] : Asean
expansion and Precast ICPH expansion

Bright Prospect for 2018 and
beyond riding on infrastructure
boom

Overview of Key Performance Highlights



RM mil	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	RESTATED
	Q1 FY 2018	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017	YTD 2017
	Jan-Mar 18	Oct-Dec 17	Jul-Sept 17	April-Jun 17	Jan-Mar 17	Jan-Dec 17
Revenue	529.2	748.2	491.3	417.3	419.5	2,076.3
PBT	43.7	43.3	42.2	41.9	43.3	170.7
PBT Margin	8.3%	5.8%	8.6%	10.0%	10.3%	8.2%
PATMI	35.9	31.0	33.7	35.9	33.8	134.4
PATMI Margin	6.8%	4.1%	6.9%	8.6%	8.1%	6.5%
EPS * (sen)	2.77	2.40	2.61	2.78	2.61	10.40

RM mil	Q1 FY 2018		Q4 FY 2017		Q3 FY 2017		Q2 FY 2017		Q1 FY 2017		YTD 2017		
	Unaudited	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI
Profit as Announced		43.7	35.9	43.3	31.0	42.2	33.7	41.9	35.9	43.3	33.8	170.7	134.4
<i>Special Items:</i>													
Assets Write (back)/off		-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1
Disposal (gain)/loss		(1.0)	(1.0)	(0.1)	(0.1)	(0.7)	(0.7)	(0.2)	(0.2)	0.1	0.1	(0.9)	(0.9)
Impairment (reversal)/prov		-	-	(1.0)	(1.0)	2.8	2.8	(4.7)	(4.7)	3.8	3.8	0.9	0.9
Write off (gain)/loss		-	-	(0.3)	(0.3)	2.1	2.1	-	-	-	-	1.8	1.8
Foreign exchange (gain)/loss		0.3	0.3	0.7	0.7	(0.0)	(0.0)	(0.1)	(0.1)	(0.7)	(0.7)	(0.1)	(0.1)
Translation (gain)/loss on foreign branches		-	-	(3.5)	(3.5)							(3.5)	(3.5)
Accretion of financial (assets)/liabilities		-	-	2.9	2.9	-	-	-	-	-	-	2.9	2.9
Arbitration (gain)/loss**		(1.8)	(1.8)	-	-	-	-	(2.9)	(2.9)	(3.2)	(3.2)	(6.1)	(6.1)
Profit (Net of Special Items)		41.3	33.4	42.1	29.7	46.4	37.9	33.9	27.9	43.4	33.9	165.8	129.4

Balance Sheet and Gearing

RM'mil	Financial Year Ended 31-03-18 (Unaudited)	Financial Year Ended 31-12-17 RESTATED	Financial Year Ended 31-12-16 (Audited)
Non-current Assets	184	158	155
Current Assets	1,570	1,724	1,442
Total Assets	1,755	1,882	1,597
Current Liabilities	1,163	1,325	1,103
Non-current Liabilities	8	7	1
Total Liabilities	1,170	1,332	1,104
Shareholders' Funds	583	549	493
Non-Controlling Interests	1	1	1
Total Equity	584	550	494
Total Equity & Liabilities	1,755	1,883	1,597
Total Bank Borrowings	46	135	137
Cash & Placement Funds	502	487	466
Net Gearing Ratio	Net Cash	Net Cash	Net Cash
Share Capital	259	259	259
Net Assets Per Share	0.45	0.43	0.38

Construction Segmental Review

<u>Construction</u>	<u>Q1 18</u>	<u>Q4 17</u>	<u>Q3 17</u>	<u>Q2 17</u>	<u>Q1 17</u>	<u>YTD Q4 17</u>
Revenue (RM'mil)	492.1	721.7	471.7	387.2	350.7	1,931.3
PBT (RM'mil)	40.1	40.2	39.8	35.6	27.5	143.1
PBT Margin	8.1%	5.6%	8.4%	9.2%	7.8%	7.4%

- Turnover**

YoY → The construction segment reported revenue of RM492.1 million and profit before tax of RM40.1 million compared to revenue of RM350.7 million and profit before tax of RM27.5 million in the corresponding quarter of the preceding financial year. The higher revenue in the current quarter by 40.3% was due to higher contribution from Building division in Central region due to higher progress of work mainly from Parcel F, Putrajaya and International School of Kuala Lumpur.

- PBT**

YoY → Construction profit margin for both quarters under review remained relatively the same.

- Risk**

On risk aspect, price of steel bar prices did not change much during the first quarter 2018 as compared to December 2017 month's price of RM2,700 per tonne.

Construction Segmental Review (Cont'd)



- **Cashflow**

Net cash generated from operating activities for the current quarter stood at RM 178.1 million compared to negative RM13.6 million recorded in the corresponding quarter of the preceding financial year. The increase is from the improvement in collection mainly from collection of milestone payment, bullet payment and advance money collected during the said quarter.

- **Prospect**

The Group's outstanding order book as at March 2018 amounted to RM6.1 billion (refer to appendix 1) with RM542 million new order book win in first quarter 2018. We maintain our new order book target of RM1.5 billion to RM2.0 billion for the financial year 2018.

Bank Negara Malaysia ("BNM") has raised its forecast for Malaysia's economic growth this year to 5.5% to 6.0% (2017: 5.9%, 2016 : 4.2%). In its 2017 Annual Report, the central bank said its optimistic outlook was due to continued expansion in domestic demand and key economic sectors as well as strengthening exports that will ensure its current account surplus is sustained. As to the construction sector, BNM's forecast for 2018 is at 7.3% (2017 : 6.7%, 2016 : 7.4%) driven primarily by large new and existing multi-year civil engineering projects. Based on this, going forward in 2018, we expect the construction sector to sustain its growth momentum.

Based on the above and barring any unforeseen circumstances, SunCon expects to perform satisfactorily in the coming financial year 2018.

Precast Concrete Segmental Review

<u>Precast Concrete</u>	<u>Q1 18</u>	<u>Q4 17</u>	<u>Q3 17</u>	<u>Q2 17</u>	<u>Q1 17</u>	<u>YTD Q4 17</u>
Revenue (RM'mil)	37.1	26.5	19.6	30.1	68.8	145.0
PBT (RM'mil)	3.6	3.1	2.4	6.3	15.8	27.6
PBT Margin	9.7%	11.8%	12.2%	20.9%	23.0%	19.0%

- Turnover.**

YoY → The precast segment reported revenue of RM37.1 million and profit before tax of RM3.6 million compared to revenue of RM68.8 million and profit before tax of RM15.8 million in the corresponding quarter of the preceding financial year. The lower revenue in the current quarter by 46.1% was due to a longer delivery period on its existing outstanding order book

- PBT**

YoY → . Precast's profit margin for the current quarter was impacted due to higher steel bar prices compared to tender price as steel content contributes to approximately 30% of its total cost and the stiff competition on pricing.

- Prospect**

At Singapore front, the GDP growth in first quarter 2018 was at 4.3% (2017 : 3.6%, 2016 : 2.4%) with construction sector having a negative growth of -4.4% (2017: -8.4%, 2016: 0.2%). Despite the negative growth in construction segment seen in Singapore for first quarter 2018, it is expected that the construction section is likely to bottom out, as property market is forecast to recover in 2018. Our precast unit which predominantly operates in Singapore should be resilient due to it's healthy outstanding order which stands at RM203 million (refer to appendix 1). This translates to approximately one year of turnover which is a norm based on its shorter contract duration. As per Housing and Development Board (HDB), a total of 3,664 units of flats have been launched in February 2018 (2017 : 17,593; 2016 : 17,891 units). This is the first tranche of 17,000 BTO flats to be launched in 2018. Due to the healthy flow of HDB unit launches reported keeping supply steady, prospect of this division for year ending 2018 should be encouraging, albeit margin pressure due to stiff competition and higher rebar prices.

Outstanding Order Book : 6.1b



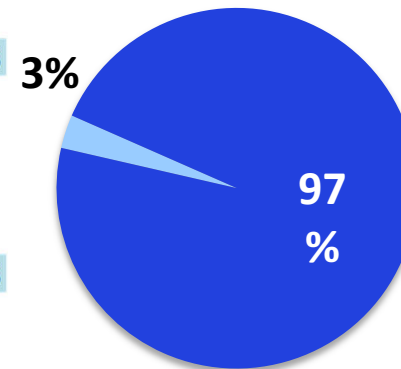
Appendix 1

As at Mar 2018 (RM mil)	Completion	Contract Sum	O/S Orderbook	
Infrastructure/Piling			3,011	49%
MRT V201 + S201 (Sg Buloh-Persiaran Dagang)	2Q 2021	1,213	813	
MRT V201 - Advance Works	4Q 2017	53	16	
SUKE + DASH (Bore Piling)	2Q 2018	34	14	
BBCC (Bore Piling)	1Q 2018	88	61	
LRT 3 : Package GS07-08	4Q 2020	2,178	2,108	
Building			1,412	23%
Putrajaya Parcel F	3Q 2018	1,610	559	
KLCC (NEC + Package 2 & 2a)	2Q 2018	646	71	
HUKM (MEP works)	2Q 2018	66	36	
International School of Kuala Lumpur	2Q 2018	268	86	
Gas District Cooling (Plant 1)	3Q 2018	152	80	
PPA1M project in Kota Bharu	1Q 2020	582	512	
Warehouse in Shah Alam	3Q 2019	70	69	
Internal			1,517	25%
Sunway Velocity Medical Centre	4Q 2018	185	117	
Sunway Medical Centre 4 (2 towers)	1Q 2019	428	377	
Sunway Iskandar - Emerald Residences	2Q 2018	175	32	
Sunway Iskandar - Retail Complex/Big Box	4Q 2017	170	140	
Sunway Serene - Serviced Residences	4Q 2020	449	355	
Sunway GEOLake	4Q 2020	223	223	
Sunway Carnival Ext	3Q 2020	274	274	
Singapore			203	3%
Precast	Various	374	203	
Grand Total		9,237	6,143	

Red : Secured in 2018

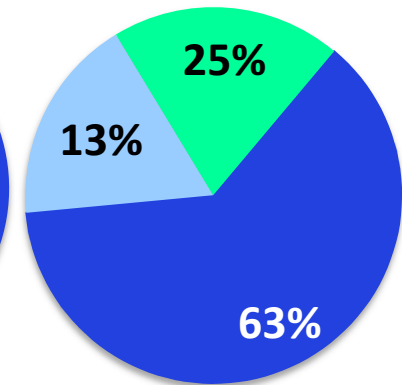
By Country

- Singapore
- Malaysia



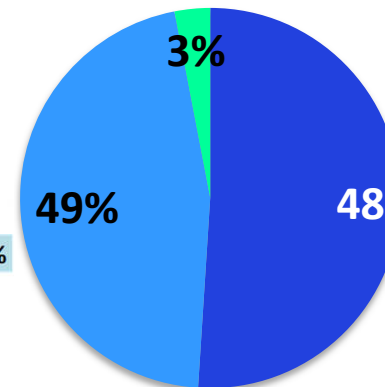
By Customer

- Public
- Private
- Sunway Group



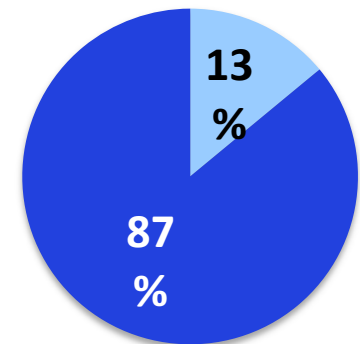
By Business Division

- Civil
- Building
- Precast



Design & Built vs Conventional

- D&B
- Conventional



New Order Book 2018 Secured YTD

Projects (2018 new awards)	Client	Duration	Contract Sum (RM'mil)
Sunway Carnival 2 Extension, Seberang Perai, Penang - PDP contract	Sunway REITS Mgmt Sdn Bhd	32 months	274
Sunway GEOLake 44 storey residential tower at Sunway South Quay. 44 storey/420 units with 44 units of 3 storey townhouse including facility floor and 3 basement carpark	Sunway South Quay Sdn Bhd	36 months	223
Precast	Various		45
Grand Total			542

Target **NEW** order book for **FYE 2018** : **RM 1.5b to RM 2.0b**

New order 2017 : 4.0b, **2016** : 2.7b, **2015** : 2.6b, **2014** : 0.8b, **2013** : 2.9b, **2012** : 1.9b
Outstanding Order book 2017 : 6.6b, **2016** : 4.8b, **2015** : 3.8b, **2014** : 3.0b,
2013 : 3.2b, **2012** : 4.1b

Parcel F – Progress @ May 2018

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ISKL – Progress @ May 2018

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MRT V201 – Progress @ May 2018



Thank You

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