

GFM Services sees earnings boost from KPMD acquisition

BUSINESS NEWS

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KUALA LUMPUR: Integrated facilities management services provider GFM Services Bhd, whose shareholders approved its proposed purchase of a 100% stake in KP Mukah Development Sdn Bhd (KPMD) for RM130mil, expects its earnings to more than double following the acquisition.

KPMD holds a 23-year concession awarded by the government and Universiti Teknologi Mara (UiTM), which entails three years of the design, build and construction of UiTM Mukah campus in Sarawak, and 20 years for the delivery of facilities management services ending September 2035.

In a statement yesterday, GFM managing director Ruslan Nordin said the company's earnings were expected to more than double based on GFM's and KPMD's net profits of RM13mil and RM17.8mil, respectively, for the financial year ended Dec 31, 2016.

“GFM is the current facilities management provider for UiTM Mukah, having secured a five-year facilities management services contract ending 2021.

“The proposed acquisition will entitle GFM to the secured recurring cash flow KPMD receives for the remaining 18 years,” he said.

The acquisition would allow the company to accelerate its financial growth and solidify the order book to about RM1.4bil, while ensuring long-term earnings visibility for the group, he said.

Ruslan said the proposed acquisition, expected to be completed in the second half of this year, would transform the group from being a facilities management services provider into a full-scale build, lease and transfer concession holder. — Bernama

SOURCE:

<https://www.thestar.com.my/business/business-news/2018/03/22/gfm-services-sees-earnings-boost-from-kpmd-acquisition/>