

Strong year for HSL

Revenue surges 45% for FY2018

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KUCHING (Tuesday): Sarawak-based marine engineering and infrastructure firm Hock Seng Lee Berhad (HSL) today released strong annual financial results for the year ended 31 December 2018.

Good progress on the mega projects during 2018 has enabled the Group to record revenue of RM610.36 million, up some 45 percent on the RM420.02 million (as restated in line with new accounting policies) attained for the year 2017.

Net profit before tax has also grown with RM72.15 million recorded for the 12 months of 2018 against the RM64.05 million (restated) earned for the 12 months of 2017.

“Our financial results are all the more commendable in the face of volatile commodity prices, variations in fiscal policies, wage hikes and increased competition,” said Dato Paul Yu, HSL’s Managing Director.

“HSL has displayed its renowned resilience in what was a tumultuous year for the construction industry,” he added.

HSL’s order book of RM2.9 billion as at 31 December 2018, is substantial and has risen further since the beginning of 2019 to some RM3.1 billion. Of this, RM2.2 billion is unbilled, so there is ample work to be done.

Miri Wastewater project is on schedule for a mid-2021 completion date with some tunnel boring operations running around the clock while Kuching City Wastewater Management System (Package 2) contract is scheduled to complete in 2023. The Pan Borneo Highway project has picked up momentum and is expected to complete in 2021.

All up, HSL has 17 contracts ongoing at present, having added some RM200 million in new works, including new property development launches, during 2018.

New contracts include construction works for Petronas’ latest training centre and packages for infrastructure related to Sarawak Energy’s Matang substation.

Among projects successfully handed over in 2018 were three in the Sarawak Corridor of Renewable Energy (SCORE) region namely, Samalaju Boulevard Package 1, the road into the Samalaju Industrial Park from Tg Kidurong and works for the substation establishment, also at Samalaju.

Despite a softening market, the property sector under wholly-owned subsidiary Hock Seng Lee Construction Sdn Bhd (HSLC), continues to perform creditably, achieving stable margins. The sector contributed 18 percent to the Group bottom line in 2018.

Some RM92 million worth of property projects were completed in 2018, comprising mostly the Eden Commercial Centre shophouses and industrial buildings for Vista Industrial Park (VIP) Block 1.

The high end homes at HSL's 200-acre La Promenade mixed development are proving to be a prestigious lifestyle choice in Kuching with the estate lauded for award-winning landscaping and advanced security. This year, the Mall will be established and HSL's new high rise office headquarters completed.

"We have RM240 million worth of property development projects ongoing and will launch approximately RM160 million worth of new projects in 2019," said Dato Paul Yu.

Industrial units for VIP Block 6 were launched last month while later in the year the remaining 56 units of super-link homes for Precinct Luxe and 25 units of 3-storey bungalows and duplexes for Precinct Grande will be launched at La Promenade. The popular residential estates of Samariang Aman 2 and Highfields 3B in Kuching will also have new residential phases come on the market.

The property sector is expected to contribute positively to the financial performance for the Group going forward.

"Overall, our home state of Sarawak is tendering out a number of substantial infrastructure projects such as the Coastal Road and Trunk Road project packages and we shall be capitalizing on such upcoming opportunities as they suit our capabilities," said Dato Paul Yu.

In view of the pleasing growth recorded across our financial measures, the Board has recommended a final single-tier tax exempt dividend of 1.4 sen per ordinary share pending approval at the upcoming Annual General Meeting (AGM).

Added to the interim single-tier tax exempt dividend of 1 sen per ordinary share paid on 10 October 2018, the cash dividend for 2018 would total 2.4 sen per ordinary share.

"Providing sound returns to our stakeholders is an important priority for us, while we are also prudent with our cash reserves and borrowings as we safeguard against economic uncertainties and anticipate start-up costs for newly procured works," 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, Bloomberg code HSL MK).

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