

Bumper first half for HSL

Earnings grow to RM37.4 million; order book reaches RM3.1B; 1 sen interim dividend

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KUCHING (Thursday) – With its major projects moving ahead and order book at a record high, Sarawak-based infrastructure company Hock Seng Lee Berhad (HSL) has delivered strong growth outcomes for the first half of 2018.

Announcing its second quarter (half yearly) results for the period ended 30 June 2018, the company noted that accelerated execution of its mega-projects, as they entered mid-phases of construction, had led to improvement across all financial measures.

In addition, just two days ago the company had announced the procurement, in an open tender exercise, of a new project in Bintulu worth RM101.19 million.

“The proposed construction and completion of Maktab Rendah Sains Mara (MRSM) on Lot 1229, Block 37, Kemena Land District, Bintulu, Sarawak” is a three-year contract awarded by Petroliam Nasional Berhad (PETRONAS) with KLCC Projek Sdn Bhd (KLCCPSB) the Project Manager.

“Our successful bid for the MRSM Bintulu contract reinforces that the construction industry in Sarawak is robust and that HSL remains firmly at the forefront of it”, said HSL’s Managing Director Dato Paul Yu Chee Hoe.

“This new project has tipped the value of projects in hand over the RM3 billion mark to RM3.1 billion, of which some RM2.5 billion is unbilled,” Dato added.

The projects in hand across Sarawak will keep HSL well occupied for several years, although selective procurement is ongoing.

“Our promised recovery is well underway and this latest results announcement is ample evidence of that,” said Dato Paul Yu.

HSL Group revenue for the three months ended 30 June 2018 reached RM154.25 million, an increase of over 100 percent as compared to the preceding year corresponding quarter’s figure of RM75.90 million (after restatement of the preceding year’s figure in line with new accounting policies adopted).

The construction segment contributed RM138.69 million or 90 percent whilst the property development segment registered a contribution of RM15.56 million or 10 percent to the Group's revenue during the quarter.

The property sector currently has some RM287 million worth of projects in hand and so far, this year has launched RM50 million worth of property projects comprising gated residences for Phase 2 of Precinct Luxe at its 200-acre La Promenade mixed development as well as industrial lots at Phase 3 of its Vista Industrial Park (VIP).

Overall, HSL Group recorded net profit before tax for the current quarter at RM18.85 million, an increase of 44 percent as compared to RM13.12 million (as restated) for the corresponding second quarter of 2017.

The strong quarterly results also put HSL's first half year 2018 well ahead of the same period last year.

Net profit before tax for the first half of 2018 has accumulated to RM37.39 million on the back of revenue at RM286.00 million.

"This translates to a significant amount of work done and strengthening margins as our larger projects move into more billable stages," said Dato Paul Yu.

HSL's Pan-Borneo Highway contract (Package 7) covering the Julau and Sibu interchanges, the 1.7km Btg Rajang (Durin) bridge and 17 other bridges – a total of some 76 km, is moving ahead with 30 percent now completed.

Physical works, including laser-guided tunnel boring, have also started on the second package of Kuching's Centralised Waste Water Management System project, while a similar centralised waste water management system for Miri, package 1 has achieved 18 percent completion.

With the strong growth and record order book, HSL's Board of Directors has declared a first interim single-tier tax exempt dividend for 2018 of 1 sen per ordinary share, payable to shareholders on 10 October 2018. The dividend entitlement date shall be 19 September 2018.

"We have recorded profit every reporting period since our listing on the exchange in 1996 and also recorded sound returns to our loyal investors each year," said Dato Paul Yu.

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Based in Sarawak, East Malaysia, Hock Seng Lee Group is involved in marine engineering, civil engineering, building construction and property development.

HSL is listed on Bursa Malaysia's Construction Counter (stock code 6238).

For further information see: www.hsl.com.my