

Freight Management optimistic on growth

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MULTIMODAL freight service provider Freight Management Holdings Bhd (FMHB) (7210) expects to continue recording positive growth in 2010 amid the global uncertainties.

Its managing director Chew Chong Keat said the optimistic outlook is backed by strategies to strengthen the group's foothold in regional markets and to be more prudent in spending.

"We are aware of the challenging economic environment and the impact this may have on the freight industry as a whole.

"However, we believe with our diverse suite of services, 2010 will be a good year for us," he told Business Times after the group's annual general meeting in Shah Alam yesterday.

He added that the steady financial performance in the financial year ended June 30 2009 was a result of hardwork and commitment shown by employees.

Most of FMHB's growth next year will come from expanding existing businesses of sea and air freight forwarding, tug and barge services, and positive performance of overseas offices, which are seeing initial signs of economic recovery.

"We have fixed a solid single digit internal growth target for the current fiscal year. However, it could go higher if the economy continues to improve," he said.

Chew said, the group has not felt much of an impact from the US economic slowdown as volume of its sea and airfreight continues to rise.

Chew said the haulage service, which commenced in January 2008, has been profitable and contributed significantly to the group's profit in 2009, with the total fleet of 30 prime movers and 150 trailers fully commissioned as at August.

"The introduction of haulage service to existing customers have minimised profit leakage to third parties.

"In this respect, the group outsourcing of this service to third parties had also reduced significantly," he said.

For the financial year ended June 30 2009, FMHB posted a net profit of RM13.6 million against RM12.2 million previously.

Revenue increased by RM7.4 million or 3.3 per cent as compared with financial year 2008, mainly due to growth in domestic and land transportation services namely warehouse and distribution, customer brokerage and haulage.

"Despite the decline in seafreight, airfreight and railfreight services due to slower demand caused by the global financial crisis, we were able to register a pre-tax profit of 17 per cent," he said.

This was achieved mainly through the group's diverse range of services and emphasis on efficiency and excellent customer service.

"Our efficiency efforts successfully lowered the operating costs which resulted in improved gross margin, from 22.1 per cent in 2008 to 24.1 per cent this year," he said, adding that FMHB is looking at organic growth to drive its net profit gains for fiscal year ending June 20 2010.

The group has declared a final gross dividend of 2.5 sen per ordinary share to its shareholders for the year ended June 30 2009.