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Mesiniaga to return to profitability in FY15, says MD

2014 is its rebuilding and transition year

BY SULHI AZMAN

KUALA LUMPUR: Information and communications technology (ICT) provider Mesiniaga Bhd is optimistic it will return to profitability in financial year ending Dec 31, 2015 (FY15), with new business initiatives and cost-cutting measures implemented throughout this year, said its managing director Mohamed Fitri Abdullah.

"I see 2014 as a rebuilding and transition year for us as we implement new business initiatives to improve overall business fundamentals, customer engagement, costs, as well as enhance our capabilities and overall competitiveness. It is a challenging year. But I am optimistic our transformation efforts will bear fruits next year," Fitri told *The Edge Financial Daily*.

It is Fitri's first media interview since being appointed as Mesiniaga's head honcho on Jan 1. A computer science graduate, he was previously senior vice president and head of business services at telecommunications giant Maxis Bhd and Asian regional director for consulting and system integration for the communications industry at Hewlett-Packard.

Mesiniaga slipped to a net loss of RM7.64 million on revenue of RM281.01 million in FY13 on lower sales revenue from the public sector, in which it saw an average drop of 23% in revenue in the second half of that year. In its third quarter ended Sept 30, 2014 (3QFY14) results out last Thursday 2014, the group con-

tinued its losing streak with a net loss of RM4.99 million, compared with a profit of RM956,000 in 3QFY13, due to lower revenue — which was down 19.95% to RM60.21 million from RM75.22 million, primarily due to lower contributions from its public and government-linked companies sectors. This was exacerbated by additional costs incurred to ensure delayed projects were successfully delivered.

The significantly weaker quarterly result caused the company's nine months period (9MFY14) to register a net loss of RM10.33 million, compared to a net profit of RM2.48 million in 9MFY13.

"Our delayed projects are now on track for completion this year. Going into 2015, we have an estimated order book of RM300 million, about 1.3 times our annual revenue. We will need to improve this to about 1.5 times while increasing our recurring revenues," Fitri said.

Mesiniaga had in June and August this year announced that it has clinched two major contracts from Telekom Malaysia Bhd worth a combined RM222.91 million, which will last for five years.

On its topline growth plan for FY15, Fitri expects Mesiniaga's revenue to climb "into the higher single digit" from this year, with primary contributions from the telco industry and ICT services business.

Fitri said Mesiniaga will continue to strengthen its core infrastructure-related services, while also



Fitri is optimistic transformation efforts will bear fruit next year. Photo by Mohd Izwan Mohd Nazam

focusing on "vertical solutions" to expand its customer base into industries like financial services, property development, and oil and gas.

"Another key focus area for us will be project management skills, software development, and the development of new technical capabilities for new technology trends like cloud computing, mobility, big data and social media," he said.

Fitri added Mesiniaga is also making further inroads with its "Smarter Development Solutions" for the property sector.

It is also building up its overall mobility solutions suite, beginning with an end-to-end mobile workforce solution in which it hopes to secure new customers.

Fitri said the vertical and mobility solutions will have higher margins of between 30% and 40%, while he sees margins for ICT infrastructure-related services to drop over time.