

Nestcon makes firm debut on ACE market

Company has plans to expand into renewable energy

CORPORATE

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PETALING JAYA: Building and infrastructure construction services provider Nestcon Bhd made a firm debut on the ACE Market of Bursa Malaysia, rising to a high of 37 sen.

It opened at 30 sen, two sen or 7.1% above its offer price of 28 sen, with a volume of 28.4 million shares. The counter closed at 32 sen a share yesterday.

Nestcon's initial public offering (IPO) entailed a public issue of 160.96 million new shares which represents 25% of its enlarged share capital and it was oversubscribed by 57.13 times.

The company raised RM45.1mil which makes it the second-largest initial public offering (IPO) on the ACE Market in public amount raised.

In a statement, Nestcon group managing director Datuk Dr Lim Jee Gin said Nestcon would continue to bolster its building segment and civil engineering and infrastructure segment to solidify its market position.

"We are also looking to expand our portfolio to include new projects like renewable energy works," he said.

In addition, RM6mil or 13.3% of the IPO proceeds will be used to establish an industrialised building system (IBS) facility for the building division.

"We believe the IBS facility we are establishing will elevate our building segment

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Datuk Dr Lim Jee Gin



capability meaningfully and put us on the front foot among our peers.

"The mass production technique has a long list of benefits such as quality control, costs reduction, and acceleration of timelines, to name a few.

"This will enable us to reduce reliance on foreign workers," he said.

Meanwhile, RM6.6mil or 14.7% of the proceeds will be allocated for the purchase of machinery and equipment.

"The addition of new machinery and equipment will enhance the civil engineering and infrastructure segment as we look to tender for more larger-scale projects," he added.

As for the remaining proceeds, RM16.5mil or 36.6% has been earmarked for repayment of bank borrowings, RM11mil or 24.3% for

working capital needs, and RM1mil or 2.2% to upgrade software and systems, while RM4mil or 8.9% has been set aside to defray listing expenses.

On a macro level, Lim remained optimistic about the construction industry as it is backed by government-led initiatives and spending relating to infrastructure and housing developments.

Nestcon recorded revenue of RM95.6mil in the first quarter ended March 31, 2021 while net profit stood at RM3.7mil, translating into a net profit margin of about 3.9%.

It has an order book of RM1.9bil, of which RM1.2bil remained unbilled.

It also has 51 tenders valued at around RM2.8bil, which it is confident in clinching a sizeable amount.