

Company Name : DESTINI BERHAD
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Destini expects better chances of securing jobs under open tender

BY EMIR ZAINUL

KUALALUMPUR: Destini Bhd, whose share price has dropped by more than half since May 8, is confident about winning more government contracts as the Pakatan Harapan government adopts the open tender system for all government projects to improve corporate governance.

Destini president and group chief executive officer Datuk Rozabil Abdul Rahman said with a fairer open tender system, submitting companies will be judged based on their financial strengths, capabilities and workforce, which the group is convinced it can deliver.

"It is better to have that kind of open tender policy so that everybody can participate and whoever is the best in that industry will secure the contract," he told reporters after Destini's annual general meeting yesterday.

Rozabil said the group already has in the bag two major contracts from the defence ministry mainly for the maintenance, repair and overhaul services, and the supply of safety and survival equipment to the Royal

Malaysian Air Force. Last month, it bagged an additional RM138 million contract to the existing RM98.2 million three-year contract it had won from the ministry in 2016.

He added that in terms of percentage of the group's total revenue contribution, government contracts account for a significant portion — higher than its commercial contracts, but he did not disclose the figures.

However, Rozabil gave assurance that the group is working towards reducing its reliance on government contracts.

"Going forward, we will be quite active overseas for our commercial projects, which we have started since last year. Hopefully within the next three years, we target that our commercial projects will contribute 60% [of the group's revenue] and 40% from government contracts," he said.

Last week, Destini clinched a two-year oil and gas contract worth RM31.76 million to provide tubular running services in Pakistan.

Rozabil also pointed to the group's growing presence in the Middle East, North Africa, Europe

and Singapore, in line with the group's aim for geographical expansion to increase contribution from its commercial businesses.

Rozabil was Destini's largest shareholder with a 25.21% stake as at May 30, 2018, and is also Umno Perlis treasurer.

Yesterday, Destini announced that net profit for the first quarter ended March 31, 2018 (1QFY18) fell 22% to RM7.75 million from RM10.05 million a year ago, mainly due to a decrease in aviation manufacturing jobs.

As a result, its earnings per share contracted to 0.67 sen per share from 0.87 sen previously.

The company's quarterly revenue also dropped 38.5% to RM137.57 million from RM223.72 million in 1QFY17.

Going forward, Destini expects the operating environment to remain challenging and competitive. "Barring unforeseen circumstances, the board foresees the group's operational results for the financial year ending Dec 31, 2018 will be satisfactory," it added.