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Home > George Kent jumps 4.02% as 4Q earnings surge 114%

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KUALA LUMPUR (March 21): George Kent (Malaysia) Bhd was the top gainer in early trade this morning after it posted a 114% surge in net profit for the fourth quarter ended Jan 31, 2017 (4QFY17) to RM42.15 million, from RM19.66 million a year earlier, as gross profit improved while cost of sales shrank.

At 9.02am, George Kent jumped 4.02% or 13 sen to RM3.36 with 873,200 shares traded.

It also recorded higher unrealised gain on foreign exchange of RM1.85 million.

Quarterly revenue, however, was down 29% to RM189.14 million from RM265.58 million a year ago, mainly as its construction and metering segments' contributions fell.

George Kent recommended a final dividend of five sen per share for the financial year ending Jan 31, 2017 (FY17).

For FY17, its net profit doubled to RM101.41 million from RM50.07 million a year ago, while revenue climbed 12% to RM598.97 million from RM536.21 million.

Hong Leong IB Research has maintained its “Buy” rating on George Kent with a higher target price of RM4.73 (from RM3.770 and said the company’s FY17 core earnings of RM94 million (+133% YoY) surpassed house forecast by 32%.

In a note today, the research house said the results surprise due to high margin varioation order (VO) works for LRT extension (ext) which continues to be booked.

“Engineering the star performer with FY17 PBT up +85% YoY, driven by high margin LRT ext VOs.

“FY17 job wins at RM1.1 billion; orderbook of RM6.2 billion implies 10x cover ratio.

“Raise FY18-19 earnings by 18% and 27% respectively after factoring more LRT ext Vos,” it said.

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