

# Gamuda in line to bag key MRT tunnelling jobs, says M&A

**KUALA LUMPUR:** Gamuda Bhd stands to be the prime recipient of the tunnelling jobs of the massive MRT (Mass Rapid Transit) project from Sungai Buloh to Kajang.

M&A Securities said Gamuda, together with its consortium partner MMC, is likely to bag three lucrative tunnelling packages of the project, dubbed MRT 1, MRT 2 and MRT 3 by the securities firm.

Gamuda is also in line to win the Gemas-Johor Baru double-tracking rail project as the Swiss tender process gives advantage to local contractors.

"Other than the MRT 1 tunnelling package worth around RM8 billion in a joint venture with MMC which Gamuda may likely secure, we believe that there are hosts of other MRT and railway-related contracts which Gamuda may likely secure with its partners.

"This is in particular related to the MRT tunnelling portions because Gamuda-MMC are the only local contractors with strong local and international tunnelling experience," M&A said in a report.

The firm explained that the Swiss bidding tender method for the MRT contracts actually gives Gamuda an advantage because it can outbid the international contractors.

As a local contractor, it has obvious cost advantages in raw materials, sourcing of heavy equipment and manpower costs over foreign contractors, which would not be able to challenge local contractors in that aspect unless they partner with a giant local contractor.

The MRT 1 tunnelling contract is expected to be awarded soon.

Business Times recently reported that MMC-Gamuda is likely the frontrunner for the job after submitting the lowest bid.

M&A said the MRT 2 and MRT 3 tunnelling portions are likely to be tendered out in 2013.

"Our very rough estimates for the MRT 2 and MRT 3 tunnelling packages are likely to cost around RM6.4 billion and RM5.6 billion, respectively," it added. → Turn to B16, Col 1

# M&A maintains 'buy' call on Gamuda stock

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The firm, however, questioned whether the government has the political will to award the MRT 2 and MRT 3 packages as well to the Gamuda-MMC consortium on top of the MRT job 1.

"An indication would be if the

Gamuda-MMC consortium is pre-qualified to tender for the MRT 2 and MRT 3 packages in 2013.

"If they are pre-qualified, then they stand a good chance. This is similar to the Gemas-JB electrified double-tracking project."

The Gamuda-MMC had already won the mammoth RM12.45 billion

Ipoh-Padang Besar electrified double-tracking project in 2008.

M&A said Gamuda and its partners, China Railway and Bridge Corp, have a strong chance to secure the Gemas-JB double-tracking project, which may be worth up to RM8 billion.

"If based on experience alone, the

Gamuda-CRBC consortium has a leg up," it noted.

M&A has maintained its "buy" call on Gamuda with a revised fair value of RM4.47.

Its valuation has not included the MRT 1 tunnelling portion, which it thinks the Gamuda-MMC consortium is going to bag.

