

## Still worthwhile to consider construction

### Construction sector

**Initiating coverage with overweight rating:** This year can be described as an eventful one for the domestic construction sector. Major projects are slated to kick off, improving the visibility of large project flows. Both the Economic Transformation Programme and 10th Malaysia Plan re-

main the foundation underpinning the sector's fundamentals.

Improving the public transport system and infrastructure are high on the "to-do" list. Therefore, the launch of the Klang Valley MRT project early this year dominated much of the sector's attention and contract flow. Based on our compi-

lation, there remain RM141 billion worth of projects to be announced and implemented, keeping many contractors on the edge. On the flip side, as always, delays and postponements could be a major drawback. Nonetheless, as the sector is still bloated with impending projects it should keep expectations intact,

hence our "overweight" stance.

This may be a good time to re-look at the sector as valuations at present are low. We are kick-starting our construction coverage with "buy" calls on Gamuda Bhd, IJM Corp Bhd, WCT Bhd, Kimlun Corp Bhd and Benalec Holdings Bhd. — *BIMB Securities Research, Aug 2*