

Boustead's Q1 earnings more than triples

by Ven Sreenivasan

MAINBOARD-LISTED Boustead Singapore more than tripled its quarterly earnings during its April-June first quarter, thanks to strong contributions from all its four main businesses and revenue recognition from the sale of a major commercial-industrial complex.

Net profit surged 237 per cent to \$31.9 million during the period, from \$9.5 million for the previous corresponding quarter. This was achieved on the back of a doubling in revenue to \$239.1 million, from \$118.9 million.

The results translated into earnings per share of 6.3 cents, versus 1.9 cents a year earlier, while net asset value (NAV) was boosted to 47.8 cents from end-March's 42.2 cents.

The company was sitting on net cash of some \$195.5 million at end-June, and had an orderbook of some \$580 million.

All its four key businesses – energy engineering, water & wastewater engineering, real estate solutions and geo-spatial technology – chalked up strong revenue and earnings during the quarter.

Boustead's real estate solutions division was the largest revenue contributor at \$168.8 million, an increase of 137 per cent. The division recognised several key design-and-build project revenues and completed the \$67.8 million sale of IBM Singapore Technology Park.

The company's energy-related engineering division saw revenue rising some 44 per cent to \$37.4 million as it continued to make strong

progress in downstream oil and gas projects globally. Boustead said this division's orderbook was continuing to fill up as small and medium sized contracts flowed in largely from downstream oil and gas clients.

Revenue from the geo-spatial technology division rose 34 per cent to \$25.4 million, underpinned by robust demand from government agencies in Australia and South-east Asia.

Meanwhile, its water and wastewater business continued to ride high on its turnaround, achieving a 236 per cent rise in revenue to \$7.4 million. This division, which is currently handling the industrial seawater desalination project for Toshiba Corp at the Tanjung Jati B Power Plant in Indonesia, has seen its orderbook double after securing two contracts for a \$21 million new water recycling plant in Abu Dhabi, the first of its kind in the United Arab Emirates.

"It has been a fantastic first quarter in terms of revenue and net profit," said Wong Fong Fui, Boustead's chairman and group CEO. "However, I would like to reiterate that revenue recognition for infrastructure-related projects is lumpy by nature, and hence, while we should perform well in the future, the first quarter should not be treated as normalised earnings for the remainder of FY2011."

But he nevertheless noted that his company stood on a strong balance sheet, continued to enjoy robust business conditions and had enough cash horde to make strategic acquisitions as it sees fit.