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The engineering and project management consultant's net profit for the third quarter ended 30 September 2022 (3Q22) ballooned to RM5.0 million from RM0.2 million for 3Q21 on stronger contributions from the Project Management Consultancy (PMC) segment.

This was on the back of stable 3Q22 revenue of RM40.4 million compared to RM42.9 million in the previous corresponding quarter.

The Group recorded maiden contributions from works for Mass Rapid Transit 3 (MRT3) as PMC since August 2022.

The segment's revenue rose 38.6% to RM13.2 million from RM9.5 million a year ago, together with PMC works for Pan Borneo Highway Sabah Phase 1A

Revenue from the Engineering services segment amounted to RM24.6 million in 3Q22 versus RM31.2 million previously in line with project progress.

For the nine months ended 30 September 2022, the Group's net profit more than doubled to RM11.5 million compared to RM3.8 million previously on favourable product mix, although revenue declined to RM114.7 million from RM125.8 million a year ago.

With the ongoing projects, the Group anticipates for its profit uptrend to maintain in the coming quarter with FY2022 ending on a steady note.

For the record, the Group has unbilled orderbook amounted to RM1.5 billion, which will be billed over the next eight years, as at 30 September 2022.

The orderbook includes projects won during the year, such as PMC for MRT3, consultancy services for Malaysia's 5G infrastructure and network by Digital Nasional Berhad, upgrading of Sungai Marang bridge in Marang, Terengganu and the extended appointment for water treatment plant upgrade by Kedah State Government.

“With the strong orderbook in hand, we are aggressively expanding our pool of engineers to cater to the higher activities following our recent single-largest new win, the RM997.9 million MRT3 contract, as well as the various flood mitigations and local infrastructure projects that we are actively involved in,” Tan Sri Ir. Kuna Sittampalam, Executive Vice Chairman of HSS Engineers Berhad said.

“We are optimistic of maintaining a significant profit uptrend in FY2022 as we continue to make significant strides in our PMC role and peer review for MRT3, water-related work packages for the State of Selangor, as well as mission-critical flood mitigation projects across different states in Malaysia,” he elaborated.

“Furthermore, having proven our engineering expertise in the country, the Group is making great strides in expanding our international footprint for projects across ASEAN, India and other countries. In fact, during the year, we have successfully tied up as preferred partners with reputable Japanese firms to help expedite the rollout of projects funded by Japan International Cooperation Agency (JICA) in developing nations,” he remarked.

HEB Group recently formed strategic collaborations with Oriental Consultants Global and Yachiyo Engineering to participate in JICA funded projects, on the overseas front.

The collaboration would prioritise activities in the transportation sector (particularly rails and mass transit), water resources and supply management, flood mitigation, as well as roads, highways and bridges.

In addition, the Group had established a preferred partnership with Shizen, the overseas arm of the Fukuoka-based renewable energy developer Shizen Energy Inc. This would set the Group on the path of establishing its fourth vertical of the recurring revenue stream, as it explores investing into assets that will provide longer-term sight on earnings.

“The partnerships are aligned with the Group’s stance of becoming a full-fledged engineering consultancy in core emerging sectors to build our long-term sustainability,” Tan Sri Kuna Sittampalam remarked.

“HEB Group is currently reputed in our first three verticals of Engineering Design, Construction Supervision and Project Management Consultant. The fourth vertical of recurring revenue stream is targeted to augment the Group’s earnings for the long term.”