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Pesona Metro Targets RM1b Orderbook

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Pesona Metro Holdings Bhd aims to replenish its orderbook to RM1 billion this year following its plan to diversify its business following the acquisition of SEP Resources (M) Sdn Bhd for RM29.15 million.

It chairman Datuk Lee Tuck Fook said the acquisition, which received shareholders approval, will open opportunities for the company to generate more recurring income streams from the availability charges and asset management services charges from University Malaysia Perlis (UNIMAP) over the tenure of the concession.

"The diversification plan is to help the company to have this kind of recurring income in the future which will bring more stability in our earnings moving forward," he told reporters after Pesona Metro's EGM in Kuala Lumpur yesterday.

Pesona Metro had earlier announced it will finance the acquisition of SEP via a cash amounting RM1.5 million and issuance of 39.5 million new ordinary shares of 25 sen each in Pesona Metro at an issue price of 70 sen per share.

Lee said following the diversification plan, Pesona Metro is targeting an 8% to 10% revenue growth for the financial year ending Dec 31, 2015 (FY15).

The company's current orderbook stood at RM500 million will keep the company busy for the next two years and tendering slightly more than RM1 billion worth of construction projects, both from the private and government sectors.

For the nine months ended Sept 30, 2014, the company's revenue shrunk 4.7% to RM205.86 million from the RM215.91 million recorded in the same period a year ago.

Meanwhile, Pesona Metro non-independent non-ED Wie Hock Kiong said the company expects a challenging FY15 on the back of tougher competition in the construction industry, which will caused the company to squeezed its margin.

Wie also said the company has yet to see the impact of the low oil price to raw materials.

"We haven't seen the impact of the oil price on raw materials yet but if it's going to maintain at this level in the medium to longer term, we expect raw material price to go down as well. If that happen, our margin would be better," Wie said.