

Headline	Analysts expect George Kent to climb further	
MediaTitle	The Edge Financial Daily	
Date	21 Mar 2018	
Section	Home Business	
Page No	1,4	
Language	English	
Journalist	N/A	
Frequency	Daily	



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Its order book may also double this year — RHB Research

KUALA LUMPUR: Perceived to be a politically-linked counter, George Kent (M) Bhd's share price has more than quadrupled in two years but investment analysts say the stock could continue climbing to a fresh peak above the RM5-level.

Over the last 12 months, the stock has risen 104% from RM2.09. It has climbed 22.5% or 79 sen year to date. Analysts have raised their target prices after George Kent reported record earnings for the fourth financial quarter ended Jan 31, 2018 (4QFY18).

The quarterly results were slightly higher than consensus by 110%,

according to RHB Research. RHB Research and Hong Leong Investment Bank (HLIB) Research have raised their target prices to RM5.19 and RM5.66 respectively. George Kent's share price closed at RM4.30 yesterday.

RHB Research said the higher target price reflects George Kent's net near-cash balance of RM465 million as at Jan 31.

The research outfit said it remains positive on the chances of George Kent's order book doubling this year, "with the awarding of the MRT3 (mass rail transit line 3) contracts being the near-term

event to look out for".

George Kent announced net profit of RM51.88 million for 4QFY18, up 23.5% from RM42.02 million a year ago, on improved performance of its engineering division.

Quarterly revenue, however, fell 8.6% to RM172.91 million from RM189.14 million in 4QFY17. It had declared a third interim dividend of five sen per share, payable on April 25.

Its annual net profit is at a record high of RM124.43 million for the financial year ended Jan 31, 2018, up nearly 23% to RM124.43 million from RM101.28 million. Revenue

grew 3% to RM616.99 million from RM598.97 million.

HLIB has raised its earnings forecast for FY19 and FY20 by 26% and 23% respectively, citing higher engineering margins as the light rail transit (LRT) extension works will continue into FY19, plus stronger metering growth and higher execution rate of the LRT3.

Kenanga Research analyst Chan Ken Yew, however, has downgraded the stock to "underperform" with an unchanged target price of RM3.65. Nevertheless, Chan noted he may look to upgrade in future if George Kent is able to secure the MRT3 job.

