Headline	PESTECH On Track for Record Year
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PESTECH ON TRACK FOR RECORD YEAR

KUALA LUMPUR: Construction and engineering firm Pestech International Bhd is expected to post a record financial year 2019 with its current orderbook of RM2.3 billion, according to Kenanga Research.

With an orderbook of such size, Pestech would be kept busy till 2021, the firm added.

Pestech made a slow start to FY19 with core profit of RM6.2 million only making up seven per cent of Kenanga Research's full-year estimate.

This was due to early construction stages for MRT2 and Klang Valley Double Track projects as well as lower job claims from the Cambodian projects given the raining season there.

"However, we should see better quarters for the rest of FY19 as the local projects are progressing towards an advanced stage while the Cambodian projects are at full stream in dry season in the second half of 2019.

"With the targeted revenue of RM1 billion in FY19 and nine to 11 per cent net margin, we believe our FY19 net profit estimate of RM90.8 million is not excessive and achievable," Kenanga Research said in a report on Monday.

The firm maintained its "outperform" call, even after Pestech's dismal share price performance in 2018 which saw a plunge of 42 per cent.

The stock, however, rebounded 23 per cent in the past one month. pushing its price earnings ratio (per) to a low of eight times.

"Even at current price of RM1.22, the stock is still trading at an undemanding PER of 9.5x. As such, we maintain our outperform rating with an unchanged price target of RM1.45 per share for this niche utility infrastructure play mainly for its earnings growth story."

Kenanga Research said there were risks associated to the firm's ongoing, despite its rosy outlook. They included the inability to replenish order book as well as cost overruns for existing projects.

Pestech had in late January clinched two Tenaga Nasional Bhd contracts worth RM281 million. They were for a substation project in Kedah and an underground cable job here.

With the TNB's contracts, Pestech has secured five contracts worth RM812.8 million in FY19.

Source: https://www.nst.com.my/business/2019/02/458016/pestech-track-record-year