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Lower meal offtake sees Brahim's posting its 4th straight losing quarter

By Yimie Yong / theedgemarkets.com | May 26, 2016 : 8:50 PM MYT

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KUALA LUMPUR (May 26): Lower meal offtake has dragged inflight meals provider Brahim's Holdings Bhd into its fourth consecutive losing quarter with a net loss of RM5.03 million in the three months ended March 31, 2016 (1QFY16). In comparison, it posted a net profit of RM2.84 million a year ago.

Its latest quarterly revenue was down 29.5% to RM60.45 million from RM85.73 million, its bourse filing today showed.

The group has been in the red since 2QFY15, when it reported a net loss of RM6.81 million. At the time, the decline in earnings was largely attributed to continuing concessions given to Malaysian Airline System Bhd (MAS) under the settlement agreement dated Feb 26, 2015 that it had inked.

It had also noted then that the operating loss was due to price suppression by MAS under the latter's recovery plan.

Moving forward, Brahim's said today its 2QFY16 outlook for the in-flight catering division is expected to be positive mainly due to improvement in flights and meals from its major customer, the new incarnation of MAS, i.e. Malaysia Airlines Bhd.

"The menu enhancement for economy class resulted in higher revenue. Revenue from other foreign carriers also continues to show improvement. To manage the rising cost, management will continue cost saving initiatives that has been implemented last year as part of our business survival plan in 2016," it said.

Meanwhile, in a separate filing with Bursa Malaysia today, Brahim's said its 51%-owned subsidiary, Brahim's SATS Services Sdn Bhd, has signed a service agreement with 7-Eleven Malaysia Sdn Bhd.

According to the memorandum of understanding the two parties entered into on April 12, Brahim's SATS Services shall plan, develop and create menu specifications and products to be marketed through 7-Eleven's nation-wide chain of convenience stores.

7-Eleven will provide a centralised distribution centre for Brahim's SATS Services to deliver all products and to arrange for the products delivery.

Shares of Brahim's closed unchanged at RM1.02 today, for a market capitalisation of RM241.01 million.