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Mah Sing plans RM2.2b worth of launches

The projects will continue to focus on affordable homes in Klang Valley, Johor, Penang

BY TAN XUE YING

KUALA LUMPUR: Mah Sing Group Bhd is planning new launches worth RM2.2 billion in gross development value this year — unchanged from last year — notwithstanding the 25% year-on-year fall in net profit to RM271.60 million in the financial year ended Dec 31, 2018 (FY18).

The FY18 revenue was also lower at RM2.2 billion against RM2.92 billion in FY17.

In the fourth quarter, the property developer registered a net profit of about RM66 million or a fourth lower than in the year-ago quarter, while revenue was down by a third to RM514.60 million, from RM760.84 million before.

The group has proposed a final dividend of 4.5 sen per share for FY18 against 6.5 sen previously.

In a press statement, Mah Sing managing director Tan Sri Leong Hoy Kum said the group sees potential to expand its land bank given it has some RM1.22 billion of cash as at end-December 2018.

The group's RM2.2 billion worth of projects this year would continue to focus on affordable homes at strategic locations in the Klang Valley, Johor and Penang.

"With disciplined financial management and a healthy balance sheet, we are in a good position to lock in more land and explore joint venture opportunities with a focus on affordable housing projects within Greater KL," Leong added.

For FY18, Mah Sing's property development earnings were mainly supported by a higher proportion of new sales secured from new projects such as M Vertica in Cheras, M Centura in Sentul and M Aruna in Rawang. These projects are expected to contribute more significantly once past the initial stages of construction, the developer said.

Other earnings contributors were Southville City in KL South, Lakeville Residence in Jalan Kuching, D'sara Sentral in Sungai Buloh, M Residence and M Residence 2 in Rawang, and M City in Jalan Ampang in Greater Kuala Lumpur (KL) and Klang Valley, Ferringhi Residence in Penang, The Meridin@Medini, Meridin East, Sierra Perdana in Johor and Sutera Avenue in Sabah.

The group's plastics segment also continued to contribute positively to group earnings, with improvements in its revenue and operating profit, pursuant to the sales of moulds.

Mah Sing closed unchanged at RM1, valuing the company at RM2.43 billion.

Pos Malaysia sees losses for second consecutive quarter

BY WONG EE LIN

KUALA LUMPUR: Continued decline in snail mail volume and sharply lower contribution from its logistics division have kept Pos Malaysia Bhd in the red for two consecutive financial quarters.

The postal group, whose share price halved over the past 12 months, announced yesterday it posted a net loss of RM13.02 million or 1.66 sen a share, for its third quarter ended Dec 31, 2018 (3QFY19). It posted a net profit of RM9.48 million or 1.21 sen a share in the previous corresponding quarter.

Quarterly revenue fell 6.36% to RM581.24 million, from RM620.72 million last year, a filing with Bursa Malaysia showed yesterday.

"Operating conditions remain challenging for the Pos Malaysia group as a whole," said Pos Malaysia's group chief executive officer Syed Md Najib Syed Md Noor, in a separate statement.

For the cumulative nine months ended Dec 31, 2018, Pos Malaysia registered a net loss of RM24.62 million or 3.14 sen a share, versus a net profit RM64.22 million or 8.2 sen a share last year. Revenue was down 3.25% to RM1.76 billion, from RM1.82 billion a year ago.

On prospects, although cautiously optimistic about some of its businesses, Pos Malaysia said the group's key revenue generators, Postal Services and Courier businesses, remain challenging as business enterprises are increasingly communicating with their customers via electronic and digital channels, foregoing mail-based communications.

Axiata said to revive IPO of US$2.5b tower arm edotco

BY ELFFIE CHEW, RODRIGO ORIHUELA & MANUEL BAIGORRI

KUALA LUMPUR/MADRID/HONG KONG: Axiata Group Bhd, Malaysia's biggest wireless carrier, is reviving preparations for an initial public offering (IPO) of its tower business edotco Group Sdn Bhd, according to people familiar with the matter.

Axiata's advisers recently resumed work on the deal, which was shelved last year, said the people, who asked not to be identified because the information is private. Axiata aims to list the unit in Kuala Lumpur as soon as this year and may seek a valuation of around US$2.5 billion for the company, they said.

The Malaysian carrier may seek to raise at least US$500 million from the listing, though the terms haven't been finalised, the people said. Axiata is working to resolve some technical issues before submitting an application to the country's securities regulator, they said.

The company had initially planned to list the unit last year, but postponed the IPO after equity markets weakened and a deal to buy towers in Pakistan from Veon Ltd was delayed, people familiar with the matter said in July. edotco was created in 2012 and owns more than 29,300 towers across Malaysia, Sri Lanka, Bangladesh, Cambodia, Pakistan and Myanmar, according to its website.

A representative for Axiata said the company cannot immediately comment.

Axiata owns about 63% of edotco, according to its website. The rest is owned by Malaysia's sovereign fund Khazanah Nasional Bhd, pension fund Kumpulan Wang Persaraan (Diperbadankan), and Japan's Innovation Network Corp, according to a 2017 statement on edotco's website. — *Bloomberg*

UMW Holdings returns to black in FY18, pays 2.5 sen dividend

BY AHMAD NAQIB IDRIS

KUALA LUMPUR: UMW Holdings Bhd returned to black in its financial year ended Dec 31, 2018 (FY18), with a net profit of RM341.66 million compared to a net loss of RM640.61 million a year earlier, thanks to better performance in three core segments and the reversal of provisions which bogged down the year-ago's earnings.

Revenue rose 2.2% to RM11.31 billion from RM11.07 billion, its stock exchange filing showed. The group also posted a lower loss before tax from discontinued operations of RM161.1 million, as compared to RM803.4 million a year ago.

It announced a final dividend of 2.5 sen per share for FY18, bringing the total payout for the year to 75 sen, its stock exchange filing showed.

In its fourth quarter ended Dec 31, 2018 (4QFY18), despite lower revenue, the group recorded a net profit of RM15.07 million, versus a net loss of RM422.11 million a year ago, on higher contribution from the manufacturing and engineering segment, and lower provisions.

It also recorded a profit before tax from discontinued operations of RM2.3 million, compared to a loss of RM411.8 million in the same quarter a year ago.

Quarterly revenue fell 9.9% to RM2.68 billion from RM2.97 billion a year ago, largely due to the lower number of vehicles sold under the automotive segment, which was impacted by the reintroduction of the sales and service tax in September.

Going forward, the group expects the automotive segment to perform satisfactorily in FY19, on the commencement of new plant operations and the launch of new models. The equipment segment, meanwhile, is expected to remain profitable, supported by demand in the mining and logging industries and strong performance in the rental equipment business.

As for the manufacturing and engineering segment, the group said it should perform better in FY19 as it looks to enhance market penetration in Asean for the lubricant business, while the aerospace business will see a ramp-up in production to service its Rolls-Royce contract.

Sime Darby Property incurs maiden RM347m loss in 2Q

BY AHMAD NAQIB IDRIS

KUALA LUMPUR: Sime Darby Property Bhd posted a maiden loss of RM347.5 million in the second quarter (2Q) ended Dec 31, 2018, against a net profit of RM138.08 million in the previous year corresponding quarter.

Revenue was 12.1% higher at RM788.81 million, from RM703.63 million a year earlier.

In a Bursa Malaysia filing, the property developer attributed the decline in performance to the gains on disposal of a subsidiary and associate recorded in the previous year, as well as high impairment of inventories, negative contribution from its Battersea project, and a higher tax provision.

For the cumulative six months, its net loss stood at RM318.7 million against a net profit of RM559.77 million in the preceding year. Revenue for the period increased 7.9% to RM1.27 billion from RM1.18 billion.

The group said its property development segment saw adverse impact from the impairment of completed inventories and write-off of development expenditure for two projects where launches have been deferred.

The group recorded RM7.7 million in share of loss from Battersea, as only three units of Phase 1 were delivered over the six-month period, compared to 494 units in the corresponding period a year earlier.

"These adverse charges were partially set off by the profit from the sale of land in Bandar Bukit Raja of RM122.7 million to Sime Darby MIT Development Sdn Bhd for the development of (a) managed industrial park. The profit on sale of land in the previous year amounted to RM84.3 million," it said.

The property investment segment saw higher profit contribution due to a one-off income recognition amounting to RM7 million on the commencement of tenancy of an investment property and the gains on disposal of investment properties in the UK totalling RM5.6 million.

The better performance was also contributed by lower share of loss by Sime Darby CapitaLand (Melawati Mall) Sdn Bhd of RM1.1 million, compared to RM7.9 million a year earlier.

The group expects the Malaysian property market to remain muted and lacklustre amid a high volume of unsold properties, mismatch in demand and supply, strict lending policies and cautious sentiment among buyers.

Sime Darby Property closed up one sen or 0.86% to RM1.17 yesterday, valuing the company at RM7.96 billion