

Company Name : Mitrajaya Holdings Berhad
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Top-Performing Malaysia Builder Sees Record Revenue, Bonds

(Mar 13): Mitrajaya Holdings Bhd., Malaysia's best performing construction company, predicts revenue will double to a record this year as builders weather the nation's economic slowdown.

The company expects revenue to rise to 1.2 billion ringgit (\$325 million) from 520.2 million ringgit in 2014 as it seeks to add 1 billion ringgit of new orders, Tan Eng Piow, 60, Mitrajaya's managing director, said in an interview Thursday. The company plans to raise as much as 800 million ringgit from selling bonds to finance new projects.

Mitrajaya has jumped 72 percent this year, outpacing a 7.7 percent gain in the Bursa Malaysia Construction Index and a 1.5 percent increase for the benchmark stock gauge. Builders have rallied even as Prime Minister Najib Razak cut the country's 2015 growth forecast in January due to a slump in oil. About 150 billion ringgit of outstanding infrastructure jobs from rail to roads are slated for this year and beyond, CIMB Investment Bank Bhd.said in a March 2 report.

"Although there's a perceived slowdown, we have been very busy," Tan said. "Our record-high 1.9 billion ringgit orderbook can last us till end-2016."

The company is vying for jobs including affordable housing projects planned by the government, stations for the third extension of the light railway transit, and new expressways. The stock was unchanged at 10:30 a.m. in Kuala Lumpur, while the benchmark index added 0.1 percent.

Growth Forecast

Najib said in January the economy will expand 4.5 percent to 5.5 percent this year, compared with an earlier projection of as much as 6 percent. The government maintained its development expenditure of 48.5 billion ringgit for 2015, which included transport infrastructure and the Pan-Borneo Highway.

Projects such as phase three of the light rail transit and the high-speed rail linking Kuala Lumpur and Singapore will continue, Najib said.

Mitrajaya has benefited from lower oil prices, which have helped to reduce the overall cost of building materials such as steel bars by at least 5 percent, Tan said. "We are also spending 30 percent less on fuel too."

Profits in the Bursa Malaysia Construction Index are projected to surge 48 percent in the next 12 months, according to data compiled by Bloomberg. That compares with a 3.9 percent gain for the benchmark FTSE Bursa Malaysia KLCI Index.

“If everyone can deliver on the earnings growth, I believe construction companies will be the top performers,” said Danny Wong Teck Meng, chief executive officer of Kuala Lumpur-based Areca Capital Sdn., which manages 800 million ringgit.

Mitrajaya reported a 83 percent surge in net income to 53 million ringgit in 2014. The stock, which has soared more than 200 percent in the past 12 months, is valued at 9.2 times 12- month projected earnings, compared with a multiple of 12.4 for the Bursa Malaysia Construction Index.

“When your company results are showing, people will react to it with the share price,” Tan said.