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Konsortium Logistik sees losses narrowing this year

By KANG SIEW LI

LOGISTICS company Konsortium Logistik Bhd said yesterday it expects a narrower net loss for the year ending December 31 2004 as a new business strategy, cost-cutting and an improved situation in the car market is helping its performance.

Executive chairman and president Mirzan Mahathir said the group is "working hard" to reverse last year's loss although it is not possible to predict whether it will succeed.

"(Still,) the results this year will definitely be much better than last year's," he told a news conference after the group's annual general meeting in Subang Jaya yesterday.

Konsortium Logistik has since last year reduced its exposure to its traditional businesses and moved up the logistics value chain, a move that has started to show results.

Revenue rose 9 per cent year-on-year for its logistics services unit, which provides end-to-end logistics coordinating services.

Konsortium Logistik reported a net loss of RM38.2 million on a lower revenue of RM211.0 million in fiscal 2003 compared with a net profit of RM15.5 million on a revenue of RM236.8 million the previous year. It posted losses of 21 sen per share last year compared to earnings of 3 sen per share the year before.

For the first quarter ended March 31 2004, the group posted a net loss of RM3 million on a revenue of RM45.2 million. Losses per share were 1.65 sen.

Mirzan said the group's first-quarter results are not indicative of subsequent quarters as January to March represents a traditional slow period in its business.

Konsortium Logistik's revenue declined 11 per cent last year, due in part to the continued aggressive discounting in the container haulage sector and the uncertainties surrounding the automotive sector.

Mirzan said the container haulage business was the main contributor to the group's contraction in revenue as many more haulage companies scrambled to gain market share at the expense of profits.

"The container haulage business has continued to feel the pressure under the liberalisation of the sector by the Government since 2000. Overcapacity in the marketplace (with some 60 players today) and the increasing operating costs due to higher fuel prices, while tariff rates remain constant over the last 30 years have added tremendous stress to our business," he added.

He said the group's container haulage business suffered a loss of RM7.7 million last year as it moved to align the assets employed with a reduced business size.

However, Mirzan, who is also Container Hauliers' Association of Malaysia president, said that in his meeting with Entrepreneur and Cooperative Development Minister Datuk Mohamed Khaled Nordin last week, the latter has given the assurance that his ministry will not allow a new entrant into the industry.

"He (Mohamed Khaled) understands the situation in the container haulage industry and seems to be supportive of the idea that there should be a strong container haulage industry in Malaysia. And I believe that he will take steps to ensure that the industry continues to be viable," said Mirzan.

Meanwhile, Mirzan said Konsortium Logistik has received approval from the Securities Commission (SC) to acquire Diperdana Holdings Bhd and is awaiting the SC's approval for Diperdana Holdings to sell.

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