

GFM Services targeting double-digit growth in profit, revenue in 2018

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KUALA LUMPUR: GFM Services Bhd, which today received its shareholders' approval for the proposed acquisition of concession holder KP Mukah Development Sdn Bhd (KPMD) for RM130 million, is eyeing double-digit growth in revenue and profit this year following the completion of the proposed acquisition.

For the financial year ended Dec 31, 2017, GFM's net profit decreased 23% to RM10 million from RM13 million in FY16, mainly due to the absence of RM6 million of bad debt recovered in the previous year.

Revenue increased 13% to RM104.5 million from RM92.1 million, attributed to new contracts as well as renewal of contracts at higher rates.

Speaking to reporters after its EGM today, GFM's managing director Ruslan Nordin expects to complete the acquisition exercise in the early second half of this year.

"We hope this will provide a platform for us to acquire more profitable concessionaires in the future," he said, noting the acquisition will significantly transform the group from being a facilities management services provider into a full-scale build, lease and transfer concession holder.

However, he said GFM has no immediate plans for more acquisitions at the moment as it wants to focus on consolidating its new business, but stressed that the group is always open for opportunities.

Earlier this year, GFM entered into a share sale agreement with property developer Kumpulan Parabena Sdn Bhd to acquire the entire stake in KPMD, which holds a 23-year concession awarded by the government and Universiti Teknologi Mara (UiTM).

The concession entails a three-year contract for the construction of UiTM Mukah campus in Sarawak and the delivery of facilities management services for 20 years ending September 2035.

Worth noting is the construction of UiTM Mukah was completed in October 2015 and KPMD received payment for availability charges and maintenance charges upon completion of the construction phase.

Therefore, Ruslan said the proposed acquisition will entitle the group to the secured recurring cash flow for the remaining 18 years, strengthening its order book to RM1.4 billion from RM261.7 million as at end-2017.

He noted that as both GFM and KPMD are the facilities management providers for UiTM Mukah, the acquisition is complementary to the group's core business as it ensures the continuity of delivery of facilities management services for UiTM Mukah until 2035.

He added that the acquisition is consistent with the group's aim to increase its participation in managing the government's non-core assets and businesses.

To date, GFM has been involved in providing facilities management services for four out of 12 UiTM campuses which are under the private financing initiative.

GFM's share price fell one sen or 1.9% to close at 53 sen today on some 78,700 shares done.

SOURCE:

<http://www.thesundaily.my/news/2018/03/21/gfm-services-targeting-double-digit-growth-profit-revenue-2018>