

TRC to bid for MRT job

TRC SYNERGY BHD

By HwangDBS Vickers Research

Buy (maintained)

Target price 80 sen

CONSTRUCTION and property developer TRC Synergy Bhd received a letter of award from Kompleks Dayabumi Sdn Bhd for the proposed alteration and addition of construction works to existing Kompleks Dayabumi (Phase 2) for a contract sum of RM36mil.

Analyst Reports

The contract represents TRC's first contract win for financial year ending Dec 31, 2012 (FY12) and accounts for 7% of our new order win assumption of RM500mil. We expect margins to be at around 5% to 6% typical of building jobs. The bigger catalyst remains the My Rapid Transit project.

TRC is one of 28 contractors short-listed to bid for elevated works of the Sungai Buloh-Kajang line worth RM12bil (elevated portion). It is present in all categories – elevated civil works, stations and depots – in both the open and bumiputra categories.

We maintain our buy rating and target price of 80 sen. This is pegged to 12 times FY12 forecast earnings per share, which is based on 25% discount to the sector average. TRC's current orderbook of RM1.3bil provides earnings visibility for the next two to three years.

TRC Synergy

