

Headline	PESTECH'S SECOND CONTRACT FROM DOUBLE-TRACK PROJECT GARNERS POSITIVE VIEWS
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Pestech's second contract from Double-Track project garners positive views

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KUCHING: Pestech International Bhd's (Pestech) second contract win from the Gemas to Johor Bahru Double Track Electrification project has garnered positive views from analysts as it has further built up the group's local participation for the signalling portion of the rail electrification.

According to the research arm of Kenanga Investment Bank Bhd (Kenanga Research), the total subcontract value for Pestech's portion of work is RM75 million, totalling its contract value win from the Double-Track project to RM474 million after it earlier secured the engineering, procurement and construction (EPC) and maintenance of the electrification system worth RM399 million in end-September.

"This is definitely positive for Pestech as it has further built up its local participation for the signalling portion of the rail electrification and is a good future reference in bidding for projects both local as well as regional," Kenanga Research opined.

The research arm highlighted that this is the third contract Pestech has secured in financial year 2019 (FY19), totalling RM532 million and bringing the total current order-book to RM2.1 billion which will keep them busy till 2021.

"With the East Coast Rail Link and KL-Singapore High Speed Rail projects still uncertain at the moment and the KVDT2 will be retendered, Pestech's focus will switch back to the region for the transmission line, substation and underground cable projects."

Looking ahead, Kenanga Research kept its FY19 to FY20 estimates unchanged for now despite this new contract win as it was still within its contract win assumptions.

The research arm's FY19 and FY20 core net profit estimates remained at RM90.8 million and RM104.2 million, respectively.

"We continue to like this niche utility infrastructure play for its earnings growth story.

"In fact, its valuation is no longer excessive following the lacklustre share price performance in the past two years while earnings momentum remains strong."

Hence, Kenanga Research maintained its 'outperform' rating.

<http://www.theborneopost.com/2018/10/15/pestechs-second-contract-from-double-track-project-garners-positive-views/>