

George Kent-MRCB JV's LRT3 project to be one of strongest profile

KUALA LUMPUR: The George Kent (Malaysia) Bhd (George Kent)-Malaysian Resources Corporation Bhd (MRCB) joint venture's (JV) LRT3 project is expected to be one of their strongest job-profile in the future, analysts opine.

The research arm of Kenanga Investment Bank Bhd (Kenanga Research) highlighted in a results note on George Kent that it is positive on the JV having recently successfully negotiated with the government to convert their project delivery partner (PDP) role for LRT3 into a fixed price contract of RM11.9 billion.

"We are positive with that outcome as it is still higher than our assumption of RM9 billion, bringing its outstanding orderbook to circa RM5.5 billion," Kenanga Research said.

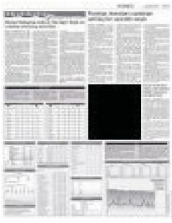
"While its near-term prospects seem less exciting arising from the delays in LRT3, we believe this particular project would be

one of George Kent-MRCB JV's strongest job-profile in the future should they are able to complete it with at a lower cost and within schedule, which would strengthen their foothold in the rail infrastructure scene in the future."

In the results note, Kenanga Research also highlighted that the group's first nine months of 2019 (9M19) core net profit (CNP) of RM59.4 million came in below expectations, making up only 68 per cent of the research arm's and consensus full-year estimates.

The research arm believed the negative deviation is mainly due to lower-than-expected construction billings progress for the group's other on-going projects, such as hospitals.

"Second interim dividend of 1.5 sen declared, bringing year-to-date dividends declared to 3.5 sen, which we deem as in line with our full-year expectation of 5.5 sen."



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Page 2 of 2

SUMMARIES

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