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Kerjaya Prospek Group Bhd executive chairman Datuk Tee Eng Ho
 PIC BY KHAIRUL AZHAR AHMAD

New contract lifts Kerjaya Prospek's order book to RM3.15b

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"Currently, manufactured goods accounted for more than 80 per cent of total exports."

DATUK SERI MUSTAPA MOHAMED,
 International Trade and Industry Minister

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BUSINESS

WORLD MARKETS

KLCI (Sept 18)
-2.67 (1,783.66) ↓

STI (Sept 18)
+32.29 (3,241.85) ↑

DJIA (Sept 15)
+64.86 (22,268.34) ↑

FTSE (Sept 15)
-79.92 (7,215.47) ↓

Exchange Rate
US\$1 = RM4.1880

Brent Oil
US\$55.17* *AT PRESS TIME

RAM EXPECTS HIGHER INFLATION RATE IN AUGUST

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RHB INSURANCE TARGETS RM100M HEALTH PREMIUM

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JOLLIBEE EYEING UK SANDWICH CHAIN?

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SOLIDIFYING POSITION

FAJARBARU Builder Group Bhd has turned out to be a serious contender for rail and transport-related contracts and is on track to exceed its order book of RM500 million achieved in 2014, say analysts.

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Fajarbaru Builder Group Bhd's trackwork machinery at its project site in Kuala Lipis, Pahang.
 PIC BY ROSELA ISMAIL



TRANSPORT-RELATED JOBS

'FAJARBARU TRACKING RAIL CONTRACTS'

Streamlining of railway assets will give firm a strong foothold, says KAF-Seagroatt

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FAJARBARU Builder Group Bhd has emerged as a serious contender for rail and transport-related jobs, said analysts.

They also said Fajarbaru's construction division may well turn around and return to profitability, thus offering further upside to the company's prospects.

KAF-Seagroatt & Campbell Securities said with tenders worth RM3 billion and RM450 million secured so far, Fajarbaru was expected to surpass its highest order book level of RM500 million in 2014.

The jobs include the Light Rail Transit 3 (LRT3) viaducts and stations and Gemas-Johor Baru rail double-tracking.

This excludes potential opportunities under the LRT 3 tunnel



bypass, East Coast Rail Link and Kuala Lumpur Singapore High Speed Rail, said KAF-Seagroatt, which had initiated coverage on Fajarbaru with a "buy" call and RM1.32 target price, or 20 per cent discount to its net asset val-



KAF-Seagroatt says Fajarbaru may tender potential opportunities under the LRT 3 tunnel bypass, East Coast Rail Link and Kuala Lumpur Singapore High Speed Rail. PIC BY FARIZUL HAFIZ AWANG

ue per share of RM1.65.

Other ongoing bids include civil works for the revived Asia Petroleum Hub project via a joint venture with China Railway Engineering Corp, hospitals and a shopping mall for a northern transport hub.

KAF-Seagroatt said the streamlining of railway assets under government-backed Railway Assets Corp would give Fajarbaru a strong foothold to vie for future maintenance contracts for over 2,200km of rail tracks nationwide.

"This, to us, solidifies its strategic positioning as a 'to-go' contractor for railway solutions," it added.

After forking out RM50 billion on rail-related infrastructure over the past five years, the government will reportedly spend another RM80 billion over the

next five years.

Market expert Nazarry Rosli said Fajarbaru's shares were still trading below monthly SMA30 line and had just registered a reduction in its quarterly profit but the new prospects of some RM3 billion rail contracts would boost the company's earnings in the future.

"The share price will then reflect positively. But it will all depend on whether they could secure the contracts. If it materialises, the current share price offers good entry point for investors. Currently, it has a major support at around 80 sen," said Nazarry, who is a panel of Malaysian Association of Technical.

KAF-Seagroatt said Fajarbaru's construction contract flows were on an uptrend with some RM102 million worth of new

contracts already in the bag for the financial year-to-date, up 48 per cent, from only RM69 million for the whole of financial year 2017.

"This, in turn, should help the construction division return to the black in financial year 2018 after incurring losses for the past two years. Our construction margin estimates for financial year 2018 to financial year 2020 are between 4.4 and 6.4 per cent," it added.

Fajarbaru was previously involved in specialised civil works (depot, stations and traction substations) for the Ampang and Kelana Jaya LRT extensions, taking over as main contractor for certain sections of both lines.

It was also one of three main local subcontractors for India's Ircan when the Seremban-Gemas double-tracking was built.