

NEWS

Samantha Ho / September 26, 2018

George Kent: 2Q net profit down but results 'credible' despite LRT3 work disruption

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KUALA LUMPUR (Sept 26): George Kent (Malaysia) Bhd's net profit dipped slightly by 3.1% to RM24.58 million in the second financial quarter ended July 31, 2018 (2QFY19) from RM25.38 million a year ago, mainly attributed to lower profits contributed by the metering division.

In a filing with Bursa Malaysia today, George Kent said the metering segment profit of RM6.50 million for 2QFY19 was 30% lower compared with RM9.34 million a year ago due to lower sales and gross profit margin. The metering business contributes substantially to the group's profit, and now exports to over 40 countries around the world.

As a result, the group's earnings per share was lower at 4.4 sen for 2QFY19 compared with 4.5 sen for 2QFY18.

Quarterly revenue also fell 39.8% to RM112.93 million from RM187.57 million a year ago.

Nevertheless, the group declared an interim dividend of 2 sen per share for the financial year ending Jan 31, 2019 (FY19), payable on Nov 1.

For the cumulative six months (1HFY19), the group's net profit, however, came in 5.1% higher at RM46.12 million from RM43.87 million a year ago, even though revenue dropped 32.9% to RM212.7 million from RM316.99 million in 1HFY18.

On prospects, George Kent said its order book, currently standing at just over RM5 billion, will continue to provide earnings visibility over the next few years.

"The group is also continuing to explore opportunities in the regional railway space, leveraging on the expertise it has cultivated through its participation as the rail systems specialist in past domestic mass rapid transit and light rail transit (LRT) projects.

"The group's extensive network with global rail specialists stands it in good stead for projects that require international collaborations through joint ventures or other forms of strategic alliances," it added.

On the LRT3 project, George Kent said negotiations are ongoing to redesign the project and construction is anticipated to resume in the second half of 2019.

In a separate statement, George Kent chairman Tan Sri Tan Kay Hock said the group will continue to implement its strategic plan to broaden its income base.

"This will include investment of resources, both human and financial, into growing its metering and other water-related businesses and investments. The group is also on the lookout for regional railway opportunities, while continuing to deliver on our existing order book," he added.

At 3.16pm, George Kent shares were down 3 sen or 2.14% at RM1.37 today, with 3.73 million shares done, bringing a market capitalisation of RM773.81 million.

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