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George Kent looks forward to strong 2018 performance

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PUCHONG — George Kent (Malaysia) Bhd expects sustained performance for its financial year 2018 after delivering a strong set of financial results for its first quarter ended April 30, 2017 (1Q18).

Both the group's engineering and metering divisions posted higher revenue, with growth spurred by higher demand for its products from both local and overseas markets.

Chairman Tan Sri Tan Kay Hock said the strong performance in 1Q18 indicates that the group is progressing smoothly for the rest of the year.

The group posted a first quarter revenue of RM129.42 million, up up 5.2% from 122.96 million from last year.

Profit before tax was RM25 million in the quarter under review, up 23.2% from RM20.3 million in the same period last year, while profit after tax stood at RM18.5 million, up 23.3% from RM15 million previously.

Both the group's engineering and metering divisions posted higher revenue, with growth particularly spurred by higher demand for its products from both local and export markets.

The engineering division contributed RM94.92 (80%) and the metering division posted revenue of RM34.45 (20%).

Tan said the metering division business will continue to contribute to the group's bottom line and the demand is convincing as George Kent is exporting to 42 countries to date.

"The metering division is a major manufacturer and supplier of water meter products to a large number of water authorities to the various states of Malaysia and countries in the region," he said after the group's annual general meeting here yesterday.

The chairman added that the group expects to increase its production capacity to six million water meters per annum.

The current plant in Puchong has a production capacity of 2.5 million water meters per annum and has achieved production of over 1.8 million water meters in the last financial year.

"In terms of expanding the production capacity, it is an ongoing process as we can add more machinery and automate the system to make sure the process is sustainable for years to come," he said.

Tan also said that expanding the metering division will be in line with any increase in demand.

Recently, the metering division has also made a foray into Nepal after winning its first 70,000 water meters supply tender.

On top of that, the division also managed to secure a contract to supply water meters to Selangor after 10 years since its last supply to the state.

For the financial year 2017, the metering division saw higher revenue amounting to RM127.51 million

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which made up 21% of the topline.

This growth was mainly from the export of water meters to Hong Kong and Singapore in addition to the growth in the Vietnamese market.

Segment contribution from the metering division has been steady with material cost pressure absorbed by increased operational efficiency.

The engineering division achieved a revenue growth of 9% and contributed 80% of the top-line to the tune of RM471.46 million and is the main growth driver for the financial year.

This excludes revenue from the Light Rail Transit Line 3 project and other investments with less than 51% equity holding.

The revenue growth and increase in segment contributions were derived mainly from the rail sector.

Asked on the group's to target to increase its order book, Tan said this year they have yet to set the target as it is only at the first quarter.

"Last year we have an orderbook of RM1.1 billion and we still have to wait for few more months to set the target," he said.

Tan said the group is bidding for many project but as these are still on-going, no details were provided.

George Kent's current order book stands at an all-time high of RM6.13 billion.

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(From left) George Kent director Ahmad Khairummuzammil Mohd Yusoff, George Kent director Tan Swee Bee and Tan Kay Hock at the annual general meeting yesterday. — Picture by Razak Ghazali