

Company Name : GHL Systems Berhad
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GHL Swings Into The Red In 2Q On Cambodian biz Write-Off, Lower Payment Transactions

KUALA LUMPUR (Aug 26): After a weak first quarter, payment service provider GHL Systems Bhd posted a net loss of RM5.91 million or 0.8 sen per share for the second quarter ended June 30, 2020 (2QFY20) due to lower transactions recorded, coupled with higher administration and operating expenses.

For the quarter, GHL said it booked two non-cash expenses, namely RM2.3 million fair value loss on acquisition of Paysys (M) Sdn Bhd and a write-off for its Cambodian investment of RM11.9 million.

"Given the Covid-19 uncertainties surrounding the operating environment and the speed of the market recovery, the group has taken a prudent step to write off its investment in its Cambodian operations as it has yet to contribute meaningfully to the group," it said.

"Excluding these two items, the group would have remained profitable in 2QFY20," it said. The last time it dipped into the red was in 4QFY13.

Comparatively, GHL made a net profit of RM1.3 million or 0.18 sen per share in 1QFY20, on the back of RM85.1 million in revenue.

Quarter-on-quarter, GHL's top line in 2QFY20 was down 17.63% to RM70.09 million, which it attributed to the lower consumer spending and lower international tourist arrivals.

"Fortunately, conditions began slowly easing in stages in May 2020 and the group [has been] seeing month-on-month improvements since then," it said.

For the six-month period ended June 30, 2020 (6MFY20), GHL made a net loss of RM4.5 million or 0.62 sen per share from RM13.51 million in profit or 1.83 sen per share in 6MFY19, with revenue having declined 10% to RM155.19 million from RM172.43 million.

On prospects, the group expects its core electronic payment services to recover in its markets in Malaysia, the Philippines and Thailand, although the timing and extent of recovery are difficult to estimate.

GHL also provides services related to electronic data capture terminals, card acceptance services and supply of cards to banks and payment operators.

"Our group initiated its Business Continuity Processes to enable our operations across the region to continue operating," it said.

It also said there will be no more fair value adjustments in the coming quarters for PaySys acquisition as the final tranche of the purchase consideration has been completed and adjusted.

Shares in GHL traded one sen or 0.51% lower to RM1.97, valuing the group at RM1.5 billion. The counter has more than recouped its losses during the March equity sell-off, and is up 45.93% this year.