

KERATAN AKHBAR

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PETALING JAYA: Malaysian Resources Corp Bhd (MRCB) has recorded higher property sales and construction billings on the back of the stronger contribution from the ongoing Light Rail Transit 3 (LRT3) project in financial year 2022 (FY22).

Notably, its construction division had returned to the black after two years of losses.

In FY22, MRCB posted a net profit of RM64.8mil, up from RM15.8mil in the previous year.

The results were within consensus estimates of analysts.

According to MIDF Research, the LRT3 project is expected to be among the main earnings drivers for the group over the next two financial years, with 25% yet to be recognised.

"This was largely due to the full-year consolidation of the LRT3 project earnings from

Setia Utama LRT3 Sdn Bhd, which it fully acquired in 2021.

"The physical construction progress is currently at 81% and financial progress at 75%," it said in a report yesterday.

MRCB sold RM487.9mil of properties in FY22 and aimed to replicate the feat in FY23.

According to MIDF Research, the group's target is to enhance cash flow through the monetisation of its RM227mil of unsold completed inventory this year.

The research firm noted that the group has a resilient order book.

Its external construction order book stands at RM26.3bil as of December 2022, mainly of transit-oriented development and infrastructure projects. The unbilled portion is RM17.4bil, said MIDF Research.

Apart from the LRT3 project, the research firm said the Shah Alam Stadium refurbish-

ment project has yet to be included as the scope of work and amount had yet to be finalised by the Selangor state government.

"Management expects the project to kick off this year, though it is unable to provide a timeline.

"It expects the project size to be north of RM1bil," the research firm said.

MRCB is also diversifying from being too Malaysia-centric and has begun to seek more opportunities in Australia and New Zealand.

This would cushion the potential impact of the sector's uncertainties in Malaysia or any shift in government policies that could affect the sector, the research house said.

On this front, MRCB is planning to launch Vista, a 51-storey residential high-rise in Australia's Gold Coast this year, which has a gross development value (GDV) of some RM1.2bil.

The group also aims to launch The Symphony Centre in Auckland by 2024 - a 21-storey building comprising luxury apartments, retail and commercial space with a GDV of RM1.3bil.

Meanwhile, UOB Kay Hian Research said the potential rollout of the Mass Rapid Transit (MRT) 3 Circle Line project in 2023 could benefit MRCB given its strong track record in rail projects, coupled with a strong balance sheet.

It noted that MRCB is tendering for all three packages comprising the elevated portion, as well as the tunnelling job.

However, the group will only be eligible to secure one package.

The civil packages are expected to be awarded in the second half of 2023. As one of the largest bumiputra contractors, it added that MRCB could fulfil the 60% bumiputra shareholding requirement.