

More MRT2 big ticket jobs for Sunway Construction

KUCHING: Sunway Construction Bhd (Sunway Construction) was awarded the RM1.2 billion Klang Valley MRT Line 2 (MRT2) project on March 29, 2016 lifting its order book to RM4.8 billion.

"We see prospects for more contract wins as Sunway Construction has submitted tenders worth RM18 billion for highway and building projects," said Affin Hwang Investment Bank Bhd's research arm (Affin Hwang Research).

Sunway Construction won the tender for Viaduct Guideway Package V201 (Sungai Buloh-Persiaran Dagang stretch) of MRT2 for RM1.213 billion due to its competitive price and strong technical capabilities.

The expects a 10 per cent profit before tax (PBT) margin for this project and construction period is five years. It plans to bid for the station works worth about RM300 million within the package to improve its profit margin from this project noted the research house.

Sunway Construction has submitted tenders for SUKE and DASH civil work packages.

"We gather that the indicative value is over RM1bn for one of the packages. Few contractors can execute the work due to the complexity of the high elevated highway section, and thus we see less competition. Sunway Construction and its local joint venture (JV) partner KTS will also

bid for the upcoming Pan-Borneo Highway package in Sibu worth about RM1.7 billion.

"KTS owns a quarry in Sibu, improving the JV's competitiveness for the upcoming tender," noted Affin Hwang Research.

Sunway Construction has clinched RM1.36 billion worth of new contracts in 1Q16, increasing its order book to RM4.8 billion from RM3.7 billion at end-2015.

"We revise up our 2016 new contract assumption to RM3 billion as implementation of major public infrastructure projects accelerate. We also raise our PBT margin assumption to 10 per cent previously with a longer five-year construction period for the MRT2 project."