

EA Holdings on the lookout for M&As

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PETALING JAYA: ICT business solutions provider EA Holdings Bhd (EAH) is seeking mergers and acquisitions (M&As) to diversify its business and generate more revenue.

"Last year turned out to be a record year in the company's corporate history, given the boost from contracts from a major Government agency. This year, we will continue to bid for large projects to match and improve on the capacity that we have achieved so far," chief executive officer Mohammad Sobri Saad told *StarBiz*.

Sobri is EAH's major shareholder with a 29.3% interest.

In the middle of last year, EAH had won two big projects from a major Government agency at a combined total of RM71mil, making up more than two-thirds of the jobs it had in hand.

This had boosted revenue in the third quarter ended Sept 30, 2013 to RM45.625mil, from the RM13.054mil posted in the previous corresponding period. Net profit, meanwhile, jumped to RM3.44mil from RM1.23mil for that period.

For the nine months, revenue touched RM68.346mil as opposed to the RM34.89mil recorded in the same period previously, with earnings per share rising to 1.77 sen from 1.54 sen

previously.

Sobri said EAH was currently bidding for close to RM130mil worth of jobs involving mainly software solutions and ICT services in Government-linked companies (GLCs), colleges and the financial services sector. While admitting that this year is going to be a challenging year for the company, he is hopeful it will secure the bulk of what has been tendered based on its track record of "bidding for projects that we have more than a 50% chance of success".

On its M&A strategy, Sobri said it has to be value-enhancing to its existing business operations, as was the case when it bought into DDSB (M) Sdn Bhd two years ago. EAH owns 86% in DDSB that paved the way for its foray into the provision of enterprise software services and solutions. "The acquisition fitted into our diversification plan, as it brought about various synergies such as the sharing of resources, technology and know-how." Notably, he said the acquisition was satisfied wholly by the issuance of shares, which meant that EAH did not have to cough up cash.

Going forward, the company is also seeking to generate more growth from the private sector, which now accounts for some 20% of revenue. The bulk of EAH's earnings are derived from jobs from GLCs, but it has partnered some major multinationals in the ICT sector in providing business solutions to its clients. The ACE Market-listed stock closed Friday at 20 sen, below its initial public offering price of 25 sen in 2010.