



Sunway Construction Group Berhad

Q4 2017 Results Review Pack

26 February 2018



SUNWAY[®]
CONSTRUCTION

4Q 2017 HIGHLIGHTS

Order book end Dec 2017 = **RM6.1b**
FYE 2018 secured = RM456m

2017 → Highest New Order Book secured
of **RM4.0b**
YTD Feb 2018 → secured **456m** new
order (Mgmt Target = 1.5b to 2.0b)

Dividend declared **4.0 cent** (2nd tranche)
Total Div 2017 = 91m / > **66% PATMI**

Submitted for HSR PDP under
Consortium

Total Capex for FYE 2017 = RM55m

Bright Prospect for 2018 and
beyond riding on
infrastructure boom



Overview of Key Performance Highlights



RM mil	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Q4 FY 2017	Q3 FY 2017	Q2 FY 2017	Q1 FY 2017	YTD 2017	Q4 FY 2016	Q3 FY 2016	Q2 FY 2016	Q1 FY 2016	YTD 2016
	Oct-Dec 17	Jul-Sept 17	April-Jun 17	Jan-Mar 17	Jan-Dec 17	Oct-Dec 16	Jul-Sept 16	April-Jun 16	Jan-Mar 16	Jan-Dec 16
Revenue	748.2	491.4	417.2	419.5	2,076.3	553.1	381.1	430.2	424.4	1,788.8
PBT	44.2	43.1	42.8	44.2	174.2	37.6	40.4	38.1	37.5	153.7
PBT Margin	5.9%	8.8%	10.3%	10.5%	8.4%	6.8%	10.6%	8.9%	8.8%	8.6%
PATMI	31.8	34.6	36.7	34.7	137.8	32.1	31.1	31.2	29.1	123.5
PATMI Margin	4.3%	7.0%	8.8%	8.3%	6.6%	5.8%	8.2%	7.3%	6.9%	6.9%
EPS * (sen)	2.46	2.68	2.84	2.68	10.66	2.48	2.41	2.42	2.25	9.55

* Based on weighted average number of shares

RM mil	Q4 FY 2017		Q3 FY 2017		Q2 FY 2017		Q1 FY 2017		YTD 4Q 2017		Q4 FY 2016		Q3 FY 2016		Q2 FY 2016		Q1 FY 2016		Audited 2016		
	Unaudited	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI	PBT	PATMI
Profit as Announced	44.2	31.8	43.1	34.6	42.8	36.7	44.2	34.7	174.2	137.8	37.6	32.1	40.4	31.1	38.1	31.2	37.5	29.1	153.7	123.5	
Special Items:																					
Assets Write (back)/off	-	-	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.5	0.0	0.0	0.0	-	0.6	0.6	
Disposal (gain)/loss	(0.1)	(0.1)	(0.7)	(0.7)	(0.2)	(0.2)	0.1	0.1	(0.9)	(0.9)	0.0	0.0	(0.1)	(0.1)	(0.5)	(0.5)	(0.0)	(0.0)	(0.6)	(0.6)	
Impairment (reversal)/prov	0.7	0.7	0.3	0.3	(2.7)	(2.7)	-	-	(1.6)	(1.6)	(3.2)	(3.2)	(0.6)	(0.0)	(5.8)	(6.1)	(8.3)	(7.9)	(17.8)	(17.2)	
Write off (gain)/loss	(1.5)	(1.5)	2.1	2.1	-	-	-	-	0.6	0.6											
Foreign exchange (gain)/loss	0.7	0.7	(0.0)	(0.0)	(0.1)	(0.1)	(0.7)	(0.7)	(0.1)	(0.1)	(0.3)	(0.3)	(0.2)	(0.2)	0.7	0.6	(0.2)	(0.2)	0.0	0.0	
FV (gain)/loss-ESOS options			-	-	-	-	-	-	-	-	(1.1)	(1.1)	1.0	1.0	0.6	0.6	0.5	0.5	1.0	1.0	
Translation (gain)/loss on foreign branches	(3.4)	(3.4)							(3.4)	(3.4)											
Fair value (gain)/loss			-	-	-	-	-	-	-	-	(8.1)	(8.1)	0.5	0.5	0.5	0.5	1.2	1.2	(5.9)	(5.9)	
Accretion of financial (assets)/liabilities	2.9	2.9							2.9	2.9											
Arbitration (gain)/loss**	-	-	-	-	(2.9)	(2.9)	(3.2)	(3.2)	(6.1)	(6.1)					-	-	-	-	-	-	
Profit (Net of Special Items)	43.5	31.1	44.8	36.3	36.9	30.8	40.5	31.0	165.7	129.2	25.2	19.6	41.6	32.9	33.6	26.3	30.7	22.6	131.0	101.4	

** In this quarter, we have reclassified the arbitration gain in India to both turnover and other income with total impact of RM6.1 million.

Balance Sheet and Gearing

RM'mil	Quarter ended 31-12-17 (Unaudited)	Financial Year Ended 31-12-16 (Audited)	Financial Year Ended 31-12-15 (Audited)
Non-current Assets	157	155	180
Current Assets	1,729	1,442	1,217
Total Assets	1,886	1,597	1,397
Current Liabilities	1,325	1,103	942
Non-current Liabilities	6	1	4
Total Liabilities	1,331	1,104	946
Shareholders' Funds	554	493	451
Non-Controlling Interests	1	1	1
Total Equity	555	494	452
Total Equity & Liabilities	1,886	1,597	1,397
Total Bank Borrowings	135	137	137
Cash & Placement Funds	487	466	469
Net Gearing Ratio	Net Cash	Net Cash	Net Cash
Share Capital	259	259	259
Net Assets Per Share	0.43	0.38	0.35

Construction Segmental Review

<u>Construction</u>	<u>Q4 17</u>	<u>Q3 17</u>	<u>Q2 17</u>	<u>Q1 17</u>	<u>YTD Q4 17</u>	<u>Q4 16</u>	<u>Q3 16</u>	<u>Q2 16</u>	<u>Q1 16</u>	<u>YTD 16</u>
Revenue (RM'mil)	721.7	471.7	387.2	350.7	1,931.4	466.5	301.3	360.5	373.8	1502.1
PBT (RM'mil)	41.1	40.7	36.4	28.4	146.7	20.3	27.9	21.2	26.0	95.4
PBT Margin	5.7%	8.6%	9.4%	8.1%	7.6%	4.4%	9.3%	5.9%	7.0%	6.4%

- Turnover**

YoY → The construction segment reported revenue of RM1,931.4 million and profit before tax of RM146.7 million compared to revenue of RM1,502.1 million and profit before tax of RM95.4 million in the corresponding twelve months period of the preceding financial year. The higher revenue in the current twelve months period by 28.6% was mainly due to higher contribution from Building division in Central region and Civil division mainly due to higher work progress from Parcel F, Putrajaya, and KVMRT V201 from Sg Buloh to Persiaran Dagang coupled with the finalisation of the earlier KVMRT V4 package from Seksyen 16 to Semantan Portal.

- PBT**

YoY → Profit margins for both periods under review are within our normal range. 2016's profit was boosted by reversal of impairment for our Al Reem, Abu Dhabi project of RM18.9 million.

- Risk**

On risk aspect, price of steel bar was maintained at around RM2,600 per metric tonne for both current quarter and immediate preceding quarter. SunCon is managing the volatility in steel bar prices as the rates fluctuated between RM2,000 per metric tonne to RM2,600 per metric tonne in financial year 2017.

Construction Segmental Review (Cont'd)



- **Cashflow**

Net cash generated from operating activities for the full year stood at RM62.4 million compared to RM85.6 million recorded in the previous financial year. The decrease is evident from the improvement in payment to creditors to 111 days in financial year ended 2017 (2016 : 149 days) as a result to expediting some finalisation of accounts with our creditors. As for trade receivables turnover period, there is a slower collection of 128 days (2016 : 108 days) as a result of a bullet payment project which has deferred its collection as the CPC for the said project was only obtained in fourth quarter 2017 as a result of authorities approval for the official opening of the road which only took place 29 November 2017. We have since received milestone payment as per agreed payment terms in February 2018.

- **Prospect**

The Group's outstanding order book as at end December 2017 amounted to RM6.1 billion (refer to appendix 1) with RM4.0 billion new order book win in 2017. For 2018 to date, we have secured new orders of RM456 million which mainly comprises the extension of Sunway Carnival Mall in Penang and the 44-storey Sunway GEO Lake residential tower in Sunway City. The biggest job tendered recently would be the Kuala Lumpur-Singapore high-speed rail (HSR) Project Delivery Partner project under a four-party consortium of which we are a partner (IJM Construction Sdn Bhd - Jalinan Rejang Sdn Bhd - Maltimur Resources Sdn Bhd - Sunway Construction Sdn Bhd) which closed on 14 February 2018.

Malaysia in 2017 registered a GDP growth rate of 5.9% compared to 4.2% in 2016. Malaysia's GDP is estimated to moderate slightly from 5.0% to 5.2% in 2018, with growth fundamentals appearing solid on the back of improving global fundamentals and higher oil prices. As to the construction sector, 2017 recorded a growth of 6.7% compared to 7.4% growth or RM166 billion in 2016. Going forward in 2018, we expect the construction sector to sustain its growth momentum on the back of several key infrastructure projects that were announced during Malaysia's Budget 2018.

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

Precast Concrete Segmental Review

Precast Concrete	<u>Q4 17</u>	<u>Q3 17</u>	<u>Q2 17</u>	<u>Q1 17</u>	<u>YTD Q4 17</u>	<u>Q4 16</u>	<u>Q3 16</u>	<u>Q2 16</u>	<u>Q1 16</u>	<u>YTD 16</u>
Revenue (RM'mil)	26.4	19.6	30.1	68.8	144.9	86.6	79.8	69.8	50.5	286.7
PBT (RM'mil)	3.1	2.4	6.3	15.8	27.5	17.3	12.5	16.9	11.5	58.2
PBT Margin	11.7%	12.3%	20.9%	23.0%	19.0%	20.0%	15.7%	24.2%	22.8%	20.3%

- **Turnover.**

YoY → The precast segment reported revenue of RM144.9 million and profit before tax of RM27.5 million compared to revenue of RM286.7 million and profit before tax of RM58.2 million in the corresponding twelve months period of the preceding financial year. Cumulative twelve months revenue decreased by 49.5% mainly due to completion of several projects.

- **PBT**

YoY → Despite the drop in turnover, this segment's profit margins for the both period under review remained stable due to reduction in overheads as a result of return of Tampines plant to the government this year.

- **Prospect**

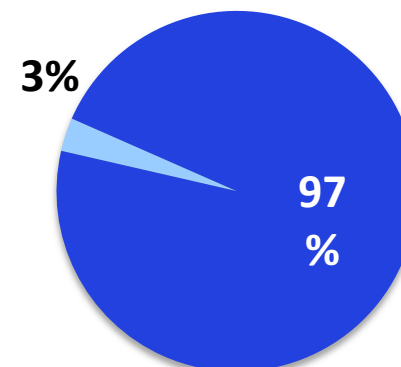
At Singapore front, their GDP growth in 2017 was at 3.5% compared to 2.0% in 2016 with construction sector having a negative growth of -8.1% (2016: 0.2%). Despite the negative growth in construction segment seen in Singapore for 2017, it is expected that the construction section is likely to bottom out, as property market recovers in 2018. Our precast unit which predominantly operates in Singapore should be resilient due to its healthy outstanding order which stands at RM207 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 26,334 units of flats (out of which 8,741 are for sale of balance flats) have been launched in 2017 (2016 : 17,891 units). Due to the healthy flow of HDB unit launches reported of approximately 17,000 Build-to-Order (BTO) flats that will be launched in 2018 keeping supply steady, prospect of this division for year ending 2018 should be encouraging.

Outstanding Order Book : 6.1b

As at Dec 2017 (RM mil)	Completion	Contract Sum	O/S Orderbook	
Infrastructure/Piling			3,140	51%
MRT V201 + S201 (Sg Buloh-Persiaran Dagang)	2Q 2021	1,213	871	
MRT V201 - Advance Works	4Q 2017	53	19	
SUKE + DASH (Bore Piling)	2Q 2018	34	21	
BBCC (Bore Piling)	1Q 2018	108	78	
Mega Capital	4Q 2017	9	0	
LRT 3 : Package GS07-08	4Q 2020	2,178	2,150	
Building			1,700	28%
Putrajaya Parcel F	1Q 2019	1,610	707	
KLCC (NEC + Package 2 & 2a)	2Q 2018	646	98	
HUKM (MEP works)	2Q 2018	66	45	
International School of Kuala Lumpur	2Q 2018	268	133	
Gas District Cooling (Plant 1)	3Q 2018	152	102	
PPA1M project in Kota Bharu	1Q 2020	582	540	
Warehouse in Shah Alam	3Q 2019	70	70	
Others	Various	26	6	
Internal			1,088	18%
Sunway Velocity Hotel + Office	4Q 2017	101	3	
Sunway Velocity Medical Centre	4Q 2018	185	128	
Sunway Medical Centre 4 (2 towers)	1Q 2019	428	383	
Sunway Iskandar - Citrine Svc Apt	4Q 2017	213	12	
Sunway Geo Retail Shops & Flexi Suites Phase 2	1Q 2018	244	19	
Sunway Iskandar - Emerald Residences	1Q 2018	175	32	
Sunway Iskandar - 88 units shoplots	2Q 2018	57	13	
Sunway Iskandar - Retail Complex/Big Box	4Q 2017	100	70	
Sunway Serene - Serviced Residences	4Q 2020	449	426	
Others	Various	43	3	
Singapore			207	3%
Precast	Various	801	207	
Grand Total		9,810	6,135	

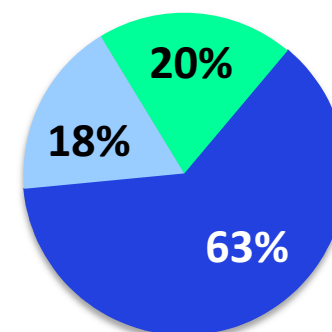
By Country

- Singapore
- Malaysia



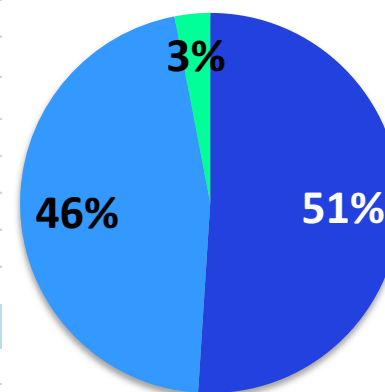
By Customer

- Public
- Private
- Sunway Group



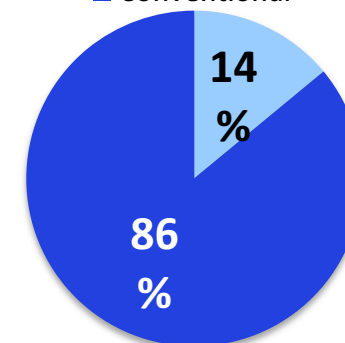
By Business Division

- 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	189
SunGeo Lake 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			456

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

New Order Book 2017 Secured YTD RM4.0 bil



Projects (2017 new awards)	Client	Duration	Contract Sum (RM'mil)
Sunway Serene, Kelana Jaya	Sunway Integrated Properties	4Q 2020	449
CP3 walkway	Sunway South Quay	3Q 2017	4
Precast	Various		158
Gas District Cooling (GDC) 1	Putrajaya Holdings	3Q 2018	152
SUKE and DASH	Cergas Murni & Usahasama Latimer	2Q/1Q 2018	34
MRT S201: 3 Elevated Stations *	Mass Rapid Transit Corporation	4Q 2020	212
BBCC (Piling work)	Ikhmas Jaya & IJM Construction	1Q 2018	34
Mega Capital (Piling work) - Jln Imbi	IJM Construction	4Q 2017	9
PPA1M project in Kota Bharu	LIZIZ Standaco Sdn Bhd	1Q 2020	582
LRT 3 : Package GS07-08	George Kent MRCB	Q4 2020	2,178
BBCC (Piling work) - P4 & P5	Ahmad Zaki SB	Q4 2020	75
Warehouse in Shah Alam	Nippon Express Malaysia	Q3 2019	70
Grand Total			3,957
<i>In House</i>		11%	453
<i>External</i>		89%	3,504
* Contract sum is part of MRT V201 package - RM 1.213Bil			

Parcel F – Progress @ Feb 2018

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ISKL – Progress @ Feb 2018

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MRT V201 – Progress @ Feb 2018

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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 17 May 2018

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