

Company Name : Gabungan AQRS Berhad
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Highway project catalyst for Gabungan AQRS

PETALING JAYA: A catalyst for Gabungan AQRS Bhd will be the rollout of the remaining phase of the Pan Borneo Highway Sabah, which is expected to benefit its 49%-owned precast business Sedco Precast.

Contracts to supply precast components to the project are valued at about RM400mil-RM500mil.

The formation of a new property development joint venture by the company may also serve as a catalyst for the stock, said RHB Research.

It has a “buy” call on the stock with a target price of 43 sen a share. However, it did cite key downside risks being the failure to secure new contracts and a downturn in the construction sector.

UOB Kay Hian Research believes the winning of sizeable infrastructure projects, such as the Pan Borneo Sabah Highway contracts, could further re-rate Gabungan AQRS’ earnings.

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RHB Research

It maintains its “buy” call with a target price of 48 sen a share.

The group secured RM90.3mil worth of new construction jobs in the first half 2023 (1H23).

Going forward, the research house expects the division to remain focused on project delivery and margin improvement, while being on the lookout for new infrastructure and property projects amid a more vibrant outlook for the construction industry.

The property development division’s future earnings path is expected to remain resilient, sup-

ported by unbilled sales of RM322mil as at the end of the second quarter of 2023 (2Q23), to be recognised over the next three years.

More than 60% of the end-2Q23 unbilled sales or over RM200mil is contributed by the E’Island Lake Haven condominium project in Puchong, with the remainder from the luxury The Peak condominium development in Johor.

The plan to launch the Gambang Residensi development in Kuantan in 1H24 remains intact,

thus injecting fresh momentum to the group’s earnings growth trajectory from 2024 onwards.

MIDF Research meanwhile said based on the group’s outstanding construction order book, unbilled property sales and upcoming launches, Gabungan AQRS has about RM1.5bil in future gross revenue that can be recognised up to 2025.

With the recently concluded state elections, MIDF Research expects the government to focus more on rolling out necessary development and infrastructure projects.

This includes the construction and rehabilitation of government buildings and schools, which are within Gabungan AQRS’ scope of expertise.

It retains its “buy” call with a target price of 37 sen a share.

The company reported a stronger 2Q23 core net profit of RM7.2mil. Cumulatively, 1H23 core net profit came in at RM13.9mil.