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George Kent to explore rail construction opportunities in Europe

Its 1QFY17 net profit jumps 52% y-o-y to RM15.01m

BY CHESTER TAY

KUALA LUMPUR: George Kent (Malaysia) Bhd intends to explore rail transport construction opportunities in Europe, said the group's chairman Tan Sri Tan Kay Hock.

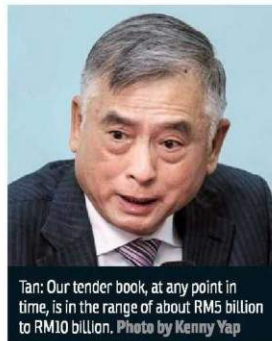
At a media conference after George Kent's annual general meeting yesterday, Tan said the group is always seeking to grow its order book, and that it is currently eyeing more opportunities in European countries.

"We have made contacts with some of the investment bankers, to check the rail construction opportunities in Europe. We do send our people there to look at these projects, but these are still in exploration stage, very preliminary," said the group's executive director Bernie Ooi Chin Khoon.

He added that the group will need more time to study the opportunities available there.

Meanwhile, Tan said George Kent will always ensure that the group has seven to eight years of work orders in hand.

"We are always bidding for [more] projects. Our tender book, at any point in time, is in the range of about RM5 billion to RM10 billion," he said,



Tan: Our tender book, at any point in time, is in the range of about RM5 billion to RM10 billion. Photo by Kenny Yap

adding that the group currently has an order book of RM5.5 billion.

George Kent's venture into rail construction dates back to July 2012, when the group's joint venture (JV) with Lion Pacific Sdn Bhd was appointed as the contractor for the RM955.84 million Ampang light rail transit (LRT) line system works.

In September last year, another George Kent JV — this time with the Malaysian Resources Corp Bhd — was appointed by Prasarana Malaysia Bhd as the project delivery partner for the construction and completion

of the RM9 billion LRT Line 3.

On the metering business, Tan said the industry is highly competitive, but thanks to the group's track record, its products remain some of the most highly sought-after in the market.

"We are now supplying water meters to the Singapore and Hong Kong water authorities, both known for their very stringent standards in evaluating submission from water meter suppliers. Our brand is very strong globally, especially in the Commonwealth countries. But this is not an easy business. The meter price we are selling [at] now is lower than the price we sold at 20 years ago," he said.

On Wednesday, George Kent released its financial results for its first quarter ended Apr 30, 2016 (1QFY17), which saw a 52% year-on-year (y-o-y) jump in net profit to RM15.01 million, as the group's revenue from its engineering division spiked 169%.

Its latest quarterly revenue doubled to RM122.96 million from RM59.03 million in 1QFY16, its bourse filing yesterday showed. Of the total revenue, 23% was attributable to the metering business, while the remaining was contributed by the engineering division.