


Headline	Gemas-JB Double Track project a much-needed win for Pestech
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GEMAS-JB DOUBLE TRACK PROJECT A MUCH-NEEDED WIN FOR PESTECH

KUALA LUMPUR: [Pestech International Bhd](#)  has finally secured the long-awaited RM399mil Gemas-JB Double Track electrification project.

Kenanga Research said the contract is a much-needed catalyst for Pestech, whose share price had been lacklustre over the past two years.

With this project, Pestech has secured RM457mil in new projects in FY19, bringing total current order book to slightly more than RM2bil, which will keep them busy until 2021.

To recap, Pestech's wholly owned subsidiary Pestech Technology Sdn Bhd has accepted the letter of award from Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd, under SIPP-YTL JV, for the turnkey EPC and maintenance of electrification system for the Gemas-JB electrified double-track at a fixed sub-contract price of RM399m.

According to the research house, There are still signalling and communication portion of the project worth as much as RM500mil yet to be announced.

"With its partner Ansaldo, Pestech should have higher chance for the project as there is no one else who can do the signalling portion in the region."

Kenanga kept its FY19-FY20 estimates unchanged despite the new contract win as it is within its contract wins assumption.

It maintained its outperform rating with an unchanged target price of RM1.95 a share.

"We continue to like this niche utility infrastructure play for its earnings growth story. In fact, its valuation is no longer excessive following the lacklustre share price performance in the past two years while earnings momentum remains strong," it said.

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