

# **SUNWAY<sup>®</sup>**

## **CONSTRUCTION**



**Sunway Construction Group Berhad**  
**Q1 2020 Results Review Pack**  
**21 May 2020**

# 1Q 2020 HIGHLIGHTS

## 1Q 2020 vs 1Q 2019

- 1) **Turnover decreased by > 17%** (from 440m to 366m)
- 2) **PBT decreased by > 47%** (from 40.1m to 21.2m)

Above decrease impacted by 2 weeks of MCO from 18 March 2020 to 31 March 2020

Share price (YTD March'20 movement)  
Depreciated by 21% (RM1.91 to RM1.51)

KL Construction Index : - 34%  
KLCI : - 15%

**Outstanding Order Book**  
@ Mar 2020 : RM5.4b (Dec 2019 : RM5.2b)

- **New order 2020 : Achieved = RM688 mil**
- **Target 2020 new order: RM 2b (still retaining this target)**
- **Active Tender O/S = RM7.3b (>50% overseas i.e India, Singapore, Myanmar, Philippines)**

# 1Q 2020 – COVID 19 IMPACT & MITIGATION

**Strong net cash position of RM 360mil**

- 1) Able to cover 24 months of fixed overhead**
- 2) FYE 2020(F) capital commitment = RM70m (for ICPH Singapore)**
- 3) India HAM project gearing will only kick in FYE 2H 2021 (project will only commence 4Q 2020 and there will be advance payment of 10% by the client)**
- 4) Pledged cash subsequent to March 2020 : RM63 million (Dec 2020 : RM264m). Reduction in deposit pledged due to restructure of loan.**

# Overview of Key Performance Highlights



RM mil	Unaudited Q1 FY 2020 Jan-Mar 20	Unaudited Q4 FY 2019 Oct-Dec 19	Unaudited Q3 FY 2019 Jul-Sept 19	Unaudited Q2 FY 2019 April-Jun 19	Unaudited Q1 FY 2019 Jan-Mar 19	Audited YTD 2019 Jan-Dec 19
Revenue	365.8	485.9	402.6	440.2	440.0	1,768.7
PBT	21.2	40.5	35.6	41.2	40.1	157.4
PBT Margin	5.8%	8.3%	8.8%	9.4%	9.1%	8.9%
PATMI	16.4	31.6	33.5	33.2	31.0	129.3
PATMI Margin	4.5%	6.5%	8.3%	7.5%	7.0%	7.3%
EPS * (sen)	1.27	2.45	2.60	2.57	2.40	10.02

RM mil Unaudited	YTD Q1 2020		Q4 FY 2019		Q3 FY 2019		Q2 FY 2019		Q1 FY 2019		YTD 2019	
	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI
Profit as Announced	21.2	16.4	40.5	31.6	35.6	33.5	41.2	33.2	40.1	31.0	157.4	129.3
<b>Special Items:</b>												
Disposal (gain)/loss	(0.0)	(0.0)	(2.7)	(2.7)	(0.1)	(0.1)	0.1	0.1	(0.3)	(0.3)	(3.1)	(3.1)
Impairment (reversal)/prov	0.5	0.5	2.0	2.0	0.9	0.9	0.7	0.7	(0.1)	(0.1)	3.6	3.5
Write off (gain)/loss	-	-	5.7	5.7	1.3	1.3	0.1	0.1	-	-	7.1	7.1
Foreign exchange (gain)/loss	(0.1)	(0.1)	0.4	0.4	0.1	0.1	(0.3)	(0.3)	0.1	0.1	0.2	0.2
Fair value (gain)/loss on interest rate swa	0.9	0.9									-	-
Accretion of financial (assets)/liabilities	0.0	0.0	0.1	0.1	0.8	0.8	(1.2)	(1.2)	(1.0)	(1.0)	(1.3)	(1.3)
Arbitration (gain)/loss**	-	-	(1.6)	(1.6)	2.1	2.1	(0.8)	(0.8)	(2.0)	(2.0)	(2.3)	(2.3)
<b>Profit (Net of Special Items)</b>	<b>22.4</b>	<b>17.6</b>	<b>44.4</b>	<b>35.6</b>	<b>40.6</b>	<b>38.5</b>	<b>39.7</b>	<b>31.7</b>	<b>36.8</b>	<b>27.7</b>	<b>161.6</b>	<b>133.4</b>

# Balance Sheet and Gearing

RM'mil	Financial Year Ended 31/03/2020 (Unaudited)	Financial Year Ended 31/12/2019 (Audited)
Non-current Assets	187	195
Current Assets	1,671	1,710
<b>Total Assets</b>	<b>1,858</b>	<b>1,905</b>
Current Liabilities	1,121	1,120
Non-current Liabilities	94	160
<b>Total Liabilities</b>	<b>1,215</b>	<b>1,280</b>
Shareholders' Funds	640	623
Non-Controlling Interests	3	2
<b>Total Equity</b>	<b>642</b>	<b>625</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,858</b>	<b>1,905</b>
Total Bank Borrowings	313	286
Cash & Placement Funds	672	693
<b>Net Gearing Ratio</b>	<b>Net Cash</b>	<b>Net Cash</b>
Share Capital	259	259
<b>Net Assets Per Share</b>	<b>0.50</b>	<b>0.48</b>
Issued & Paid-up Share Cap	1,289.4	1,292.2

# Construction Segmental Review

<u>Construction</u>	<u>YTD Q1 20</u>	<u>Q4 19</u>	<u>Q3 19</u>	<u>Q2 19</u>	<u>Q1 19</u>	<u>YTD Q4 19</u>
Revenue (RM'mil)	329.6	440.5	365.1	406.3	407.0	1,618.9
PBT (RM'mil)	20.4	38.0	35.4	41.2	40.0	154.6
PBT Margin	6.2%	8.6%	9.7%	10.1%	9.8%	9.5%

**Revenue** → Reported revenue of RM329.6 million and profit before tax of RM20.4 million compared to revenue of RM407.0 million and profit before tax of RM40.0 million in the corresponding quarter of the preceding financial year. Lower revenue in the current quarter was due to the impact of 2 weeks of Movement Control Order ("MCO") that was effective from 18 March 2020 to 9 June 2020.

**PBT** → Profit margin for current quarter also saw a decline as a result of lower turnover whilst maintaining its fixed overhead.

**Prospect** → SunCon's outstanding order book now stands at RM5.4 billion (Dec 2019 : RM5.2 billion) with RM513 million new order secured up to March 2020 with the largest being our 8th India project. This 36km highway project which is 40km away from Bangalore city was secured and announced on the 26 March 2020 worth approximately RM508 million. We anticipated that the project will commence after financial close which is due in the last quarter of FYE 2020. The Malaysian economic growth has moderated sharply to 0.7% for first quarter of 2020 (4Q 2019 : 3.6%) with construction sector having a negative growth of 7.9% (4Q 2019 : 1.0%). The moderation reflected the impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic. For the full year, the forecast GDP will be in the region of -2.0% to 0.5% (2019 : 4.3%) as projected by Bank Negara Malaysia. 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. Based on the above, barring any further unforeseen circumstances, the Group is hoping to minimise construction delays due to non-work activity of more than 2 months during the MCO and CMCO period, and recover project progress. Precautionary measures will be strictly adhered to prevent the spread of the coronavirus and to ensure the physical safety of our workers at the construction site. In addition with the Group's strong cash reserve and stringent cost control measures, we are optimistic of overcoming this difficult period.

# Precast Concrete Segmental Review

<u>Precast Concrete</u>	<u>YTD Q1 20</u>	<u>Q4 19</u>	<u>Q3 19</u>	<u>Q2 19</u>	<u>Q1 19</u>	<u>YTD Q4 19</u>
Revenue (RM'mil)	36.2	45.4	37.5	33.9	33.0	149.8
PBT (RM'mil)	0.8	2.5	0.2	0.0	0.1	2.8
PBT Margin	2.1%	5.5%	0.5%	0.1%	0.2%	1.9%

**Revenue** → Reported revenue of RM36.2 million with profit before tax of RM0.8 million compared to revenue of RM33.0 million and profit before tax of RM0.1 million in the corresponding quarter of the preceding financial year. Revenue recorded for the current quarter was higher by 9.9% due to present order book.

**PBT** → Profit margin has improved from better yielding margins projects.

**Prospect** → Singapore's economy is anticipated to have a negative growth in the region of -4.0% to -1.0% (2019 0.7%; 2018 : 3.4%) as announced by Singapore's Ministry of Trade & Industry. Around 16,000 to 17,000 Build-To-Order (2019 : 14,591; 2018 : 15,811)(BTO) flats will be launched in 2020. In February 2020 a total of 3,095 BTO flats have been launched 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. Based on the above, barring any further unforeseen circumstances, the Group is hoping to minimise the impact of COVID-19 through measures to recover project progress from the approximately 2 months of non-work activity both in Malaysia and Singapore.

# Outstanding Order Book : 5.4b

As at Mar 2020 (RM mil)	Completion	Contract Sum	O/S Orderbook
<b>Building</b>			<b>1,191</b>
Putrajaya Parcel F	1Q 2019	1,610	25
PPA1M Kota Bharu	2Q 2021	582	68
TNB HQ Campus (Ph 2)	2Q 2021	781	677
PLC	2Q 2021	310	287
Oxley Tower (MEP)	2Q 2022	68	66
IOI Mall (MEP)	2Q 2021	68	67
<b>Infrastructure/Piling</b>			<b>1,858</b>
MRT V201 + S201	2Q 2021	1,213	142
LRT 3 : Package GS07-08	2Q 2021	2,178	1,622
Piling works	Various	99	19
GS06,09 + GS10	Various	60	17
Sentul West Station (MEP)	1Q 2021	57	57
<b>India</b>			<b>508</b>
<b>Thorapalli Agraharam - Jittandaha</b>	<b>4Q 2022</b>	<b>508</b>	<b>508</b>
<b>Internal</b>			<b>1,512</b>
SMC 4	4Q 2021	450	363
Sunway Serene	3Q 2021	413	243
Velo 2	4Q 2021	352	286
Velocity 3C4	2Q 2021	100	66
Sunway GEOLake	1Q 2021	223	61
Carnival Mall Ext	1Q 2021	286	215
SMC Seberang Jaya	1Q 2021	180	137
Big Box Hotel	3Q 2020	100	63
Parcel CP2 (piling)	3Q 2021	119	79
<b>Renewable Energy (Internal)</b>			<b>4</b>
Sw Pyramid Solar	2Q 2020	3	-
BB Solar	2Q 2020	8	0
<b>New Order 2020</b>	<b>2Q 2020</b>	<b>4</b>	<b>4</b>
<b>Singapore</b>			<b>286</b>
Precast	Various	331	285
<b>New Order 2020</b>	<b>Various</b>	<b>1</b>	<b>1</b>
<b>Grand Total</b>		<b>10,102</b>	<b>5,359</b>
<b>Red : Secured in 2020</b>		<b>513</b>	<b>513</b>



# New Order Book Secured : Q2 2020



**Proposed Sunway International School, Subang**

**Proposed construction of Sunway International School with 3 blocks of teaching facilities for Middle and High School students which includes libraries, multi-purpose hall, kitchen and dining and sports facilities.**

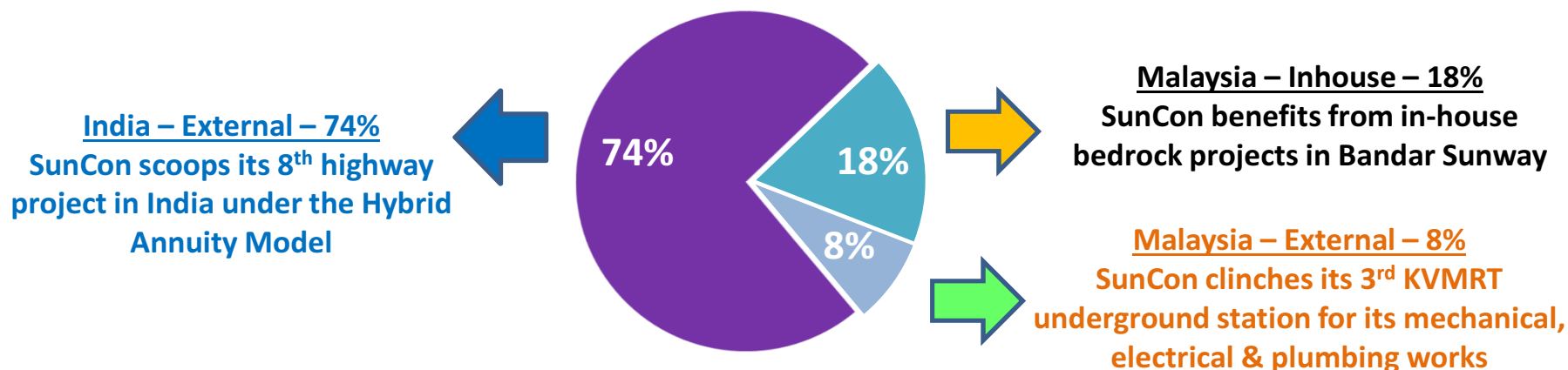
**Contract Sum : RM120,981,263**

**Duration : 25 months**

**Project Owner : Sunway Education Group**

# 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
Rooftop solar projects	In-house		4
Bukit Batok Primary School	Logistic Construction Pte Ltd		1
<b>Secured in 1Q 2020</b>			<b>513</b>
Sunway International School - Bandar Sunway	Sunway Education Group Sdn Bhd	25 months	121
Chan Sow Lin KVMRT underground station (MEP)	MMC Gamuda KVMRT (UGW) JV	12 months	54
<b>Secured in 2Q 2020</b>			<b>175</b>
<b>TOTAL - FY2020</b>			<b>688</b>



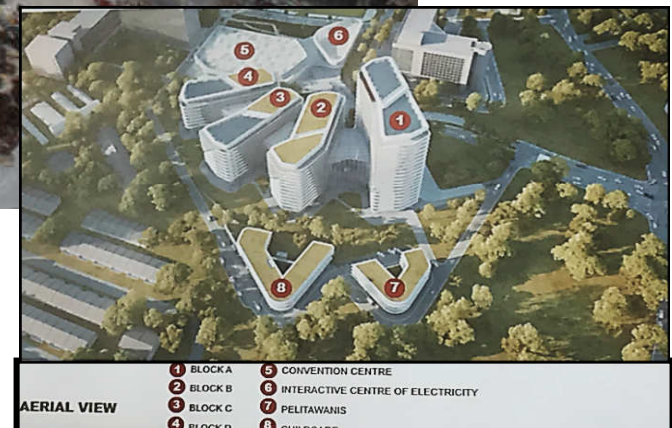
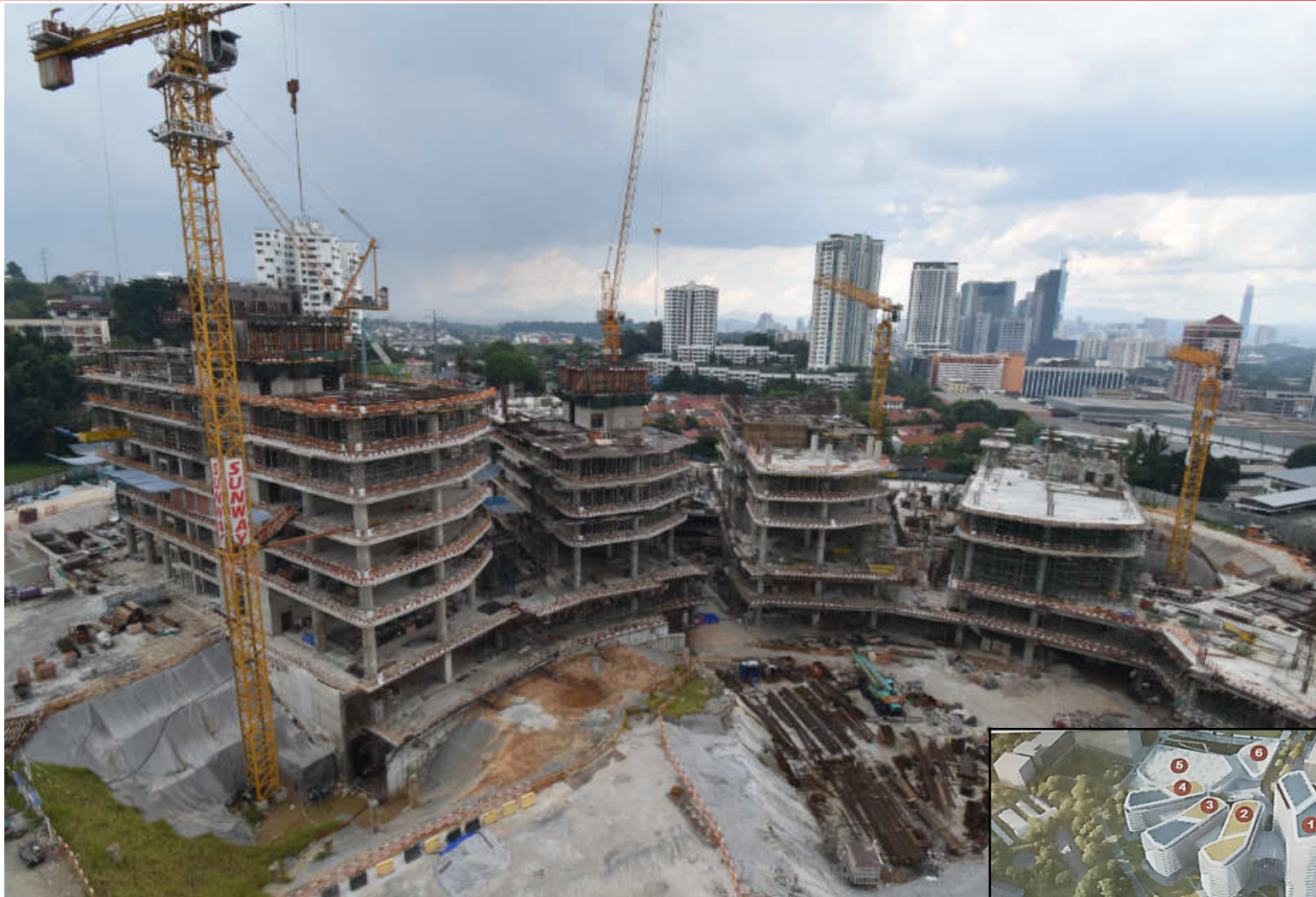
**Target NEW order book  
FYE 2020 : RM2b**

**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

**SUNWAY™**



# Sunway Serene, Kelana Jaya



# Petronas Leadership Centre, Bangi



# Sunway Geolake, South Quay Sunway

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