

HSL's 2015 revenue at all-time high

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KUCHING (Thursday): Hock Seng Lee Berhad (HSL) capped off a productive 2015 by posting record annual revenue, it announced today.

The Sarawak-based marine engineering and infrastructure specialist completed projects worth over a billion ringgit during the 2015 calendar year including package 1 of Kuching city's central wastewater management system and a new UiTM campus at Mukah as well as over a dozen other projects such as roadworks, flood mitigation works and a variety of infrastructure contracts.

Results for the year ended 31 December 2015 saw revenue rise to a new high of RM654.74 million while net profit before tax was at RM101.24 million. This translates to earnings per ordinary share of 13.87 sen.

Revenue for the year 31 December 2014 was at RM604.72 million, itself an historical high at the time, while net profit before tax was at RM103.15 million.

"As we approach the June 2016, 20th anniversary of our listing on the Main Market of the national bourse, we can reflect with pride on two decades of profit each and every quarter and significant growth in the operations and size of the Group over the last two decades.

"Such consistency for a construction company is highly commendable and testimony to the quality of HSL's management as well as the niche market skills we possess," said HSL Chairman Dato' Idris Bin Buang.

"Our margins, while under some pressure, remain among the best in the industry," he added.

HSL also retains substantial cash reserves and is debt free.

"We have successfully managed numerous domestic and global challenges including a tight labour market, fluctuating material costs, a trend towards smaller contracts, procurement delays and disadvantageous foreign exchange," said Dato' Idris.

In keeping with the sound annual results, the HSL Board has recommended a final single-tier tax exempt dividend of 7 percent per ordinary share pending approval at the forthcoming Annual General Meeting (AGM).

Added to the interim single-tier tax exempt dividend of 5 percent paid in October 2015, the cash dividend for 2015 will total 12 percent.

“Our dividend pay-out ratios have been in the vicinity of 20 percent over the past several years. At the same time, this year, we are retaining a sensible amount of start-up capital in anticipation of major new project procurement,” said Dato’ Idris.

Some 16 projects were completed in 2015, while 21 new projects were procured. Raw water intake and treatment plant contracts in the SCORE knowledge hub of Mukah were substantial new additions.

The current value of projects in hand stands at RM1.2 billion of which about half is unbilled.

“We are looking to replenish our order book and are eyeing a couple of higher value projects this year,” said Managing Director Dato Paul Yu Chee Hoe.

Packages for the Pan-Borneo Highway are expected to be rolled out during the year. HSL is one of the accomplished pre-qualified contenders with a track record of over 800km of roadworks in Sarawak.

Similarly, HSL honed its tunnelling expertise during the successful execution of Package 1 of Kuching’s Centralised Waste Water management system and thus has the credentials to undertake Package 2.

“Such opportunities plus the ongoing contracts arising in the SCORE region are the main sources for us to replenish our order book during 2016,” said Dato Paul Yu.

Meanwhile, the property division is also looking at a strong year in 2016. Earnings from robust sales across all products late in 2015 will be largely recognised this year.

In addition, new launches for 2016 will include a second residential phase called Precinct Luxe at the aspirational 200 acre *La Promenade* mixed development on the Kuching-Samarahan road and Vista Industrial Park (VIP) in Muara Tabuan, Kuching.

“Patience in procurement will be key in the coming months and we will continue to work hard across all our operations to ensure the best returns to clients and stakeholders alike,” said Dato Paul Yu.

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Based in Sarawak, East Malaysia, Hock Seng Lee Group is involved in marine engineering, civil engineering, building construction and property development.

HSL is listed on Bursa Malaysia’s Construction Counter (stock code 6238, Bloomberg code HSL MK).

For further information see: www.hsl.com.my