

Company Name : Destini Bhd
Date : 28 February 2020
Source : The Edge Markets

Destini Posts Largest Quarterly And Annual Losses, As Costs Spike While Impairment Weighs

KUALA LUMPUR (Feb 28): Destini Bhd posted a record net quarterly loss of RM237.26 million for the fourth quarter ended Dec 31, 2019 (4QFY19), as it booked a provision and impairment of RM145.17 million on its assets and goodwill in the fourth quarter.

It did not help that the group's revenue sank 25% to RM76.66 million from RM102.77 million a year ago, while cost of sales spiked 170% to RM136.45 million from RM50.48 million. In contrast, the group recorded a net profit of RM1.56 million in 4QFY18.

This pushed its full FY19 into the red with a net loss of RM235.44 million — its largest recorded annually — in contrast to a net profit of RM1.81 million in FY18, while revenue declined 26% to RM297.15 million from RM401.11 million.

In a statement, Destini said that during the year under review, the group was not spared from local and global challenges and uncertainties, which had affected its overall performance.

“For instance, Destini’s aviation segment, which is highly dependent on government contracts, saw a decline in revenue due to slower progress in its projects as a result of the transition of the government. In addition, budgetary cutbacks also resulted in a reduction in billings from agencies,” it said.

Segmentally, Destini said the postponements in the execution and completion of the MD530G helicopter project, as a result of delays in the decision of its continuity, translated to higher operational, administrative and interest expenses.

However, the government has since given approval for the group to continue executing the remaining contract obligations under the MD530G programme.

The marine manufacturing segment was not able to replenish its order book during the year, which also resulted in higher costs.

“Seeing the challenges the group underwent during FY19, Destini’s management decided to review its long-term contracts and do a reconciliation of its accounts in the fourth quarter of FY19, which includes a provision and impairment on its assets and goodwill amounting to RM145.17 million,” it said.

Despite the losses, Destini remained optimistic on its prospects for 2020, supported by the continuation of the helicopter project, increase in oil and gas activities as well as its foray into port operations in Kalimantan, Indonesia.

Destini shares fell one sen or 5.26% to 18 sen, giving it a market capitalisation of RM221.44 million. The stock has retreated over 12% in the past 12 months.