

TRENDING NOW RUN-UP TO GE14

MALAYSIA

CORPORATE

TOP STORIES

Select Language ▼

Highlight

Analysts raise target price for George Kent following record profits

Syahirah Syed Jaafar / theedgemarkets.com

March 20, 2018 12:31 pm +08

A

KUALA LUMPUR (March 20): George Kent (M) Bhd's (GKent) share price has more than quadrupled in two years but investment analysts say the stock could continue its climb to a fresh peak above the RM5-level.

Over the last 12 months, the stock has risen 104%.

Analysts have raised their target prices after GKent reported another round of record earnings for the fourth quarter results, which it said was in line with estimates.

The results were also slightly higher than consensus by 110%, RHB Research Institute Sdn Bhd said in a note today.

Both RHB Research and Hong Leong Investment Bank (HLIB) Research have maintained their Buy calls on the stock, with increased target prices of RM5.19 and RM5.66 respectively.

RHB Research said its raised target price also reflects the group's latest financial year end net near-cash balance of RM465 million.

Yesterday, George Kent said its net profit rose 23.5% to a record RM51.88 million in the fourth quarter ended Jan 31, 2018 (4QFY18), from RM42.02 million a year ago, on the 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 amounting to RM28.16 million for FY18, payable on April 25.

It also hit record levels again for its full year, which saw net profit surging 22.9% to RM124.43 million from RM101.28 million, while revenue grew 3% to RM616.99 million from RM598.97 million.

RHB Research said it remains positive on the chances of George Kent's orderbook doubling this year, "with the awarding of the MRT3 contracts being the near-term event to look out for." It has maintained its forecasts for FY19-FY20.

HLIB however has raised its FY19-20 earnings by 26% and 23%, "as we impute (i) higher engineering margins as the LRT ext works will continue into FY19; (ii) stronger metering growth; and (iii) higher execution rate on the LRT3."

At 12.03pm, George Kent fell 1.16% or 5 sen to RM4.28, with 1.07 million shares done.

Subscribe to Editor's Picks
& Mid-day email alert