

Fajarbaru eyes MRT deals

TWO PACKAGES: Firm said to have submitted bids to build seven stations for RM650m

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FAJARBARU Builder Group Bhd is understood to have submitted bids to build stations for the RM40 billion MyRapid Transit (MRT) project.

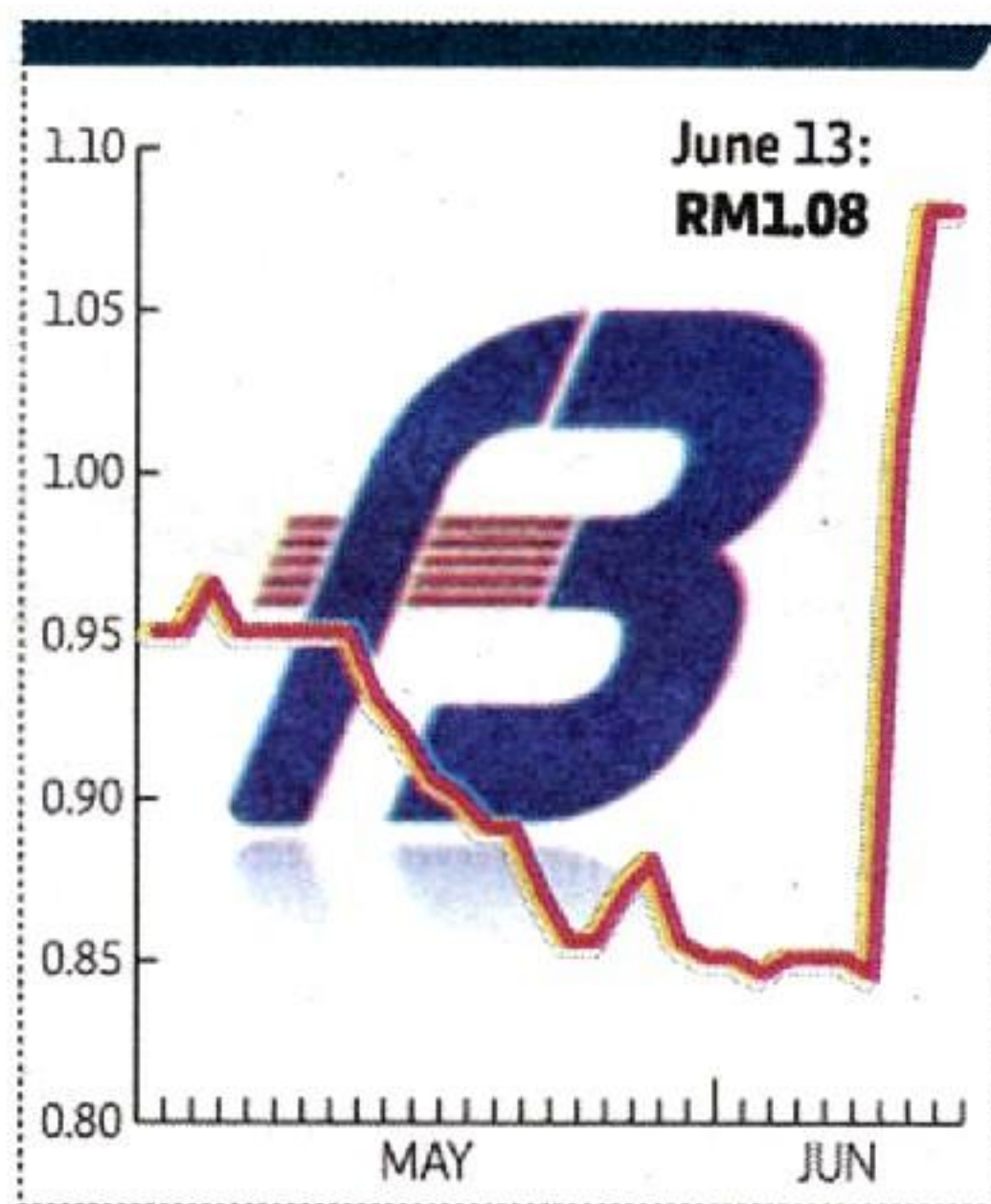
Business Times (BT) understands that Fajarbaru is eyeing contracts to build MRT stations under packages S4 and S5, which closed on May 28 and June 11, respectively.

The combined value of the two packages to build the seven stations is about RM650 million.

Fajarbaru executive director Teo Sock Cheng confirmed that it had submitted the bids to MRT Corp, but declined to reveal the value.

Other companies which had also submitted proposals are WCT Bhd, Sunway Group, Muhibbah Engineering (M) Bhd and IJM Corp Bhd.

Their bids range between RM550 million and RM700 million, BT was told.



"We aim to be a big player in the railway development business if given the opportunity, and will continue to bid for jobs under the MRT project," Teo said.

He added that the company is also eyeing potential contracts for the RM8 billion Gemas-Johor Baru double-tracking job.

"We are eyeing earth and infrastructure works, similar to what we are doing right now for the Serem-

ban-Gemas electrified double-tracking project (EDTP)," said Teo.

Fajarbaru, which has RM1 billion worth of construction jobs in hand, is a new kid on the block as far as railway development works are concerned. The company ventured into the sector only in 2008.

It secured its first rail contract worth RM316 million with India's Ircan International in 2008 to help build the Seremban-Gemas EDTP between Tampin and Batang Melaka.

Since then, Fajarbaru has developed a reputation as the contractor of choice for the RM7 billion light rail transit (LRT) line extension project.

In the last one year, the company won several contracts worth a combined RM450 million from Syarikat Prasarana Negara Bhd to build two stations for the Ampang line extension, three stations for the Kelana Jaya line extension, and a depot in Putra Heights, Selangor.

"We were nominated by Prasarana to the Bina Puri Holdings Bhd-TIM Sekata joint-venture, Trans Resources Corp Sdn Bhd and

Malaysian Resources Corp Bhd, respectively," Teo said.

The three companies are the core contractors that are undertaking some RM2.914 billion worth of rail related works for Prasarana's LRT project.

RHB Research recently noted that for the year ending June 2012, Fajarbaru had secured five key contracts, boosting its year-to-date new contracts to RM668 million from RM368 million and outstanding order book by 46 per cent to RM925 million from RM625 million.

Analysts said that based on Fajarbaru's recent success, it must be seen as a favourite to bag the RM650 million job for Package S4 and S5.

For the year ended June 30 2011, Fajarbaru registered a net profit of RM13.6 million.

Kenanga Research expects its profit to rise to RM15.8 million this year and RM27.1 million by 2013.

The research house has an "outperform" call on the stock with a RM1.27 target price.

The stock closed unchanged yesterday at RM1.08.