

# RHB Investment maintains Buy call on George Kent

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KUALA LUMPUR: RHB Investment Research is positive on news that George Kent Malaysia has entered into a consortium with Siemens to bid for the EPC tender by the AssetsCo of the Kuala Lumpur-Singapore High Speed Rail.

It has maintained its Buy call with an unchanged target price of RM3.78.

With the contracts awarding phase of the project reaching its end, some smallish packages are expected to be awarded in Q1 2018.

"With this, we expect the project delivery partner (PDP) fee recognition – booked under a 50:50 JV – is expected to steadily increase, moving into the next few quarters," said RHB Investment Research.

The research firm also noted that the tendering for the systems works packages is progressing well.

"Given these key positive developments, we continue to favour the stock as a proxy play for the domestic rail-related investments push.

"Our current earnings forecasts are largely anchored by GKent's existing strong orderbook of RM5.9 bil, which translates into a strong orderbook-to-revenue coverage ratio of ~10x.

"This implies that, should the group manage to clinch the ECRL project in the near term, we may likely tweak our earnings forecasts."