High growth industries beckon for EAH

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An artist's impression of the Oman Theme Park. Cekap Air's wholly-owned subsidiary, WY Consultancy & Development, is currently carrying out works at what would be the country's biggest indoor theme park when completed in 2017 (photo credit: Times of Oman).

With bumiputra company EA Holdings Berhad ("EAH") having completed its acquisition of a strategic stake in the Cekap Air Group, the company is about to broaden its revenue base and align itself to more high growth industries.

Cekap Air is an engineering company renowned for mechanical and electrical engineering installation works and proven expertise within Malaysia's water treatment and oil and gas industries.

Meanwhile, Cekap its wholly-owned subsidiary, WY Consultancy & Development ("WY"), is a fully-owned Malaysian project management and consultancy company, well known and respected internationally and regionally. WY had in a short period of time built a solid reputation for its high technical capabilities and specialty, and proven experience in project management, especially in the construction and development industries undertaking sizable projects and ensuring that they are delivered on schedule, to budget and to an outstanding world best practice level of quality.

In total, both Cekap Air and WY have secured projects totalling more than RM52.08 million to date. For its financial year ended 31 December 2014, the Cekap Air Group posted consolidated revenue of RM27 million.

EAH's traditional core business is in the provision of enterprise ICT solutions for the government sector and large enterprises. In previous years, the company had secured various nation-building projects, including more than RM90 million worth of contracts from Lembaga Hasil Dalam Negeri Malaysia ("LHDNM") due to its strong and proven track record in implementation and project delivery.

EAH is well known to keep a low profile while its savvy management works behind the scenes to develop and grow the company.

Strategic entry into lucrative water, oil and gas and construction industries

EAH chief executive officer Mohammad Sobri Saad described the latest development as the company's "next growth phase".

"EAH's acquisition of a 20% stake in the Cekap Air Group through the issuance of new shares totaling RM47 million comes with a group profit after tax totaling at least RM56 million for this financial year and next," said Sobri *(pic)*.

"It is an all-share deal – meaning that EAH doesn't need to dip into our cash reserves – and an extremely strategic acquisition on our part to diversify into the water, oil and gas and construction industries," he added. "We believe the acquisition will bring strong dividends and will monitor Cekap's performance closely, and perhaps to even increase our stake in the foreseeable future."

On WY, Sobri expects the construction industry to remain buoyant in the near future.

"We want WY to gain greater recognition, especially in terms of its large construction order book and its long-established track record of timely delivery and execution.

"Investors who like a construction-focused group with interests in the lucrative water treatment and oil and gas industries will now have the opportunity to invest directly in such a high-quality enterprise," Sobri further said, adding that the company is moving from strength-to-strength – largely due to its project expertise, massive manpower resources, planning efficiencies, and tight control on quality.

WY has project managed many multi-million Ringgit projects to completion, mobilising hundreds of skilled workers and specialist craftsmen. Its international flagship ongoing projects include the US$100 million Oman Theme Park project. The company is also active in Pakistan, Sri Lanka, Bangladesh and Indonesia.

In Malaysia, its projects include Penang's Marinox Sky Villas, together with the Kuala Lumpur Four Seasons Hotel & Residences Project, Mon't Kiara Kuala Lumpur Pavilion Hilltop Condominium project and Klang One Gateway Mixed Development project.