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Published on *theSundaily* (http://www.thesundaily.my)

Pesona Metro eyes 8%-10% revenue growth

Posted on 8 January 2015 - 11:01am

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KUALA LUMPUR: Builder Pesona Metro Holdings Bhd, targets 8% to 10% revenue growth for the current financial year ending Dec 31, 2015 (FY15), driven by its plans to increase its orderbook to RM1 billion this year, said its director Wie Hock Kiong.

"We're looking at 8% to 10% growth (in revenue) from last year. Of course that depends on market forces, but that's our target. It will come both from private and government sectors. Unfortunately, it is expected to be a tough market this year," he told reporters after its EGM yesterday.

Wie said the company's margins will be squeezed this year due to higher competition in the market for construction jobs.

"If the oil price continues to maintain at this level, then we expect material prices to come down but currently, material prices have not come down. We haven't seen that impact yet. If that happens, our margins will be better," he added.

The company's orderbook currently stands at RM500 million, which will keep it busy for two years. It aims to replenish its orderbook up to RM1 billion this year and has tendered for projects worth more than RM1 billion to date.

Wie said the tenderbook comprises both private and government projects but it will focus more on the private sector at the moment.

"Our step is to build up the orderbook (to mitigate the risk of higher competition). The tenderbook is mainly on the building side. We also put in some tenders on infrastructure projects. Of course we would like to strike a balance of like 40:60, with 40% on infrastructure and 60% on building projects," he said.

At the EGM yesterday, shareholders approved its proposed acquisition of the entire equity interest in SEP Resources (M) Sdn Bhd for RM29.15 million to be satisfied via RM1.5 million cash and issuance of 39.5 million new shares in Pesona Metro Holdings at an issue price of 70 sen per share.

Its chairman Datuk Lee Tuck Fook said the acquisition is pending government approval and it has already submitted all the documents required.

Lee said one of the main rationales for the acquisition is to reduce dependence on construction jobs by securing more fixed income.

"When you have fixed income, either through facilities management or rental of assets, I think that will bring stability to earnings ... we're always looking towards a base of recurring income to bring some stability to the earnings of the company," he said, adding that construction will still remain its core business.

Commenting on plans for further mergers and acquisitions, Lee said it has received several proposals and are in the midst of reviewing them.

"If an opportunity turns up, definitely we'll take a look. A number of opportunities have been presented to us and we are reviewing them but we have not made up our minds whether to proceed with any of them. As soon as we've finished our evaluation we'll decide, we shall put it forward to the shareholders if needed," he added.

Lee said the company intends to continue declaring dividends so long as the company is profitable and its cash requirements allow it.

"The board has been deliberating on a dividend policy and we are still working on it but like I said, the intention is fairly clear, which is to continue rewarding shareholders with dividends as long as the profits and capital of the company allows it," he said.

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