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BHB

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BUSINESS

Boustead to continue improving financial performance, says Group MD



Boustead Holdings Bhd

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KUALA LUMPUR, June 24 -- Boustead Holdings Bhd, which returned to profitability in the first quarter ended March 31, 2021, after posting quarterly losses throughout last year, will continue to improve its financial performance while re-establishing itself with the "Reinventing Boustead" strategy to maximise its value creation.

Group managing director Datuk Seri Mohammed Shazalli Ramly said it would strengthen the performance of the existing core businesses, introduce new business models for new revenue generations, and launch several strategic initiatives to identify and explore new opportunities.

"This will be driven by a three-pronged approach: A Rejuvenated Transformation Programme for the core businesses driven by a new performance improvement programme; exploring and venturing into new business opportunities and sustainability by embracing innovative and relevant technological services; and adoption of relevant and synergistic digital businesses to support the core businesses and to enhance new value creation for the future," he said in a statement.

Mohammed Shazalli shared the strategy with shareholders at Boustead's annual general meeting which was held virtually today.

He said the aspiration to expand Boustead's traditional brick-and-mortar businesses would be incubated through the newly established Boustead Technology Services (BTS) and Boustead Digital Services (BDS).

BTS will explore technologies such as championing renewable energy, digitising defence solutions and Internet of things, and unmanned aerial vehicle while BDS will focus on developing and enhancing digital solutions within the group's ecosystem through co-creations, co-ownerships and prudent investments in digital companies.

Boustead has also embarked a smart debt management initiative which focuses on reducing borrowing to an optimal level.

"The group will be focused on developing and utilising data analytics, business intelligence platform and continuous learning to set the path of our business plans and shape our innovative decisions for today and the future.

"We need to rethink the way we do business and how we engage our customers. In this day and age, our brick-and-mortar businesses are continuously exposed to disruptions. Through re-imagination of the status quo, we could overcome the disruptions or even create our very own and strengthen our position," he said.

He added that Boustead would also rationalise non-strategic assets to strengthen the standing of the group's reinvented core businesses and leverage on new ventures within the technology and digital space.

Meanwhile, Boustead's overall performance for the financial year ended Dec 31, 2020 (FY20) improved with significantly lower loss before tax and zakat of RM420 million compared with a loss of RM1.3 billion in the preceding year.

The company said the improvement was largely due to better operating profit of RM249 million on the back of enhanced performance from the plantation division, in addition to a one-off gain on disposal of an associate at RM44.5 million as well as lower impairment of property, plant and equipment, right-of-use assets and goodwill at RM207 million.

Nevertheless, the inevitable global economic challenge during the year was evident with Boustead's lower revenue of RM7.9 billion during FY20 compared with RM10.3 billion in FY19.

This was mainly due to the drop in average fuel prices, exacerbated by the negative impact of the COVID-19 pandemic, it said.

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