



Sarawak Metro Sdn Bhd (Sarawak Metro) announced last Saturday that a consortium comprising of Ibraco, China Railway Engineering Corporation (M) Sdn Bhd and Nanyang Tunnel Engineering Sdn Bhd had successfully secured an RM568.6 million construction project for the Kuching Urban Transportation System (KUTS).

Ibraco all-time high on Bursa after KUTS job win

Rachel Lau

KUCHING: Shares of local construction player Ibraco Bhd (Ibraco) has reached an all-time high while also emerging as the second top gainer stock on Bursa Malaysia yesterday after its recent RM568.6 million Kuching Urban Transportation System (KUTS) job win announcement.

Ibraco's stock prices which were last traded at 62 sen last Friday, rose by 30 sen or 48.39 per cent to 92 sen as at closing yesterday.

This places Ibraco as the second top gainer stock on Bursa Malaysia, right after Nestle (Malaysia) Bhd.

To recap, Sarawak Metro Sdn Bhd (Sarawak Metro) announced last Saturday that a consortium comprising of Ibraco, China Railway Engineering Corporation (M) Sdn Bhd and Nanyang Tunnel Engineering Sdn Bhd had successfully secured an RM568.6 million construction project for the Kuching Urban

The works includes constructing a 15km Autonomous Rapid Transit (ART) alignment, starting from the depot in Rembus and along the Kuching-Samarahan Expressway up to Stutong, seven stations, and a bridge that will cross Sungai Kuap.

Sarawak Metro

Transportation System (KUTS).

The contract involves the construction and completion of infrastructure for the Blue Line-Package I which stretches from Rembus to Kota Samarahan to Stutong.

"The works includes constructing a 15km Autonomous Rapid Transit (ART) alignment, starting from the depot in Rembus and along the Kuching-Samarahan Expressway up to Stutong, seven stations, and a bridge that will cross Sungai Kuap," said Sarawak Metro.

With this new job win, Ibraco's outstanding orderbook has increased greatly from RM992

million to a record breaking RM1.56 billion. Meanwhile, its current tender book sits at around RM500 million.

While the job win has elicited a strong positive response from investors, researchers at TA Securities Holdings Bhd (TA Research) guided that the job win came as no surprise given the prior collaboration between Ibraco and Sarawak Metro via a memorandum of understanding (MoU) signed between the two on July 18, 2022 which highlight efforts in constructing an ART station within Ibraco's The NorthBank township.

"Furthermore, the management had previously indicated that the group was a registered bidder for the KUTS project," the research house added.

That said TA Securities still guided that they were both positive and optimistic over the contract win as it demonstrates Ibraco's track record as a key player in Sarawak's construction industry and its commitment to maximising shareholder returns.

Assuming a six per cent net margin for the project and a 50 to 60 per cent share for Ibraco, TA Securities estimates that the KUTS project is estimated to yield a net profit ranging from RM17.1 million to RM20.5 million over the contract period.

Despite the optimism over Ibraco's future prospects, TA Research maintained its earnings forecasts for the construction player for now as they await additional information on the joint venture structure within the consortium.

Gas Malaysia, Johor Plantations JV

JOHOR BAHRU: In line with the national energy transition agenda, Gas Malaysia Berhad's (Gas Malaysia) wholly-owned subsidiary, Gas Malaysia Virtual Sdn Bhd (GMVP)

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