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Destini ventures into rail MRO, bids for RM250m worth of jobs

BY KAMARUL ANWAR

SHAH ALAM: Destini Bhd, which saw its latest quarterly earnings rise over eight times to RM7.17 million, is diversifying into locomotive-related maintenance, repair, and overhaul (MRO).

Group managing director Datuk Rozabil Abdul Rahman said the business will "go all out" this year to look for jobs, starting with bids for RM250 million worth of tenders.

Speaking to reporters after Destini's annual general meeting yesterday, he revealed the company will form an MRO unit — an extension to its automotive branch — which has already conducted research and development since the previous year.

Among the rail jobs it is bidding for are those from government-owned Keretapi Tanah Melayu Bhd, he said. These are jobs

related to both MRO and equipment supply.

"Hopefully we can hear the results to some of our tenders by this quarter. And, we are working closely with other rail players for MRO as well, besides the tenders we have participated in. This is more for the long-term planning for our rail business," he said.

"We are intrinsically an engineering and MRO company, so going into rail [industry] is not a big issue to us. We have planned this since last year, so this year we are ready to go all out in the rail industry," said Rozabil.

Destini announced its net profit expanded to RM7.17 million for the first quarter ended March 31, 2016 (1QFY16) yesterday. It attributed the 740% jump to higher demand for its aviation MRO and marine manufacturing services.

The jump in net income was higher than its quarterly rev-

enue — which rose 115.44% to RM81.75 million from the prior year's RM37.95 million — because its 1QFY15 bottom line was hit by a higher cost of sale from the year earlier.

Rozabil said the top-line growth was from contribution in its marine manufacturing services, which included a RM381.3 million contract to supply six patrol vessels for a government agency through 2018.

He expects a better year financially in FY16, he said, with Destini now having an order book value of roughly RM650 million — or 2.41 times its FY15 revenue of RM270.05 million. Tender book figure, meanwhile, is north of RM1 billion, Rozabil said.

He also shared that Destini's oil and gas division managed to turn around in 1QFY16, after posting a net loss of RM4.24 million in total in FY15.