MPI Q3 profit jumps

Gains due to higher margin products and stronger US dollar

PETALING JAYA: Malaysian Pacific Industries Bhd (MPI) posted an almost 30% jump in net profit for the third quarter ended March 31, 2015 to RM38.98mil compared to the same quarter last year.

In a filing with Bursa Malaysia yesterday, the semiconductor player said the earnings growth was on the back of higher margin products and stronger US dollar.

The company expects the operating enviroment to remain challenging despite the improvement in the quarterly performance.

"The semiconductor industry is currently experiencing slower growth coupled with uncertainty in the macro economy," it said.

MPI's revenue for the third quarter rose to RM352.12mil from RM351.27mil previously.

Earnings per share for the quarter stood at 20.53 sen, higher than the 15.89 sen a year ago.

Cumulatively, MPI recorded a 60% hike in net profit for the first three quarters of its financial year ended June 30, 2016 to RM188.84mil from RM74.15mil in financial year 2015.Revenue for the period increased by about 10% to RM1.12bil from RM1.02bil previously.

"Revenue growth for Asia, the US and Europe segments were higher by 4%, 19% and 16% against the corresponding period of financial year 2015," MPI said.

Shares in MPI increased by 6.56% to close at RM7.31 yesterday, after a sharp decline on Tuesday by 23 sen alongside several semiconductor counters ahead of Apple's earnings announcement. MPI declared a second interim dividend of 15 sen per share for financial year 2016, payable on May 31, bringing its year-to-date dividend to 23 sen.

Offshore segment weighs on MMHE's Q1 net profit

PETALING JAYA: Malaysia Marine and Heavy Engineering Holdings Bhd (MMHE) saw its earnings dip into the red with a net loss of RM7.58mil for the first quarter ended March 31, 2016, from a net profit of RM36.03mil recorded a year ago.

In a filing with Bursa Malaysia yesterday, the company said its performance was due to the significantly lower revenue and operating loss from the offshore segment.

This was in turn due mainly to lower backlog from most projects nearing completion.

Revenue during the quarter fell to RM256.72mil against RM719.5mil registered in the previous corresponding quarter.

Shares in MMHE fell 1.57% or 2 sen to RM1.25 with 2.4 million shares done at market close yesterday.

During the first quarter, MMHE completed the Kanowit hook-up and commissioning as well as repair and maintenance works of 16 vessels.

The offshore business unit recorded revenue of RM136.4mil against RM616.3mil a year ago, due to lower backlog as most projects are nearing completion.

MMHE expects the Malikai Tension Leg Platform project to be completed by the third quarter of the year.

"The offshore unit continues with existing fabrication works for Besar-A wellhead platform (WHP) topside and jacket; Bergading WHP topside and jacket, centralised processing platform (CPP) jacket and bridge; Baronia CPP jacket and bridge; and FLNG-2 turret," it said in a statement.

The company added that works had commenced on the four sub-contract packages under the Rapid Pengerang projects and will soon start on the F12 Kumang WHP project.

During the quarter, the offshore business secured a small piping prefabrication work for Rapid Package-3 project.

Meanwhile, the marine business unit registered a higher revenue of RM120.3mil compared to RM103.2mil last year due to higher work value for LNG, LPG, FPSO and FSU category vessels repaired.

"Given the challenging environment in the upstream segment, the group's offshore business is expected to remain sluggish. MMHE has, however, over the years taken several initiatives to diversify into other business areas which include piping, mechanical and structural service works for the refinery and petrochemical segment, hook-up & commissioning as well as facilities improvement and maintenance projects," said managing director and chief executive officer Datuk Abu Fitri Abdul Jalil in a statement.

The company has intensified marketing and bidding activities to replenish its order book.

Abu Fitri expects the marine business to remain positive and to some extent cushion the slowdown in the offshore business. The group is looking at several initiatives to expand the marine repair business to balance its revenue mix.

MAHB looking to extend concession with KAFS

SEPANG: Airport operator Malaysia Airports Holdings Bhd (MAHB) is looking to extend its concession agreement of 25 years with Petronas Dagangan Bhd's (PetDag) unit Kuala Lumpur Aviation Fuelling System Sdn Bhd (KAFS) rather than paying the compensation of RM456mil detailed in the arbitration proceedings.

MAHB's unit Malaysia Airports (Sepang) Sdn Bhd (MA Sepang) had entered into an airport facilities agreement with KAFS in Septemer 2007 to give it 50-year rights to operate and maintain the KL International Airport (KLIA) aircraft fuelling system.

However, KAFS' tenure with MAHB had been halved when in February 2009, MA Sepang and the Government signed an operating agreement that gave MA Sepang the rights to maintain the KLIA for only a period of 25 years.

"Admittedly, PetDag had invested 'significant amounts in capital expenditure' for the original concession period of 50 years, but the decision lies entirely with the Government.

"It was the Government who restructured our agreement so we have asked all our operating partners and vendors to follow through on this decision. We have been engaging with the Government for a resolution with PetDag," MAHB managing director Datuk Mohd Badlisham Ghazali told reporters after the airport operator's AGM, where shareholders voted in favour of MAHB's resolutions to increase security measures in airports the company manages and operations in its Sabiha Gokcen airport in Turkey.

AGM time: (from left) Badlisham, Wan Abdul Aziz and Raja Azmi at the airport operator's AGM in Sepang.

Shareholders also approved a single-tier final dividend of 4.5 sen per ordinary share, which together with the interim dividend of 4 sen totalled a payout of 8.5 sen per ordinary share or RM74.7mil for the financial year ended Dec 31, 2015.

MAHB's dividend policy was to pay out at least 50% of the company's net profit.

Badlisham added that the arbitration with KAFS was expected to be concluded by year-end.

MAHB was more inclined towards a resolution with regard to the timeframe of the concession rather than a settlement of the monetary settlement demanded by KAFS.

"PetDag said (the shortened tenure) means a loss of income but that is based on a future amount, an alleged 'future loss of income'. We don't see any material impact here for now," MAHB chief financial officer Raja Azmi Raja Nazuddin said.

Asked on the next course of action MAHB would take should either party refuse to extend the tenure of the concession with KAFS, Badlisham said: "We will then look for other ways to resolve this issue. There are more ways to settle this back-to-back understanding just as is being done with all other suppliers and vendors of the airport."

For the first quarter ended March 31, 2016, MAHB posted a net profit of RM17mil, nearly half (47.8%) the RM32.6mil achieved in the same period last year.

Revenue came in at RM1.02bil, 16.3% up from RM876mil last year.

MAHB said the favourable variance in the revenues was offset by lower "other incomes" which were mainly due to unrealised gains arising from foreign currency translation of the bridging loan amounting to RM63.4mil recognised in 2015.

It added increase in costs were mainly due to higher user fees, depreciation and amortisation and utilities.

Meanwhile, MAHB was seeking to settle its liquidated and ascertained damages (LAD) imposed for the delay in completing the KLIA2 in Sepang with joint venture partners Bina Puri Sdn Bhd and UEM Construction Sdn Bhd before the end of the second quarter.

"It has been going on for quite a while and we now just need to suss out some final details before concluding our discussions by May, hopefully. The LAD amounts to about RM15mil," MAHB chairman Tan Sri Dr Wan Abdul Aziz Wan Abdullah said.

Global Rooms secures RM16.4mil investment

PETALING JAYA: Global Rooms Ltd, the owner and operator of the Nida Rooms hotel reservation system, has secured an equity investment of US$4.2mil (RM16.46mil).

Global Rooms said in a statement that the financing was led by two Asian venture capital firms, Convergence Ventures and CyberAgent Ventures.

Global Rooms said this was the company's second institutional capital raise since its inception in the second half of 2015.

Nida Rooms, the first and largest "virtual hotel operator" in South-East Asia, will utilise the funds to further expand business in Indonesia as well as to increase market share.

Chief executive officer and co-founder Kaneswaran Avili said the signing of the agreement was an important milestone for the company's future development plan, as Nida Rooms was not embarking on the second phase in fulfilling its promises to hotel partners and consumers by generating bookings and revenues. "We aim to increase the hotel partnership to 7,500 by year-end," Avili said.

Sunway REIT net profit higher for Q3

PETALING JAYA: Sunway Real Estate Investment Trust's (REIT) net profit rose 13.9% to RM64.76mil for the third quarter ended March 31 compared with the same quarter a year ago, mainly due to higher net property income from the retail and hotel segment.

Sunway REIT said in a statement that revenue grew 17.7% to RM130.34mil from RM110.7mil previously as average occupancy at Sunway Putra Hotel improved following the completion of its refurbishment in December 2015.

The company proposed a distribution per unit (DPU) of 2.37 sen, an increase of 11.3% compared with the same quarter a year ago, bringing the payout for nine months to March 31 to 7.06 sen.

Sunway REIT said net property income reported a 16.2% increase to RM96.6mil for the third quarter ended March 31 from RM83.1mil a year ago.

For the nine months ended March 31, Sunway REIT posted a net profit of RM200.79mil on revenue of RM383.4mil.

Its net property income for the nine months rose 10.6% to RM283.6mil from RM256.4mil in the previous corresponding period.

"Despite the challenging market, the resilient assets located in Sunway Resort City has held up the overall performance of Sunway REIT. We expect a modest growth in DPU for financial year 2016 mainly contributed by new and resumption of income contribution from completion of refurbishment and acquisitions, namely Sunway Putra Mall, Sunway Putra Hotel, Sunway Hotel Georgetown and Wisma Sunway," Sunway REIT Management Sdn Bhd chief executive officer Datuk Jeffrey Ng said in the statement.

"Meanwhile, Sunway Resort Hotel & Spa has enjoyed a strong performance in the third quarter of FY2016 boosted by leisure segment particularly from the Middle Eastern market. The higher DPU was also contributed by one-off court award amounting to RM6.189mil which was recognised in second quarter FY16," he added.

Ng said Sunway Pyramid Hotel East would undergo a 10-month refurbishment and would re-open in the first quarter of 2017.