DBE sees 'good turnaround' in two years

Group to boost the number of HARUMi outlets in Malaysia and expand to Thailand

BY JUSTIN LIM

KUALA LUMPUR: Loss-making DBE Gurney Resources Bhd expects a "good turnaround" within two years by expanding its network of HARUMi fried chicken outlets.

"The problem now is that the number of restaurants is not enough, so we need to put more effort and focus on the expansion plan" said managing director Datuk Alex Ding Seng Huat.

Ding said DBE aims to have 30 HARUMi restaurants and signature outlets by 2020, besides 3,000 free standing kiosks and 300 food trucks.

At present, the integrated poultry group has eight such restaurants and signature outlets, 220 kiosks and five food trucks.

"The group also plans to grow its overseas market for HARUMi. Its target is to have 50 HARUMi restaurants across China, Taiwan, Indonesia and Thailand by 2020," said Ding.

He said the HARUMi business is more profitable compared with its traditional activity of selling processed chicken to wet markets as the selling price is three times higher.

Ding was speaking at a press conference after signing an agreement with Thailand's Farmmesh Foods Co Ltd to jointly establish a private limited company to operate a chain of quick service restaurants in Thailand under the HARUMi system.

Ding sees great potential in Thailand, and expects a 5% to 10% annual growth in terms of the number of outlets in Thailand, given that "its population is 65 million which is double that of Malaysia's."

DBE said its wholly-owned subsidiary DBE Poultry Sdn Bhd will own 30% of the company, while Farmmesh will have the remaining 70%.

"This JV (joint venture) business would allow its HARUMi brand to expand to Thailand, following its early expansion into Taiwan, in addition to the existing outlets in Malaysia," the group said in a statement.

For the year ended Dec 31, 2017, DBE posted a net loss of RM20.31 million, versus a net profit of RM250,000 a year earlier. Revenue fell to RM111.73 million from RM112.98 million.

DBE Gurney's share price closed unchanged at 3.5 sen, giving it a market capitalisation of RM93.74 million.

RHB appoints UBS' Yeo as M&A regional head

BY ELFFIE CHEW & JOYCE KOH

KUALA LUMPUR/SINGAPORE: RHB Bank Bhd, the fifth-biggest Malaysian lender by market value, has hired UBS Group AG's James Yeo as regional head of mergers and acquisitions (M&A).

Yeo, 48, will start in the Kuala Lumpur-based role on Aug 23, the bank said in an emailed statement yesterday, confirming an earlier *Bloomberg* report. He was previously head of institutional client coverage for Southeast Asia at UBS Asset Management, according to the statement.

RHB is seeking to boost its share of M&A advisory work in Southeast Asia, where it trails local rivals including Malayan Banking Bhd and CIMB Group Holdings Bhd. The firm's revenue from corporate and investment banking has fallen for each of the past three years, while revenue from its core retail banking franchise has been roughly flat, data compiled by *Bloomberg* show.

Yeo will focus on building the regional M&A business for RHB, in addition to providing industry expertise to support the group's customers across the transport, logistics and infrastructure sector, the bank said in yesterday's statement.

Before joining UBS, Yeo was a director at Bank of America Corp covering Singapore investment banking. He was earlier with Deutsche Bank AG, where he oversaw Southeast Asian industrials, according to his LinkedIn profile.

RHB ranked sixth among advisers on M&A deals involving Malaysian companies last year, with a 5.4% market share, data compiled by *Bloomberg* show.

The hire comes after two of RHB's most senior dealmakers decided to leave the firm. Head of M&A Soon Poh Lean and one of his key lieutenants, a director on the M&A team named Theresa Lim, have resigned from the Malaysian bank, people with knowledge of the matter said earlier this month. — *Bloomberg*

MSM posts third straight quarterly profit in 1Q

BY ERIKA BENJAMIN

KUALA LUMPUR: MSM Malaysia Holdings Bhd, the country's largest refined sugar producer, posted its third straight quarterly profit in the first quarter ended March 31, 2018 (1QFY18), with a net profit of RM15.81 million compared with a net loss of RM34.62 million a year ago.

In a filing with Bursa Malaysia yesterday, MSM attributed the group's turnaround to lower raw material costs and favourable foreign exchange rate in the current quarter under review.

Also boosting MSM's performance is the reduction in administrative expenses, it said.

This resulted in the group recording an earnings per share of 2.25 sen in 1QFY18 compared to a loss per share of 4.93 sen in 1QFY17.

Quarterly revenue, however, fell 14.2% to RM549.06 million in 1QFY18 from RM640.05 million a year ago, due to a 7% reduction in the overall tonnage sold and lower average selling price.

On current year prospects, MSM said the group maintains its positive outlook for 2018 and expects to gain from improved operations, low raw sugar prices and strengthening ringgit in the near term.

MSM executive director Datuk Khairil Anuar Aziz said for the past year, MSM has been marked by prudent cost management initiatives to ease pressure on its margins.

"The cost management initiatives are now sustainably embedded across the group to stabilise the balance sheet. Ideally, we plan to maintain discipline in cost and operational efficiency while focusing investment on our profitable assets to maximise cash flow generation," he said in a separate statement.

Khairil said industry-wise, sugar yields have improved significantly mainly aided by favourable Asian monsoon rains leading into a global sugar glut. Additionally, global supply is estimated to beat demand by 10.40 million tonnes in the current season, 26% more to erase shortages/deficit of the past two seasons.

"Set to a positive motion in 2018, MSM looks to further improve inventory management, supply and distribution efficiency and operating expenditure optimisation to remain resilient for the remaining quarters in driving business forward. Most importantly, MSM continues to monitor its cash flows and working capital requirements to enable visibility of red flags and proactive actions continue to be exercised to remain financially healthy," he added.

Meanwhile, MSM said its sugar refinery in Tanjung Langsat, Johor is slated for commissioning in the first half of 2018, in accordance with the timeline. "The capacity growth is focused towards producing better margin and revenue via export sales improvement, particularly in the Southeast Asia and Middle East and North Africa markets," it noted.

SunCon bags piling projects worth RM69.5m

BY SUPRIYA SURENDRAN

KUALA LUMPUR: Sunway Construction Group Bhd (SunCon) has bagged two construction jobs worth a total of RM69.5 million.

SunCon said its subsidiary Sunway Construction Sdn Bhd (SCSB) has been awarded a RM23.17 million pilling works contract by Tenaga Nasional Bhd (TNB)

The piling works for the construction of the TNB Campus in Jalan Bangsar will be completed within seven months from the date of commencement, SunCon said in a filing with Bursa Malaysia.

The second contract worth RM46.32 million was awarded to SCSB's subsidiary Sunway Geotechnics (M) Sdn Bhd by Cergas Murni Sdn Bhd involving piling works for the Bukit Bintang City Centre (BBCC) mixed development project.

It comes under a tunnel and associated work package covering Jalan Galloway, Jalan Hang Tuah and Jalan Changkat Thambi Dollah.

The project is for a period of 15 months and is expected to be completed by the fourth quarter of 2019.

The TNB Campus piling project and BBCC piling project are expected to contribute positively to the earnings of SunCon Group from the financial year ending Dec 31, 2018 onwards.

Boustead Plantations posts 82% lower 1Q net profit, pays 2.5 sen dividend

BY SURIN MURUGIAH

KUALA LUMPUR: Boustead Plantations Bhd's net profit fell 82.2% to RM5.26 million in the first quarter ended March 31, 2018 (1QFY18) from RM29.56 million a year ago, on lower palm product prices.

This results in a lower earnings per share of 0.23 sen in 1QFY18 compared with 1.32 sen in 1QFY17. Quarterly revenue also dropped 18.2% to RM154.6 million from RM189.02 million a year ago.

Nevertheless, the group declared a first interim dividend of 2.5 sen for the financial year ending Dec 31, 2018 (FY18), payable on June 27.

Boustead Plantations said average crude palm oil (CPO) selling price for 1QFY18 was RM2,491 per tonne, 21% lower compared with RM3,166 per tonne in 1QFY17, while average palm kernel oil price declined by 32% to RM2,188 per tonne.

Fresh fruit bunch production for 1QFY18 rose 8% to 226,323 tonnes, largely due to improved yields post El-Nino. Average oil extraction rate was 20.5%, a slight reduction from 1QFY17, while average kernel extraction rate was marginally higher at 4.5%.

Boustead Plantations vice-chairman Tan Sri Lodin Wok Kamaruddin said the year ahead is expected to see an increasing supply of alternative vegetable oils, putting pressure on demand for CPO and leading to increase in palm oil inventories.

"However, the CPO market could benefit from the likelihood of higher tariffs by China on US soybean as well as the European Union's removal of anti-dumping duty on Indonesian biodiesel," he said in a statement yesterday.

"Going forward, we are confident of prospects as we remain focused on strengthening operational efficiencies coupled with strategic expansion of our plantation land bank.

"To this end, the recent acquisition of 11,579ha of land in Sabah is set to contribute positively to the group, while the proposed acquisition of 5,500ha of plantation land and a palm oil mill in Sabah will further boost our earnings over the long term.

"The proposed disposal of 139ha of land targeted to be completed by 3Q 2018 is also expected to contribute further to our earnings," added Lodin.