

Headline	Pestech seeks more contracts to replenish order book in FY17
MediaTitle	Borneo Post (Kuching)
Date	11 Oct 2016



Pestech seeks more contracts to replenish order book in FY17

KUCHING: Pestech International Bhd's (Pestech) order book replenishment prospects remains bright in financial year 2017 (FY17) ending June 2017 on potential jobsflow.

The research arm of Kenanga Investment Bank Bhd (Kenanga Research) in a report yesterday said Pestech has already clinched four contracts worth a total of approximately RM214 million.

This boosts the group's order book further from RM840 million as of end of June 2016 with at least two years of firm earnings visibility just merely four months into FY17.

Last Friday, Pestech told Bursa Malaysia that its wholly-owned subsidiary Pestech Sdn Bhd had received a Letter of Acceptance from PNG Power Ltd (PNG Power) for the Port Moresby power grid development project in Papua New Guinea (PNG) for the procurement of plant, design, supply, installation, testing and commissioning of KilaKila 66 or 11 kiloVolt (kV) substation and 66kV double circuit transmission line for a contract value of US\$12.7 million or approximately RM52 million.

The research firm noted the contract value was divided into two portions; one with a contract value of US\$7.1 million and the other in

local currency of PGK17.3 million or approximately US\$5.6 million.

It also noted the project is expected to start in November for a period of two years.

Thus, Kenanga Research believed the contract flow will not stop at this juncture as among the group's various tendering, there are at least three major biddings that Pestech has high chances of securing in FY17.

The research firm gathered that those three tenders could be worth up to RM1.5 billion in total include one local rail electrification project and two substations and transmission lines projects in Cambodia.

In the meantime, Kenanga Research said the PNG contract win reiterated that Pestech is able to compete with international players in the highly regulated industry with high technical requirements.

Besides that, the research firm opined that the contract win also signified Pestech's technical capability as the project, funded by the Asian Development Bank (ADB) has gone through an international competitive bidding process.

The research firm also believed that the project could be used as a good reference project for future

tendering.

◆ Turn to Page B2, Col 6

◆ From Page B1

Kenanga Research said as the project is funded by ADB, the payment for the project is also secured.

The contract in PNG was the third contract that Pestech has secured in a short period of two week's time after the company made an inroad to a new market in Kyrgyzstan, securing a small substation upgrading contract worth approximately US\$8.5 million and a RM89.5 million substation contract in Bintulu from Sarawak Energy Bhd.

PNG Power is not a new client to Pestech as the company had executed similar substation project for PNG Power in 2008-2010.

Hence, Kenanga Research was upbeat about Pestech's prospects to obtain more jobs to replenish the company's order book in FY17 following the group's latest contract win.

'Payment for project secured'



This boosts the group's order book further from RM840 million as of end of June 2016 with at least two years of firm earnings visibility just merely four months into FY17.