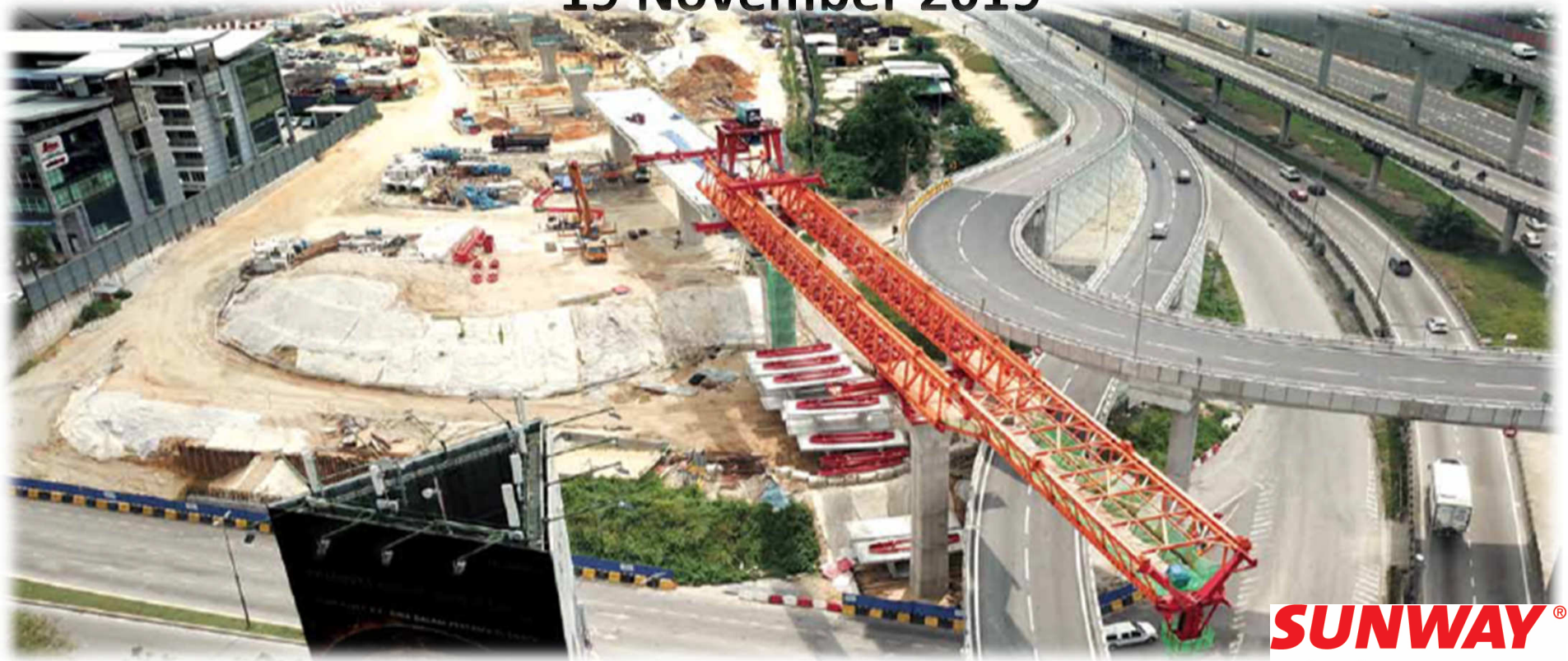




# Sunway Construction Group Berhad

## Q3 2019 Results Review Pack

19 November 2019



**SUNWAY**<sup>®</sup>  
CONSTRUCTION

# 3Q 2019 HIGHLIGHTS

**New order**  
Achieved : 1.7b (Target 1.5b)  
Active Tender O/S = 7.4b  
Many more in-house jobs in the pipeline

**Outstanding Order Book**  
@ Sept 2019 : 5.6b

<b>PATMI improved marginally</b>	
<b>Q3'2019</b>	<b>Q2'2019</b>
<b>RM 33.5mil</b>	<b>RM33.2mil</b>

**ASEAN expansion:**  
Confident in obtaining our overseas project  
by 1H 2020 due to delay on projects  
awarding by clients in both Myanmar and  
India

**Steady Dividend Flow**  
FYE 2017 to 2018 : 7 cents p.a / > 60% PATMI  
FYE 2019 : 1<sup>ST</sup> tranche 3.5 cents

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

# Overview of Key Performance Highlights



RM mil	Unaudited	Unaudited	Unaudited	Unaudited	Restated	Restated	Restated	Restated
	Q3 FY 2019	Q2 FY 2019	Q1 FY 2019	YTD 2019	Q3 FY 2018	Q2 FY 2018	Q1 FY 2018	YTD 2018
	Jul-Sept 19	April-Jun 19	Jan-Mar 19	Jan-Sept 19	Jul-Sept 18	April-Jun 18	Jan-Mar 18	Jan-Sept 18
Revenue	402.6	440.2	440.0	1,282.8	557.3	544.3	529.2	1,630.8
PBT	35.6	41.2	40.1	116.9	46.8	45.1	43.6	135.5
PBT Margin	8.8%	9.4%	9.1%	9.1%	8.4%	8.3%	8.2%	8.3%
PATMI	33.5	33.2	31.0	97.7	36.4	35.8	35.8	107.9
PATMI Margin	8.3%	7.5%	7.0%	7.6%	6.5%	6.6%	6.8%	6.6%
EPS * (sen)	2.59	2.57	2.40	7.56	2.82	2.77	2.77	8.35

RM mil Unaudited	Q3 FY 2019		Q2 FY 2019		Q1 FY 2019		YTD 2019		Q4 FY 2018		Q3 FY 2018		Q2 FY 2018		Q1 FY 2018		YTD 2018	
	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI
Profit as Announced	35.6	33.5	41.2	33.2	40.1	31.0	116.9	97.7	47.2	36.5	46.8	36.4	45.1	35.8	43.6	35.8	182.7	144.4
<i>Special Items:</i>																		
Disposal (gain)/loss	(0.1)	(0.1)	0.1	0.1	(0.3)	(0.3)	(0.4)	(0.4)	-	-	0.1	0.1	(0.1)	(0.1)	(1.0)	(1.0)	(1.0)	(1.0)
Impairment (reversal)/prov	(1.2)	(1.2)	1.4	1.4	0.1	0.1	0.3	0.3	-	-	2.5	2.5	(0.3)	(0.3)	-	-	2.2	2.2
Write off (gain)/loss	1.3	1.3	0.1	0.1	-	-	1.4	1.4	-	-	(1.5)	(1.5)	0.3	0.3	-	-	(1.2)	(1.2)
Foreign exchange (gain)/loss	0.1	0.1	(0.3)	(0.3)	0.1	0.1	(0.2)	(0.2)	(1.1)	(1.1)	0.1	0.1	0.1	0.1	0.3	0.3	(0.5)	(0.5)
Accretion of financial (assets)/liabilities	0.8	0.8	(1.2)	(1.2)	(1.0)	(1.0)	(1.5)	(1.5)	-	-	0.8	0.8	1.1	1.1	-	-	1.9	1.9
Arbitration (gain)/loss**	2.1	2.1	(0.8)	(0.8)	(2.0)	(2.0)	(0.8)	(0.8)	0.0	0.0	(0.1)	(0.1)	(1.8)	(1.8)	(1.8)	(1.8)	(3.6)	(3.6)
<b>Profit (Net of Special Items)</b>	<b>38.6</b>	<b>36.5</b>	<b>40.3</b>	<b>32.3</b>	<b>36.9</b>	<b>27.9</b>	<b>115.9</b>	<b>96.6</b>	<b>46.1</b>	<b>35.4</b>	<b>48.7</b>	<b>38.2</b>	<b>44.4</b>	<b>35.1</b>	<b>41.2</b>	<b>33.3</b>	<b>180.4</b>	<b>142.1</b>

# Balance Sheet and Gearing

RM'mil	Financial Year Ended 30-09-19 (Unaudited)	Financial Period Ended 31-12-18 RESTATED
Non-current Assets	201	221
Current Assets	1,612	1,537
<b>Total Assets</b>	<b>1,813</b>	<b>1,758</b>
Current Liabilities	1,080	1,063
Non-current Liabilities	139	114
<b>Total Liabilities</b>	<b>1,219</b>	<b>1,176</b>
Shareholders' Funds	592	590
Non-Controlling Interests	1	1
<b>Total Equity</b>	<b>593</b>	<b>591</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,813</b>	<b>1,768</b>
Total Bank Borrowings	223	114
Cash & Placement Funds	523	485
<b>Net Gearing Ratio</b>	<b>Net Cash</b>	<b>Net Cash</b>
Share Capital	259	259
<b>Net Assets Per Share</b>	<b>0.46</b>	<b>0.46</b>

# Construction Segmental Review (1/3)

<u>Construction</u>	<u>Q3 19</u>	<u>Q2 19</u>	<u>Q1 19</u>	<u>YTD Q3 19</u>	<u>Q3 18</u>	<u>Q2 18</u>	<u>Q1 18</u>	<u>YTD Q3 18</u>
Revenue (RM'mil)	365.1	406.3	407.0	1178.4	524.1	511.6	492.1	1,527.7
PBT (RM'mil)	35.4	41.2	40.0	116.6	48.7	42.9	40.0	131.6
PBT Margin	9.7%	10.1%	9.8%	9.9%	9.3%	8.4%	8.1%	8.6%

- **Turnover**

YoY → Construction segment reported revenue of RM365.1 million and profit before tax of RM35.4 million compared to revenue of RM524.1 million and profit before tax of RM48.7 million in the corresponding quarter of the preceding financial year. Lower revenue in the current quarter was due to majority of existing projects which are at its initial stages coupled with delay in LRT 3 package GS0708 due to cost optimisation by the client.

- **PBT**

YoY → Profit margin for both quarters under comparison were broadly the same.

- **Cashflow**

Net cash generated from operating activities for the period ended 30 Sept 2019 stood at RM91.4 million compared to RM181.4 million recorded in the corresponding preceding financial year. The higher operating cashflow for the corresponding preceding financial year was mainly from milestone payment, bullet payment and advance money collected during the said period.

# Construction Segmental Review (2/3)

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- **Prospect**

On Sept 2019, our new order came up to RM1.7 billion compared to RM1.5 billion on June 2019. Our outstanding order book now stands at RM5.6 billion. In our last quarterly report, we mentioned on targeting to secure our first overseas projects this year but this is likely to be deferred to next financial year as the tenders for overseas have been delayed by the project owners.

The Malaysian economic growth has moderated to 4.4% in third quarter 2019 (2Q 2019 : 4.9%) with construction sector having a negative growth of 0.5% (2Q 2019 : 0.5%). For the entire year, the forecast GDP is expected to be at 4.7% as per the latest Budget 2020 speech. SunCon will continue to expand overseas and rely on its in-house pipeline projects by its ultimate holding company, Sunway Group for its sustained growth.

Based on the above, barring any unforeseen circumstances, the Group will continue to deliver satisfactory performance for the last quarter of this year.

# Precast Concrete Segmental Review (1/2)

<u>Precast Concrete</u>	<u>Q3 19</u>	<u>Q2 19</u>	<u>Q1 19</u>	<u>YTD Q3 19</u>	<u>Q3 18</u>	<u>Q2 18</u>	<u>Q1 18</u>	<u>YTD Q3 18</u>
Revenue (RM'mil)	37.5	33.9	33.0	104.4	33.2	32.7	37.1	103.1
PBT (RM'mil)	0.2	0.0	0.1	0.3	(1.9)	2.2	3.6	3.9
PBT Margin	0.6%	0.1%	0.2%	0.3%	(5.6%)	6.6%	9.7%	3.7%

- **Turnover.**

YoY → Precast segment reported revenue of RM37.5 million and breakeven position in respect to profitability compared to revenue of RM33.2 million and loss before tax of RM1.9 million in the corresponding quarter of the preceding financial year. Revenue recorded for the current quarter was higher by 13.0% due to present order book.

- **PBT**

YoY → On profitability side, precast reversed its situation from loss as old projects with slimmer margins are almost completed.

# Precast Concrete Segmental Review (2/2)

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- Prospect

Singapore has narrowly avoided a technical recession, according to the Ministry of Trade and Industry (MTI). Flash estimates by the ministry showed the Singapore economy grew by 0.1 per cent on a year-on-year basis in the third quarter of 2019, the same pace of growth as in the previous quarter. However, the construction sector grew by 2.7 per cent on year-on-year basis in the third quarter, extending the 2.8 per cent expansion in the previous quarter. Growth in the sector was supported by a pick-up in both public and private sector construction activities. The Housing and Development Board (HDB) reported that a total of 17,931 units of flats have been launched up to Sept2019 (2018 : 15,811; 2017 : 17,593; 2016 : 17,891). Newer projects secured during FYE 2018 have better pricing but will only start contributing to the earnings of SunCon towards end of 2019.



# Outstanding Order Book : 5.6b



As at Sept 2019 (RM mil)	Completion	Contract Sum	O/S Orderbook
<b>Building</b>			<b>1,273</b>
Putrajaya Parcel F	1Q 2019	1,610	34
PPA1M Kota Bharu	1Q 2020	582	107
Nippon Express	4Q 2019	70	17
TNB HQ Campus (Ph 2)	2Q 2021	781	739
PLC	2Q 2021	310	307
Oxley Tower (MEP)	2Q 2022	68	68
IOI Mall (MEP)		68	68
<b>Infrastructure/Piling</b>			<b>2,165</b>
MRT V201 + S201	2Q 2021	1,213	205
LRT 3 : Package GS07-08	2Q 2021	2,178	1,817
Piling works	Various	128	30
Piling works - Y19	Various	99	56
Sentul West Station (MEP)	1Q 2021	57	57
<b>Internal</b>			<b>1,792</b>
SMC 4	4Q 2019	512	401
Sunway Serene	4Q 2020	449	281
Velo 2	4Q 2021	352	312
Velocity 3C4	2Q 2021	100	83
Sunway GEOLake	1Q 2021	223	118
Carnival Mall Ext	4Q 2020	286	234
SMC Seberang Jaya	4Q 2020	180	154
BB Solar	4Q 2019	8	8
Big Box Hotel	3Q 2020	100	87
Parcel CP2 (piling)	3Q 2021	119	114
<b>Singapore</b>			<b>321</b>
Precast	Various	331	201
New Order 2019	Various	120	120
<b>Grand Total</b>		<b>9,942</b>	<b>5,619</b>
<i>Red : Secured in 2019</i>		<i>1,730</i>	<i>1,624</i>

# New Order Book Secured : 2019 (To-date)

Projects (2019 new awards)	Client	Duration	Contract Sum (RM'mil)
TNB HQ Campus Development (Phase 2)	Tenaga Nasional Berhad	26 months	781.3
LRT 3 - GS10 piling works	SN Akmida	12 months	47.6
LRT 3 - GS06 piling works	Rahimkon	4 months	12.8
Transit Oriented Development - Plot 7MD7	Putrajaya Development Sdn Bhd	16 months	38.8
Big Box Hotel (14 floor, 288 rooms)	Sunway MarketPlace Sdn Bhd	16 months	99.5
Kallang Whampoa C57 (Precast)	Hock Guan Cheong Builder Pte Ltd	36 months	29.5
Punggol North C14 (Precast)	Hong Leong Building Materials Pte Ltd	18 months	26.6
Precast -others			3.8
CP2 - Earthwork and pilings	Sunway SouthQuay Sdn Bhd	20 months	119.0
Oxley mixed development in Jalan Ampang - Electrical and ELV	NSC for Oxley Rising Sdn Bhd. Main Contractor : Ssangyong Engineering & Construction Co Ltd	35 months	67.8
Petronas Leadership Centre, Bangi	Petronas Management Training Sdn Bhd	20 months	310.0
<b>Grand Total till June 2019</b>			<b>1,536.7</b>
IOI Mall (MEP)	IOI City Mall Sdn Bhd	18 months	68.0
Sental West Station (MEP)	MMC Gamuda KVMRT (UGW) JV	12 months	56.6
Big Box Rooftop solar	Sunway Century Sdn Bhd	3 months	8.0
Jurong West N2C20 (Precast)	Kienta Engineering Construction Pte Ltd	13 months	38.6
Tampines N9C18 (Precast)	Welltech Construction Pte Ltd	15 months	21.9
<b>Secured up to 30 Sept 2019</b>			<b>1,729.7</b>

**Target NEW order book for FYE 2019 : RM 1.5b**

**New order 2018 : 1.6b, 2017 : 4.0b, 2016 : 2.7b, 2015 : 2.6b, 2014 : 0.8b, 2013 : 2.9b, 2012 : 1.9b**

**Outstanding Order book 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

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**SUNWAY**<sup>®</sup>  
CONSTRUCTION



# Sunway Geolake, South Quay Sunway

**SUNWAY**<sup>®</sup>  
CONSTRUCTION



# MRT V201 - Sg Buloh to Persiaran Dagang



***Damansara Damai  
Main Station***



***Sri Damansara East  
(SDE) Station***

# MRT S201 – Station View

## *Sri Damansara West (SDW) Station*



# Thank You

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## **Next quarter announcement on 20 Feb 2020**

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