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HEADLINE : HSS REMAINS UPBEAT ON INFRASTRUCTURE SPACE

CORPORATE

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ENGINEERING and project management consultant HSS Engineers Bhd remains positive about securing more projects in the infrastructure space.

This is despite the softening of the economy and the current government's focus on reaping in its purse strings.

Its positive stance is also driven by its good results. The company recently reported a profit of RM3.64mil for its fourth quarter ended Dec 31, 2022 from a net loss of RM746,000 previously.

Revenues in the quarter rose by 84% to RM71.29mil. Full year profits for financial year 2022 (FY22) rose five times to RM15.1mil.

The company attributed it to contributions from its project management consultancy (PMC) work.

"We are undertaking these jobs for megaprojects including the Mass Rapid Transit 3, Pan Borneo Highway Sabah (Phase 1) and the Project Delivery Management Office for the Northern Corridor Economic Region," HSS' executive vice-chairman Tan Sri Kuna Sittampalam tells *StarBizWeek*.

Kuna also highlights that margins have seen an improvement and this is due to val-

ue-added services offerings for its clients.

"This is true when considering the extensive scope of services for PMC. Our net margins have risen from 1.8% in FY21 to 8.1% in FY22. Our focus is on using our decades of experience and engineering expertise to support the nation's development goals," he says.

Kuna notes that there are some pockets of strength in the infrastructure space as some old assets and installations need to be replaced or upgraded.

He also notes that the recent revamped Budget 2023 saw a higher allocation of development expenditure amounting to RM99bil which is the biggest allocation to date compared to RM93bil in the earlier Budget 2023, and compared to RM75.6bil in 2022.

"This augurs well for the infrastructure sector. Close to RM3bil has been allocated to develop new rural roads and village link roads, upgrading of highways and the construction of new highways in the state of Johor. There will also be an expansion and improvement of airport capacity in Penang and Subang," he says.

Kuna notes that the company's order book is at a historical high.

"It is our best-ever outstanding order book at RM1.5bil, which will be billed progressively over the next eight years. This includes con-

tract wins year-to-date such as PMC services to Yellowwood Properties Sdn Bhd for a new data centre campus and its electrical substation at Sedenak Tech Park, Johor; and engineer services for the extension programme of the Sungai Perak Hydroelectric Station," he says.

He adds that HSS' tender book stands at RM38.0mil. Kuna says there are opportunities in the infrastructure space locally that it can be a part of.

"Specifically in the roads and highway sector, we are keen to participate in subsequent works of Pan Borneo Highway Sabah and the FJD Link Highway among others," he says.

He notes that opportunities are also present in the railway and airport segment such as the Johor Light Rail Transit (LRT) and the Bayan Lepas LRT project.

"Also in the water segment we intend to focus on projects such as the dam safety review of hydroelectric dams, Integrated River Basin Management Plan, Pelan Induk Saliran Mesra Alam, off-river storages and submarine pipelines," Kuna says.

There are also opportunities in flood mitigation works.

Kuna notes the government has allocated over RM12bil for flood mitigation projects.

"We hope to be able to take part in these to achieve a sustainable outcome," he says.

While HSS derives more than 80% of its revenue from local projects, the company would like to grow its overseas contribution.

Currently it has some presence in Indonesia, India and the Philippines.

"These are strategic collaborations with leading Japanese consultants to participate in Japan International Cooperation Agency funded projects. Our associate HSS Integrated Sdn Bhd recently secured a contract with our partners in Japan and France to provide consulting and technical services for the Asian Development Bank-funded Railway Connectivity Improvement Preparatory Facility Project in Bangladesh," Kuna says.

With its recently approved sustainability policy late last year, the company would also like to strategically incorporate values of environmental, social and governance (ESG) which it believes can help with its competitive advantage.

"The FTSE4Good Bursa Malaysia Index is designed to highlight companies that demonstrate a leading approach to addressing ESG risks. Our current ESG rating puts us at the top 51% to 79% rating among public listed companies which are part of the Bursa Emas Index. We aim to improve our ESG rating to the top 26%-50% within the next one to two years," Kuna says.

HSS remains upbeat on infrastructure space