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KUALA LUMPUR (Oct 31): Pestech International Bhd's acquisition of Colas Rail System Engineering Sdn Bhd (CRSE) for RM10.38 million, offers Pestech immediate involvement in Malaysia's planned Mass Rapid Transit 2's (MRT 2) Sungai Buloh-Serdang-Putrajaya Line, Kenanga Investment Bank Bhd said today.

Kenanga analyst Teh Kian Yeong said CRSE had in July 2016, won a RM693.03 million contract from Mass Rapid Transit Corp Sdn Bhd for the MRT2's rail electrification.

"As CRSE is the contract owner, we believe Pestech is technically taking over the job since CRSE is now 100% owned by Pestech. Although there is no disclosure on the basis of the RM10.4 million acquisition, we believe the price is justified by the fact that this MRT2 job is a good reference for Pestech to bid for future tenders.

"With the exciting acquisition, coupled with busy contract flow from Cambodia, we believe it is currently good timing to look at this attractive stock. Hence, we maintain our OUTPERFORM rating, with an unchanged price target of RM2.00/SoP (Sum-of-parts) share," Teh said.

Link: <http://www.theedgemarkets.com/article/kenanga-pestechs-colas-rail-buy-offers-immediate-involvement-malaysias-mrt2>