



31 DEC, 2019

Pestech's latest NGCP contract win garners positive views

Borneo Post (KK), Malaysia

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KUALA LUMPUR: Pestech International Bhd's (Pestech) latest contract win from National Grid Corporation of the Philippines (NGCP) has garnered positive views given that this is another major power infrastructure project awarded by the latter.

In a filing on Bursa Malaysia, Pestech's board of directors announced that wholly-owned subsidiary company Pestech Sdn Bhd had on Dec 26, 2019, received a Notice of Award from NGCP for the contract in relation to South Luzon Substations Upgrading Project Stage 1 (San Juan and Lumban Substations) and Stage 2 (Daraga Substation).

"We are positive with this win which is another major power infrastructure project awarded by NGCP hot on the heels of the Cebu-Bohol 230kV Interconnection project clinched by Pestech on Dec 12," the research arm of Kenanga Investment Bank Bhd (Kenanga Research said.

"This RM112 million project forms part of the major power infrastructure upgrading undertaken by NGCP in its efforts to replace and upgrade the reliability of the power infrastructure in Philippines to support robust growth.

"With these two major Filipino contracts coupled with the ADB-funded contract secured in PNG the week before, Pestech proved that it possesses the capacity



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and ability to provide and deliver products and services at the international level."

Kenanga Research highlighted that this is Pestech's third contract win in three weeks and is also the fourth project win for financial year 2020 (FY20), totalling year to date (YTD) contract win to RM314.4 million against the research arm's targeted order-book replenishment of RM750

million. The research arm believed the contract flow will not stop here.

"Just two weeks ago, the Prime Minister said that the KL-Singapore HSR is to go ahead albeit at a lower cost.

"As such, there are at least four mega transportation infrastructure projects, namely HSR, KVDT2, LRT3 and ECRL, in the near term for Pestech to bid for in the rail electrification

packages.

"Meanwhile, its current order-book of RM1.7 billion will support earnings growth for the next two years."

Overall, Kenanga Research continued to like this niche utility infrastructure play which could potentially benefit from the revival of mega projects domestically and the fast growing energy infrastructure development market in Cambodia.



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SUMMARIES

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