

SNIPPETS

NHF: Revenue hits record high of RM193.8 million

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New Hoong Fatt Holdings Berhad [NHFATT: 7060] (“NHF” or “the Group”) today announced its unaudited results for the financial period ended 30 September 2018.

The Group recorded RM5.2 million or 8.3% increase in revenue from RM63.0 million in the corresponding quarter of preceding year (“3Q 2017”) to RM68.2 million in the current quarter under review (“3Q 2018”). The increase in revenue was mainly attributed to higher demand and favourable sales mix in both local and overseas markets.

Profit Before Tax (“PBT”) increased by RM2.3 million or 59.0% from RM3.9 million in 3Q 2017 to RM6.2 million in 3Q 2018. The increase in PBT was mainly due to higher revenue achieved as well as lower foreign exchange (“forex”) losses for 3Q 2018 as compared to 3Q 2017. However, the increase was partially offset by higher raw material prices, manufacturing costs and operating expenses in the current quarter. As for year to date (“YTD”), the Group recorded RM6.7 million or 3.6% increase in revenue from RM187.1 million in YTD 3Q 2017 to RM193.8 million in YTD 3Q 2018. The increase in revenue was attributed to higher demand in local market but partially mitigated by unfavourable forex impact from overseas market.

PBT however, had decreased by RM2.4 million or 15.6% from RM15.4 million in YTD 3Q 2017 to RM13.0 million in YTD 3Q 2018. This was mainly due to unfavourable forex impact as well as higher raw material prices and other manufacturing costs in the current YTD period under review.

Consequently, Net Profit for YTD 3Q 2018 decreased by RM3.6 million or 28.1% from RM12.8 million in YTD 3Q 2017 to RM9.2 million in YTD 3Q 2018. Earnings per share for YTD 3Q 2018 decreased to 11.11 sen per share compared to 15.52 sen per share in the corresponding period in 2017.

On the local front, the growth for the automotive industry in the near term is expected to remain relatively sluggish despite the high vehicle sales during the tax-free period. In order to sustain results, the Group will continue to focus on driving business growth by expanding its product range as well as further strengthening its cost competitiveness through various cost efficiency programs and higher productivity.

NHF's Managing Director, Mr. Chin Jit Sin (陈日新) said, "We reached a new milestone by posting our best-ever quarterly and cumulative nine months revenue. The top line improvement was mainly spurred by higher sales achieved in the local market. It was unfortunate that the bottom line did not grow in tandem due to higher raw material and manufacturing costs as well as unfavorable forex impact. Nevertheless, we believe our results are satisfactory given the challenging operating environment and uncertainties in the global market. With over 40 years of operating history, we have been through various business cycles.

Hence, we are confident that we would be able to weather through the current challenging times. Overall, we remain positive on our prospects, underpinned by the potential in the automotive parts industry, both locally as well as in the region."

"For the local market, we look forward to further cement our position as one of the largest replacement equipment manufacturers ("REMs") by expanding our product range. According to the Malaysian Automotive Association ("MAA"), there were around 28.2 million vehicles on the road in 2017 versus 26.3 million in 2015. The increase in vehicle registrations will increase the demand for replacement parts as well.

At the same time, to increase the Group's overseas revenue contribution, we will also continue our efforts to grow the ASEAN markets especially in Indonesia and Thailand," Mr. Chin Jit Sin further added.

Dividend

The Board has declared an interim single tier dividend of 3 sen per ordinary share in respect of the financial year ending 31 December 2018 amounting to RM2,480,167.80. The dividend will be paid on 14 December 2018 to shareholders registered in the Record of Depositors on 30 November 2018. The Group has been consistently rewarding its shareholders with dividends since its listing in 1998. On balance sheet strength, net gearing remains healthy at 0.1x with net assets per share of RM5.19 as at 30 September 2018.

<http://www.focusmalaysia.my/Snippets/nhf-revenue-hits-record-high-of-rm193-8-million>