

Company Name : GHL Systems Berhad
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GHL Systems Warns Of Potential Impairments In Coming Quarters

KUALA LUMPUR (May 27): Payment systems provider GHL Systems Bhd's net profit for the first quarter ended March 31, 2020 (1QFY20) declined by 79% y-o-y due to higher operating expenses and a non-cash RM3.8 million fair value loss on contingent consideration.

This resulted in its net profit falling to RM1.31 million in 1QFY20 from RM6.35 million in 1QFY19, though revenue only slipped a marginal 2% to RM85.1 million from RM86.54 million.

"The group's revenue in this quarter was led by a small growth from the TPA (transaction payment acquisition) division, but was tempered by year-on-year decline from the shared and solutions services," the group noted in its stock exchange filing today.

Its shared services segment recorded a 6% y-o-y revenue decline to RM33.19 million from RM35.37 million on the back of lower rental income, while its solutions services segment saw lower software sales, which reduced revenue by 12% y-o-y to RM2.58 million from RM2.93 million.

"The group's balance sheet remains healthy, with a net cash position of RM73.8 million (Dec 31, 2019: net cash RM97.1 million)," it noted.

Having said that, it warned that the coming quarters are expected to be challenging for the group, "which could potentially lead to impairments and provisions", amid the pandemic-led headwinds.

It also said the final tranche of payment for its acquisition of Paysys (M) Sdn Bhd, comprising 10.061 million new GHL shares, will be issued to the vendors in the upcoming 2Q20. "The fair value of these new GHL shares will be determined on the share issuance

date, and any difference as compared to its carrying value as at March 31, 2020 will be recognised as a fair value loss in the group's 2Q20 profit or loss statement at the current prevailing market price," it said.

Meanwhile, though it said the near-term outlook for most businesses and consumer sentiment are poor given the global uncertainties after the Covid-19 outbreak, it remains positive in the long-term potential of the ASEAN e-payments industry, adding it "believes the trends of switching to e-payments and cashless channels will continue, going forward".

GHL shares finished 2.5% or five sen lower at RM1.95 per share today, giving it a market value of RM1.46 billion. The stock is up 34% from a year ago.