

Headline	Pestech expects strong growth to continue in FY18
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## HOME BUSINESS

# Pestech expects strong growth to continue in FY18

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PHOTO BY SHAHRIN YAHYA

KUALA LUMPUR: Pestech International Bhd, which reported a 35.8% year-on-year rise in net profit in the financial year ended June 30, 2017 (FY17), expects to continue its strong growth momentum in the current financial year, underpinned by a strong order book.

The group's order book stood at RM1.36 billion as of June 30, which will keep it busy through FY19. It has a tender book of RM1.79 billion.

Its executive director cum group chief executive officer Paul Lim Pay Chuan (*pic*) said the group's impressive performance in FY17 came as little surprise to him, anticipating similar growth in earnings in FY18.

"Our performance came as no surprise to us so far, but we will announce our first-quarter results soon. You will see how we do," he told *The Edge Financial Daily* after the group's annual general meeting yesterday.

"We will be able to maintain the same level of growth in FY18," he added.

Pestech's net profit jumped 35.8% to RM94.91 million in FY17 from RM69.88 million the previous year. Revenue, however, fell 3.7% to RM498.32 million from RM517.55 million.

"We are not particularly concerned whether we can grow or not because our current order book can last us for at least two financial years," said Lim.

To date, the group has expanded its market share in terms of exporting its products and services into 20 countries such as Cambodia, Papua New Guinea, the Philippines, Sri Lanka, Vietnam and Laos.

Today, the power infrastructure provider has presence in seven countries namely Malaysia, Cambodia, Papua New Guinea, the Philippines, Kyrgyzstan, China and Myanmar.

Lim said Malaysia accounts for about 15% of the group's revenue, with the remaining 85% coming from abroad.

In October, Pestech announced that it was acquiring a railway contractor, Colas Rail System Engineering Sdn Bhd (CRSE), for RM10.38 million to stimulate growth in



its utility and railway business.

"We are now tapping into CRSE's resources for building up our know-how about metro rail, which is similar to the mass rapid transit (MRT) and light rail transit.

"By acquiring CRSE, we also naturally have the support from them to learn and collaborate with them on the MRT Sungai Buloh-Serdang-Putrajaya-line job, which gives us the accelerated growth in metro rail where the opportunity is coming up in the region," he said.

Meanwhile, Lim said its indirect wholly-owned subsidiary Pestech (Cambodia) Ltd (PCL) is on track to launch its initial public offering on the Cambodia Securities Exchange (CSX) in the second quarter of next year.

"It (CSX) is still a young capital market, but it serves our purpose to maintain our competitiveness in the group by tapping into the pool of resources in that particular country," he said, adding that Pestech is looking to hold between 60% and 70% of PCL shares post-listing.

On the outlook, Lim said it is bright for the group as the region is still growing and shows no sign of stopping. "The future is definitely good as the demand is there. Wherever we go, we are always hungry for power.

"Malaysia itself is vibrant and growing. Growing means it is a part of electricity. It can't grow without investing in the electrical network," he added.