



WIDAD
GROUP BERHAD

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Best wishes to all our Muslim friends as well as all Malaysians, as festivals are celebrated by everyone together in this country.

On behalf of Widad Group Berhad, we wish all Malaysians a Happy and Prosperous Hari Raya Aidilfitri. We hope that all of you will remain healthy and safe, especially if you are spending time with your loved ones at home.

I am writing to you in this newsletter to provide you some positive updates on the Group. Despite this challenging economic period, we have not slowed down our search for ways to sustain and enhance shareholder value. In fact, we continue to see opportunities for our IFM segment post Covid-19 pandemic, which includes cleaning services and disinfection in buildings.

To recap, we recently signed a collaboration agreement with Stoika Sdn Bhd (SSB). SSB is involved in the distribution of disinfectants, anti-microbial and environmental products. Its anti-microbial disinfectants have been certified by agencies such as SIRIM Malaysia and United States Environmental Protection Agency, and utilised at buildings including The Exchange 106 at TRX and Singapore Changi Airport.

We plan to work with SSB to expand our customer base to government offices and buildings, universities, banks and schools. With this collaboration we are on track to enhance our integrated facilities management services offerings which has the potential of expanding our revenue and customer base. Therefore, we ask our dear shareholders to rest assured, as there will be brighter days ahead of us.

Lastly, I want to emphasize that Hari Raya may be different this year, but that doesn't mean you shouldn't keep the Raya spirit alive. Stay connected and strengthen the bonds with your loved ones, even if they are far apart from you. Once it is permissible, we hope to meet you again soon to discuss and share ideas on how to drive the company further forward.

Thank you and once again, Selamat Hari Raya.

Dato' Dr Mohd Rizal Mohd Jaafar
Managing Director, Widad Group Berhad

**Selamat
Hari Raya
Aidilfitri**

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News

StarBiz Special

Widad to grow its IFM business via M&A

Revenue contribution to be higher than construction line soon

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PETALING JAYA: Widad Group Bhd, which total order book is estimated to be RM2.6bil by year-end, is working towards growing its integrated facility management (IFM) business via mergers and acquisitions (M&A).

Group managing director Datuk Mohd Rizal Mohd Jaafar said this would provide the group with consistent cash flow as well as revenue stability.

He sees revenue contribution from this segment to potentially become higher than its construction business in the next few years.

"We remain positive on the group's future earnings with strong support from our stakeholders. We will continue to grow our IFM business through M&A activities similar to Universiti Teknologi Mara (UiTM) Jasir and Seremban 3.

"The group has identified some potential targets and shall announce it in due time should it materialise. All these targets at the moment are domestic ones.

"After the completion of UiTM Jasir and Seremban 3 acquisitions, we will see about 14 more years of stable income. In the meantime, we are still on the lookout for similar types of concessions that can generate long-term income," he told *StarBiz* in an e-mail reply.

He noted that government contracts contributed 90% of the group's overall business portfolio and this would continue to support its growth.

Rizal added that the group would continue to bid for government contracts, particularly in civil engineering and infrastructure when there are open tenders.

"We have submitted a total tender of RM1.4bil since last December, about half of which was for IFM business and the rest for construction projects," he said.

Currently, Widad has an outstanding order book of RM886mil generated from its IFM and construction business. After the completion of its recent acquisitions – (UiTM) Jasir and Seremban 3 – the new total order book stand at about RM2.6bil by year-end.

Widad, he said, has a strong operations team that specialises in end-to-end or one-stop IFM services.

He said the group has seen healthy profit margins in its past projects, and believes that it is able to do the same for other concessions



Growing business: Among the notable projects for Widad's IFM business is servicing Istana Negara.

CORPORATE

and new acquisitions which would spur growth for the group.

Construction and IFM contributed 64% and 36%, respectively, to its revenue for the financial year ended Dec 31, 2019. However, IFM contributed about 60% of its net profit, which is the main contributor to the group's earnings.

Rizal said the construction segment would remain active but the IFM segment would dominate as the main contributor to earnings, going forward.

Some of the group's notable projects include the servicing of Istana Negara. "We also see some opportunities for IFM segment post Covid-19 pandemic, which include cleaning services and disinfection in certain areas," he said.

Rizal said although the construction sector has been affected by the Covid-19 pandemic, thanks to the group's business diversification into IFM years ago, it has helped ease its financial burden.

However, he said the group expected its construction segment to get back on its feet after the movement control order (MCO) is lifted.

"The business environment is no longer

the same due to the pandemic. We must all change the way we do business, going forward. The construction industry is largely affected and we need to be more creative in our offerings and plan for business recovery," he said.

Rizal expected the stimulus packages announced by the government to expedite the economic recovery to benefit the construction and IFM businesses. The group remains optimistic about the economic situation once the pandemic has settled down.

"It was also a good move by the government to allow the construction sector to resume operations in full capacity during the conditional MCO. This will give the industry the much-needed room to breathe," he said.

Amid the tough economic conditions, he said Widad currently has a net gearing of 0.17 time, which is still manageable for the group.

In February this year, Widad signed two conditional share sales agreements to acquire 100% equity interest in Serendah Heights Sdn Bhd for RM127.02mil.

In November last year, Widad entered into a heads of agreement to acquire 100% equity interest in Innovatif Mewah Sdn Bhd for RM122mil cash. This would give the group an additional IFM concessionaire with a future cashflow worth RM838mil over the next 14 years.



Widad Group Bhd says it sees opportunities for its integrated facilities management segment post-Covid-19 pandemic, which include cleaning and disinfection services.

POST-COVID-19 PANDEMIC

Widad venturing into building disinfectant business with SSB deal

KUALA LUMPUR: Widad Group Bhd is venturing into the building disinfectant business under its facilities management segment.

It has entered into a collaboration agreement with Stoika Sdn Bhd (SSB) in relation to the facility management programme involving disinfectant coating treatment.

Widad group managing director Datuk Mohd Rizal Mohd Jaafar said this collaboration was expected to enhance its integrated facilities management (IFM) service offerings and potentially expand the company's revenue stream and customer base.

"We see some opportunities for IFM segment post-Covid-19 pandemic, which include cleaning and disinfection services.

"Thus, the collaboration with SSB to offer building disinfectant services will help to further strengthen our capabilities in end-to-end and one-stop facilities management."

The collaboration will be effective for a period of one year upon the execution by Widad and SSB, and may be mutually extended by both parties.

SSB is engaged in the distribution of disinfectant and antimicrobial products and is the sole distributor of antimicrobial dis-

infectants products under the brand name SDPRO and SDST in Malaysia.

Its anti-microbial disinfectants have been certified by agencies such as Sirim Malaysia and the United States' Environmental Protection Agency, and are used at buildings including The Exchange 106 at TRX and the Changi Airport in Singapore.

Rizal said Widad aimed to expand its customer base to government offices, universities, banks, malls and schools.

It has a current outstanding order book of RM886 million generated from its IFM and construction business.