

OUR BUSINESS MODEL

# Value Creation Model

The Value Creation Model provides a summarised perspective of how SunCon has generated a wide range of financial and non-financial values for stakeholders. The Group consumes the six capitals (as stipulated across the various inputs) which through the business model is transformed into outputs and outcomes.

## Capital Inputs



The pool of funds available to SunCon, generated from operations, investments and debt arrangements.

### Beginning of FY2024

- Share capital: RM258.6 million
- Retained profits: RM590.0 million
- Cash and bank balances: RM470.4 million
- Market capitalisation: RM2.501 billion



Physical assets owned or leased deployed to execute the business model across the value chain towards the creation of financial and non-financial outputs and outcomes.

- A wide range of plant and machineries
- 2 precast plants
- 1 ICPH in Singapore



All business and operational strategies, collective knowledge, skills, competencies and experience of SunCon, its subsidiaries and associate companies as well as its supply chain.

- SunCon's business model
- Divisional business strategies
- Intellectual property and proprietary business / industry knowledge i.e. Virtual Design and Construction, building management systems, software



The collective skills, talents, experience and capabilities of the Group's talent including talent at subsidiary and associate companies responsible for day-to-day operations.

- High-performance work culture centred on merit, equality and diversity
- Talent focused, cultivating high performing culture HR policies
- Championing adoption of VDC as key technology enabler for all project implementation
- Talent mobilisation across different core businesses within SunCon
- 1,148 strong workforce (excluding direct workers)



Comprising the diverse network of relationships and engagements with various stakeholders. The understanding of stakeholders' needs, concerns and aspirations and the implementation of appropriate engagement strategies.

- Financial and non-financial investments into stakeholder engagements including engagement strategies, programmes and activities
- Conducted 16 sessions in outreach programmes, participated by 1,500 university students
- 160 internship opportunities provided to young graduates
- CSR budget and expenditure on community infrastructure and services, community events

Please refer to pages 54 to 59 for stakeholder engagement disclosure.



The pursuit of resource efficiency in the consumption of natural resources and materials required for the business model.

- Energy consumed 57,644 MWh
- Consumed 362 MWh solar energy
- 315,095 m<sup>3</sup> of water consumption (Alternate water source: 16%)
- RM10.78 million in solar investment projects
- Established SunCon Sustainability Policy

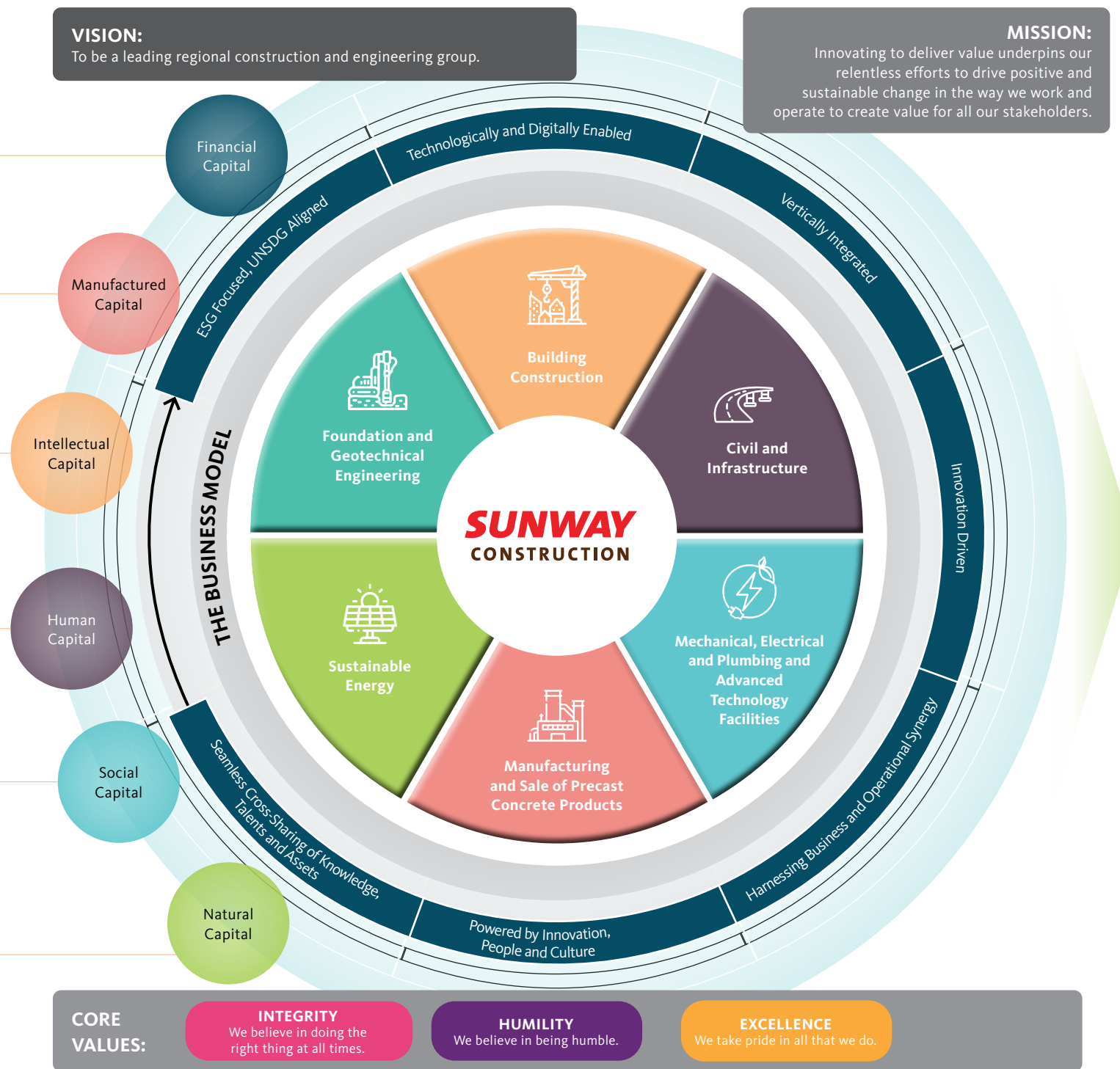
For more details, please refer to Multi Capitals Perspective to Value Creation on pages 62 to 64.

## VISION:

To be a leading regional construction and engineering group.

## MISSION:

Innovating to deliver value underpins our relentless efforts to drive positive and sustainable change in the way we work and operate to create value for all our stakeholders.



## CORE VALUES:

### INTEGRITY

We believe in doing the right thing at all times.

### HUMILITY

We believe in being humble.

### EXCELLENCE

We take pride in all that we do.

For more details, please refer to Corporate Profile on pages 8 to 10.

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In essence, values have been created based on the cumulative use of capitals but for illustration purposes, capitals and values have been aligned to their respective categories i.e. financial capitals to financial values and so forth.

## Outputs

### FINANCIAL CAPITAL

- Revenue: RM3,522 million
- PBT: RM273.0 million
- PAT : RM197.0 million
- Cash and bank balances: RM1,015.8 million

### MANUFACTURED CAPITAL

- RM3.52 billion in projects progress for FY2024
- Average QLASSIC score FY2024: 84% (vs industry average 78%)
- Total 437 km of highways and 40.5 km of rail and mass transit projects constructed to date

### INTELLECTUAL CAPITAL

- Improved communication channels via Autodesk Construction Cloud (ACC) platform
- 133 staff trained and developed with VDC competencies in FY2024 (FY2023: 113)
- 77% of planners trained with 4D skills

### HUMAN CAPITAL

- 46 project leaders across 6 core businesses
- 81 VDC experts, and more than 50% operationally trained with VDC knowledge
- 17.9x staff productivity

### SOCIAL CAPITAL

- Improved stakeholder relationships
- 50% buy calls from analysts and research houses
- Customer Satisfaction Score: 100%
- Zero fines for labour law non-compliance
- Average SHASSIC score FY2024: 87.46% (vs industry average of 86.81% in 2023)
- Engaged 330 active supply chain partners and subcontractors in the environmental and social assessment
- 7 awards & recognitions received

### NATURAL CAPITAL

- Zero reported fines for environmental non-compliance
- Generated green attributes of 4,402 tonnes CO<sub>2</sub>e avoidance from our solar investments
- Expand ESG Monitoring coverage to include wastewater discharge

## Outcomes

### FINANCIAL CAPITAL

- 59% dividend payout of PAT after minority interests
- RM75.9 million paid in income taxes
- RM196.5 million paid in wages
- Market capitalisation: RM5.970 billion as at end FY2024
- High Return on Equity (FY2024: 22%; FY2023: 19%; FY2022: 19%)- Best ROE for 6 consecutive years in the Construction Sector awarded by The Edge Billion Ringgit Club

### MANUFACTURED CAPITAL

- A wide range of socioeconomic multiplier effects arising from the successful completion of building and infrastructure projects
- Elevation of industry standards and benchmarks

### INTELLECTUAL CAPITAL

- Enabling sustainable construction by managing resource consumption and carbon footprint while enhancing the Group's value proposition
- Continued strengthening of business processes and realisation of key business outcomes, including increases efficiency and productivity

### HUMAN CAPITAL

- Talent workforce that are mobile to vertically move across different core businesses
- Strong talent bench strength for key succession planning
- Technology enabled workforce capable of managing advanced technology projects

### SOCIAL CAPITAL

- Zero accidents involving the community or general public
- Development of talent pool that supports SunCon's human capital requirements
- Contribution of more than RM2.86 million for total amount invested for external beneficiaries through the Jeffrey Cheah Foundation as well as various community and SunCon Social Club (SSC) initiatives

### NATURAL CAPITAL

- Improved environmental oversight and implementation of practices with progressive integration of ESG into the SunCon's business strategies and its operations
- On track in meeting SunCon's 2030 emission reduction targets