

More revenue to come from Freight Mgmt overseas ops

By Jeeva Arulampalam
jeeva@nstp.com.my
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FREIGHT Management Holdings Bhd (7210) expects the setting up of new offices in several Southeast Asian countries to boost revenue contribution from overseas to 25 per cent from 20 per cent.

"The target is for overseas contribution to grow over a three-year period. Right now, local contribution is 80 per cent and, as both markets grow organically, it will come down slightly," its managing director Chew Chong Keat told reporters yesterday at a media briefing in Kuala Lumpur.

The company, which provides freight services by sea, air, land or rail, has five offices in Indonesia, one in Thailand and one in Vietnam. It also provides warehouse, project management, and tug and barge services.

"We have a tug and barge company in Singapore which is currently the main contributor from abroad. The other offices are still new in operations," Chew said.

With 80 per cent of earnings derived from freight services, the company's organic growth will be driven by the expansion of its customer base, new partners as well as destinations, Chew said.

It has 108 partners operating at 122 ports around the world. Freight Management depends on a network of global partners that operate in a similar manner to offer its services worldwide.

Its services are point-to-point and reach out to more than 2,500 clients, with the bulk coming from small- and medium-scale enterprises and industries.

Group revenue increased 16 per cent to RM265.5 million, while net profit was up 21 per cent to RM16.4 million in the financial year ended June 30 2010.

The company saw growth despite challenging market conditions, with its core sea and air freight businesses being main contributors.

It also attributed its success and continued growth to its asset-light business model, which allows for flexibility to expand.

"For the new financial year, our profit growth guidance will be about 12-15 per cent," Chew said.

Freight Management will be spending some RM12 million to RM14 million to build a warehouse in Port Klang, Selangor. The 6ha site is partially taken up by its other warehouse facility.

This is to cater for growing demand for its warehouse services.

