

The Business Times

Published 24 May 2017

Boustead Singapore expects lower earnings for FY2018

by Cai Haoxiang

OIL and gas worries and a challenging Singapore industrial real estate market might continue to affect earnings at technology and engineering group Boustead Singapore.

The group said on Tuesday that it expects to be profitable for FY2018 ending March 31, 2018, but the level of profit "may not match" that of FY2017. This is due to the current macroeconomic environment, and also because its results for FY2017 were boosted by significant one-off gains.

However, the company has a healthy balance sheet and fundamentally sound businesses that allow it to weather a challenging period, said Boustead chairman and chief executive officer Wong Fong Fui in a statement.

"We have restructured many of our businesses to prudently manage our internal costs and supply chain in view of the tough business environment," he said.

"With S\$188 million in net cash, S\$67 million in financial assets and S\$500 million of available untapped MTN (medium term note) programme financing, we remain in an excellent position to take a disciplined and patient approach to seize on good acquisition and investment opportunities in a timely manner."

For FY2017 ended March 31, 2017, Boustead's net profit was up 18 per cent to S\$33.3 million though its revenue was down 11 per cent to S\$433.8 million.

After adjusting for other gains and losses net of non-controlling interests for both years, full-

year net profit would be 9 per cent lower at S\$25 million.

The company's energy-related engineering segment continues to be affected by the oil and gas downturn. Segmental profit before tax more than halved to S\$4.2 million.

However, pre-tax profit rose for the other two segments. Its real estate solutions arm which designs and builds industrial facilities clocked a pre-tax gain of S\$44.9 million, up 51 per cent from a year ago.

The profit had been boosted by fourth-quarter gains from a surrender payment from distressed oil and gas engineering firm Ausgroup, which agreed to terminate its lease on Boustead's Tuas property early. Another fourth-quarter gain came from the sale of the group's interest in the TripleOne Somerset development.

The third segment, geo-spatial technology, recorded pre-tax profit growth of 10 per cent to S\$21.9 million, amid firm demand across Australia and South-east Asia.

This segment appears to be a bright spot. Boustead said there are steady prospects on sustained demand from government agencies and the trends of big data mapping analysis and smart cities.

A final dividend of 1.5 Singapore cents a share was proposed, down from two Singapore cents a year ago.

Boustead last traded at S\$0.88 a share, up a cent, before its results were announced.