



Sunway Construction Group Berhad

Q2 2018 Results Review Pack

16 August 2018



SUNWAY[®]
CONSTRUCTION

2Q 2018 HIGHLIGHTS

FYE 2018 secured to-date = RM854m
(Mgmt target for 2018 RM1.5b)

Outstanding Order Book
@ June 2018 : RM5.8b (Dec'17 = RM6.1b)

Turnover improved YoY by 30.4%:
2Q 2018 : 544.3m vs 2Q 2017 : 417.3m
PBT improved YoY by 7.8%
2Q 2018 : 45.2m vs 2Q 2017 : 41.9m

Short Term [2018/19] : Vying for
construction of Sunway Berhad's balance 3
hospital expansion & in-house and
external mixed development

Medium Term [2020 and beyond] : ASEAN
expansion – Myanmar and India

27 July 2018 : Won the ICPH tender in
Singapore with Hong Leong (SunCon : 49%)
Total production capacity will increase
from 150,000m³ to 250,000 m³ by 2021

SunCon is able to sustain/cushion
through the momentary review of
major infrastructure projects
locally through in-house, existing
order book and our future
ventures overseas

*Note : 1st interim dividend proposed
of 3.5 cents payable on 27 Sept 2018
giving a yield of 1.8% for 1H 2018
(>60% payout from PATMI)*

Overview of Key Performance Highlights



RM mil	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	RESTATED
	Q2 FY 2018	Q1 FY 2018	YTD 2018	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017	YTD 2017
	April-Jun 18	Jan-Mar 18	Jan-Dec 18	Oct-Dec 17	Jul-Sept 17	April-Jun 17	Jan-Mar 17	Jan-Dec 17
Revenue	544.3	529.2	1,073.5	748.2	491.3	417.3	419.5	2,076.3
PBT	45.2	43.7	88.9	43.3	42.2	41.9	43.3	170.7
PBT Margin	8.3%	8.3%	8.3%	5.8%	8.6%	10.0%	10.3%	8.2%
PATMI	35.9	35.9	71.7	31.0	33.7	35.9	33.8	134.4
PATMI Margin	6.6%	6.8%	6.7%	4.1%	6.9%	8.6%	8.1%	6.5%
EPS * (sen)	2.78	2.77	5.55	2.40	2.61	2.78	2.61	10.40

RM mil	Q2 FY 2018		Q1 FY 2018		YTD 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	PBT	PATMI	PBT	PATMI
Profit as Announced		45.2	35.9	43.7	35.9	88.9	71.7	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	(0.1)	(0.1)	(0.1)	(1.0)	(1.0)	(1.1)	(1.1)	(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	0.3	-	-	0.3	0.3	(0.3)	(0.3)	2.1	2.1	-	-	-	-	1.8	1.8
Foreign exchange (gain)/loss	0.1	0.1	0.1	0.3	0.3	0.4	0.4	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	1.1	1.1	1.1	-	-	1.1	1.1	2.9	2.9	-	-	-	-	-	-	2.9	2.9
Arbitration (gain)/loss**	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(3.6)	(3.6)	-	-	-	-	(2.9)	(2.9)	(3.2)	(3.2)	(6.1)	(6.1)
Profit (Net of Special Items)		44.8	35.5	41.3	33.4	86.1	68.9	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 30-06-18 (Unaudited)	Financial Year Ended 31-12-17 RESTATED	Financial Year Ended 31-12-16 (Audited)
Non-current Assets	183	158	155
Current Assets	1,723	1,724	1,442
Total Assets	1,906	1,882	1,597
Current Liabilities	1,329	1,325	1,103
Non-current Liabilities	8	7	1
Total Liabilities	1,336	1,332	1,104
Shareholders' Funds	568	549	493
Non-Controlling Interests	1	1	1
Total Equity	569	550	494
Total Equity & Liabilities	1,906	1,882	1,597
Total Bank Borrowings	118	135	137
Cash & Placement Funds	575	487	466
Net Gearing Ratio	Net Cash	Net Cash	Net Cash
Share Capital	259	259	259
Net Assets Per Share	0.44	0.42	0.38

Construction Segmental Review (1/2)

Construction	Q2 18	Q1 18	YTD Q2 18	Q4 17	Q3 17	Q2 17	Q1 17	YTD Q4 17
Revenue (RM'mil)	511.6	492.1	1003.7	721.7	471.7	387.2	350.7	1,931.3
PBT (RM'mil)	43.0	40.1	83.1	40.2	39.8	35.6	27.5	143.1
PBT Margin	8.4%	8.1%	8.3%	5.6%	8.4%	9.2%	7.8%	7.4%

- **Turnover**

YoY → This segment reported revenue of RM511.6 million and profit before tax of RM43.0 million compared to revenue of RM387.2 million and profit before tax of RM35.6 million in the corresponding quarter of the preceding financial year. The higher revenue in current quarter by 32.1% was due to higher contribution from both Building division and Civil division in Central region due to higher progress of work.

- **PBT**

YoY → Profit margin for both quarters were within the normal band of margin for our on-going projects.

Risk

Average price of steel bar prices has dropped by approximately 10% since December 2017 month's price of RM2,700 per tonne. Coupled with low cement prices, raw material cost can expect some savings going forward.

- **Cashflow**

Net cash generated from operating activities for the 6 months period ended 30 June 2018 stood at RM 230.9 million compared to RM 30.9 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 period.

Construction Segmental Review (2/2)

- **Prospect**

SunCon group's outstanding order book as at June 2018 stands at RM5.8 billion (refer to appendix 1) with RM854 million new order book win in first six months 2018. We maintain our new order book target of RM1.5 billion for the financial year 2018 based on our existing active tender activities and potential in-house projects.

Malaysia's gross domestic product (GDP) is projected to grow by 5.5% to 5.6% in the second quarter (Q2) from 5.4% in the first quarter of this year, a sign that Malaysia's economy is gaining momentum under the new Pakatan Harapan government's economic policy. Economists are bullish on Q2 after the economy moderated to its slowest pace in four quarters as private investment decelerates, while spending continues to decline. At the construction front, there have been various decisions to review certain mega projects. Culminating from this, SunCon is expecting its turnover to be slightly affected due to the on-going review of the 6 stations design and size for our LRT3 Package 07-08 from Kawasan 17 to Sri Andalas. The affected work will not proceed as anticipated until the designs are confirmed coupled with the extension of completion on the entire LRT 3 line from 2020 to 2024. SunCon will be mitigating the anticipated slow down in the local construction growth from in-house projects by its holding company, Sunway Berhad which traditionally has been contributing approximately 40% of our revenue and also overseas expansion. Our parent company is now on an aggressive stance to expand its medical centre and developing its Penang and Seberang Jaya landbank. Despite the anticipation that our top line might be affected, we are confident that we will continue to have a sustained growth compared to financial year 2017.

Precast Concrete Segmental Review (1/2)

<u>Precast Concrete</u>	<u>Q2 18</u>	<u>Q1 18</u>	<u>YTD Q2 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)	32.7	37.1	69.8	26.5	19.6	30.1	68.8	145.0
PBT (RM'mil)	2.2	3.6	5.8	3.1	2.4	6.3	15.8	27.6
PBT Margin	6.7%	9.7%	8.3%	11.8%	12.2%	20.9%	23.0%	19.0%

- **Turnover.**

YoY → The precast segment reported revenue of RM32.7 million and profit before tax of RM2.2 million compared to revenue of RM30.1 million and profit before tax of RM6.3 million in the corresponding quarter of the preceding financial year. The higher revenue in the current quarter by 8.6% was due to a better progress from existing sales order.

- **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 coupled with stiff competition on pricing.

Precast Concrete Segmental Review (2/2)

- Prospect

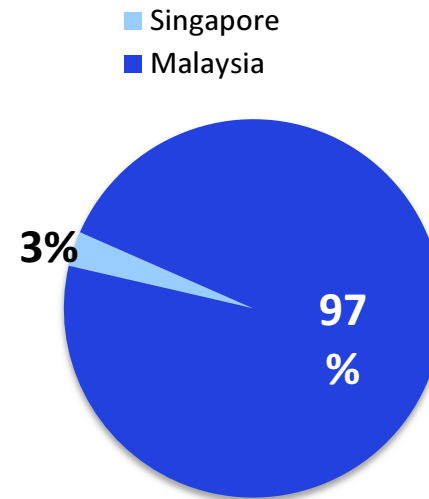
Singapore's GDP growth in second quarter 2018 is estimated at 3.8% (2017 : 3.6%, 2016 : 2.4%) with construction sector having a negative growth of -4.4% (2017: -8.4%, 2016: 0.2%). Despite the negative growth in construction segment seen in Singapore for first quarter 2018, it is expected that the construction sector 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 its healthy outstanding order which stands at RM183 million (refer to appendix 1). This translates to approximately one year of turnover which is a norm based on its shorter contract duration. The Housing and Development Board (HDB) reports that a total of 7,634 units of flats have been launched up to May 2018 (2017 : 17,593; 2016 : 17,891 units). This is the first tranche of 17,000 BTO flats to be launched in 2018. With the healthy flow of HDB unit launches reported, prospect of this division for year ending 2018 should be reasonable, albeit margin pressure due to stiff competition and higher rebar prices.

Outstanding Order Book : 5.8b

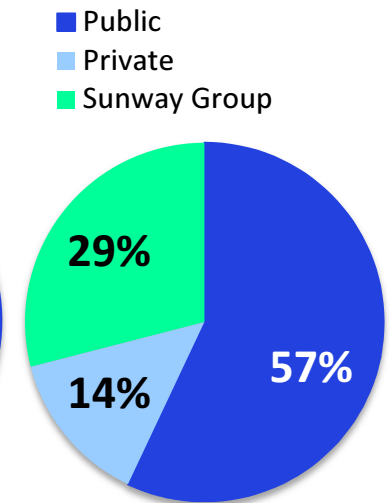


As at June 2018 (RM mil)	Completion	Contract Sum	O/S Orderbook
Building			1,087
Putrajaya Parcel F	1Q 2019	1,610	421
KLCC	3Q 2018	646	43
HUKM	2Q 2019	66	26
ISKL	4Q 2018	268	36
GDC (Plant 1)	4Q 2018	152	50
PPA1M Kota Bharu	1Q 2020	582	420
Nippon Express	4Q 2019	70	68
M&E works	4Q 2018	10	10
Velocity Ecodeck	4Q 2018	11	11
Infrastructure/Piling			2,787
MRT V201 + S201	2Q 2021	1,213	587
MRT V201 - Advance Works	3Q 2018	53	7
SUKE + DASH (Bore Piling)	3Q 2018	34	11
BBCC	4Q 2018	88	42
LRT 3 : Package GS07-08	2Q 2021	2,178	2,067
Piling works	3Q 2018	75	74
Internal			1,729
Velocity Medical Centre	1Q 2019	185	95
SMC 4	2Q 2019	512	456
Emerald Residences	4Q 2018	175	12
Big Box - Iskandar	3Q 2019	170	130
Sunway Serene	4Q 2020	449	357
Sunway GEOLake	1Q 2021	223	210
Carnival Mall Ext	4Q 2020	286	277
SMC Seberang Jaya	4Q 2020	180	180
Others	Various	13	12
Singapore			183
Precast	Various	330	128
Precast - New order 2018	Various	55	55
Grand Total		9,633	5,786
Red : Secured in 2018			

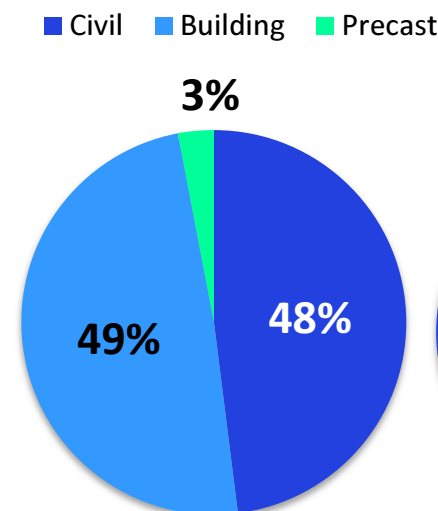
By Country



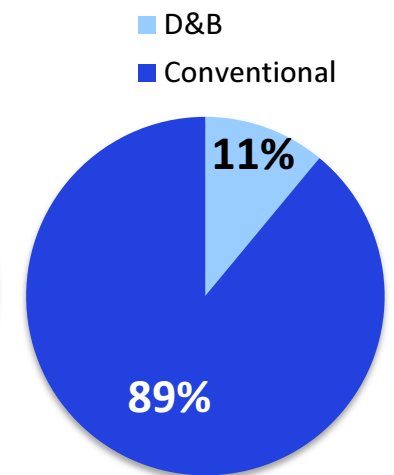
By Customer



By Business Division



Design & Built vs Conventional



New Order Book 2018 Secured YTD

Projects (2018 new awards)	Client	Duration	Contract Sum (RM'mil)
Sunway Medical Centre Seberang Jaya SMCSJ - Phase 1	Alliance Parade Sdn Bhd	31 months	180
Sunway Carnival 2 Extension, Seberang Perai, Penang - PDP contract	Sunway REITS Mgmt Sdn Bhd	32 months	286
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
Others - Inhouse	Sunway Group of Co	12 months	35
Precast	Various		55
Piling works	Various		75
Grand Total			854

Target NEW order book for FYE 2018 : RM 1.5b

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 @ June 2018

SUNWAY[®]
CONSTRUCTION



ISKL – Progress @ June 2018

SUNWAY[®]
CONSTRUCTION



MRT V201 – Progress @ May 2018



Sri Damansara East (SDE) Station

Thank You

SUNWAY CONSTRUCTION GROUP BERHAD (Company No. 1108506-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Level 8, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
47500 Subang Jaya
Selangor Darul Ehsan
Malaysia

Tel. No.: (603) 5639 9696

Fax. No.: (603) 5639 9530

Email: irsuncongroup@sunway.com.my

Website: www.sunwayconstruction.com.my

Next quarter announcement on 19 Nov 2018

This presentation may contain certain forward looking statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions; interest rate trends; cost of capital and capital availability including availability of financing in the amounts and the terms necessary to support future business; competition from other companies, changes in operating expenses including employee wages, benefits, government and public policy changes. You are cautioned not to place undue reliance on these forward looking statements which are based on Management's current view of future events. Past performance is not necessarily indicative of its future performance