

Borneo Oil records stellar 3QFY16

December 30, 2015, Wednesday

Group plans major fast food segment expansion in 2016



KUCHING: Borneo Oil Bhd's (Borneo Oil) earnings in the third quarter of financial year 2016 (3QFY16) jumped more than three times to RM5.26 million from RM1.47 million recorded in 3QFY15 ended October 2014.

At the same time, Borneo Oil said 3QFY16 revenue increased by 13.2 per cent year-on-year (y-o-y) to RM23.96 million from RM21.16 million.

The company in its accounts notes filed with Bursa Malaysia yesterday said the higher revenue and profit were attributed to higher contribution from its fast food and franchise operation as well as mining, energy and related operations.

“Our fast food division continue stoper form remarkably well. In addition to the contribution from our existing fast food SugarBun outlets, the opening of our new Pezzo pizza franchise chain has further contributed to the overall turnover,” said executive director Raymond Teo.

“The mining, energy & related division also performed well and we are pleased that all our revenue engines are beginning to fire on all cylinders,” he added.

“We target to finish the current financial year on a high and believe that 2015 shall mark the start of bigger things to come for Borneo Oil,” Teo further said.

Borneo Oil’s wholly-owned subsidiary SB Supply Logistics Sdn Bhd is the master licensee for the Pezzo pizza franchise.

“The expansion of the Pezzo network in has been faster than initially anticipated as a total of 32 kiosks are currently in operations,” said Teo.

“This has doubled our initial internal target of 15 kiosks and we now have plans to expand to neighbouring Pontianak, west Kalimantan and Brunei as well as in Peninsular Malaysia.”

“Our plan is to open another 65 outlets next year, including 40 in East Malaysia, 20 in Peninsular Malaysia, three in Brunei and two in west Kalimantan,” Teo further said.

The group noted the contribution from its existing fast food outlets, the opening of new Pezzo franchise chain has further contributed to the overall turnover.

Meanwhile, another subsidiary, SB Franchise Management Sdn Bhd, owns 83 franchised SugarBun restaurants in Malaysia and overseas with plans to open another 20 outlets both domestically and overseas in Sabah, West Malaysia, Australia, Solomon Islands, Myanmar and Cambodia.

Teo also said that Borneo Oil are also working to launch one or two new brands in 2016 to further expand the group’s F&B business reach.

On the group’s mining activities, Teo said that Borneo Oil “is fast reinventing our company as a proxy for the Malaysian gold mining industry.”

To date, Borneo Oil had signed exclusive production sharing agreements to carry out mining works at five sites on 1,500ha in Pahang.

Borneo Oil said its mining, energy and related division also performed satisfactory while other divisions’ performance was within expectations.

For the nine months of financial year 2016 (9MFY16) ended October 2015, Borneo Oil said turnover gained by 85 per cent y-o-y to RM89.77 million from RM48.55 million generated in 9MFY15.

The company added net profit for 9MFY16 soared by 275 per cent y-o-y to RM8.68 million from RM2.32 million in 9MFY15.

Commenting on the group's prospects, Borneo Oil said the board is optimistic of better performances and contribution from the group's various divisions and operations.

The company believed that with the recent successful completion of the rights issue cum warrant exercise, Borneo Oil will have the required funds and working capital for utilisation in expanding the existing business including the implementation of new projects as planned.