

Company Name : Destini Berhad
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Destini bags RM17.4mil M&E systems contract

PETALING JAYA: Destini Bhd has bagged a RM17.4mil contract to provide mechanical and electrical (M&E) systems for the commercial development of GrenePark Village in Semenyih, Selangor.

In its filings with Bursa Malaysia, the company said its wholly owned subsidiary Destini Engineering Technologies Sdn Bhd (DET) had received the contract from Wira Syukur (M) Sdn Bhd to be a sub-contractor for the supply, delivery, installation, testing and commissioning of electrical installation for the development of GrenePark Village.

"The contract is worth approximately RM17.4mil and will commence in July 2020 and be completed in February 2022," Destini said.

The company's shares rose one sen yesterday to close at 15.5 sen. "This contract is expected to contribute positively to the

group's earnings for the next two years," Destini said.

"Furthermore, Destini aims to further fortify its position in the industries it is in by actively participating in M&E-related tenders for both government and commercial sectors," it added.

In a note on July 1, CGS-CIMB Research said that while Destini assured investors that it would roll up its sleeves to win more contracts, most of the group's businesses are those hit the hardest by the Covid-19 pandemic.

"Government contracts may be sparser as the state has to tighten its purse strings, aviation maintenance works could be reduced substantially with air travel grounded and oil prices are now in a bear market.

"We struggle to see how Destini can get out of its financial quagmire, when the Covid-19

pandemic is weighing heavily on its business operations," stated the research firm.

Destini's revenue fell sharply for the second straight quarter in its first-quarter 2020 to end March (1Q20), down 55.6% quarter-on-quarter (q-o-q). However, it narrowed its net loss by 87.2% q-o-q from 4Q19's core net loss of RM92.1mil, according to CGS-CIMB Research.

This was the result of cost overruns due to delays in certain projects in the marine manufacturing sector in 4Q19.

"We continue to value Destini at 0.4 times price-to-book value for financial year 2021 (FY21), but the significant cuts to our FY20-FY22 forecasts push down our target price from 15 sen to 11 sen.

"Upside risks are more aviation maintenance works while a downside risk is government job flow staying weak," the research firm added.