

Headline	RHB Research keeps 'buy' rating on Gamuda		
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KUALA LUMPUR: RHB Investment Bank Bhd (RHB Research) believes Gamuda Bhd's industrialised building system (IBS) capabilities may position the group to capture data centre opportunities within the Klang Valley.

It expects Tenaga Nasional Bhd's Green Lane Pathway to facilitate a smoother and faster setup of data centres in the country.

Gamuda's IBS plants are in Banting and Sepang, in Selangor.

"These plants have a combined maximum production capacity of 10,000 residential units per year.

"Gamuda's IBS capabilities allow for a 50 per cent reduction in construction time for high-rise buildings and 20 per cent for landed properties," RHB Research added.

It expects Gamuda's residential projects and involvement in data centres to bring it a pre-cast order book of RM300 million by the end of financial year 2023.

"Despite the relatively small share of IBS job orders, accounting for only 1.5 per cent of the order book by the end of financial year 2023, we have learnt that Gamuda is exploring opportunities for data centre projects in the Klang Valley.



Workers carrying out maintenance work on Gamuda Bhd's industrialised building system plant in Banting, Selangor. FILE PIC

"If these data centre projects expand significantly, we believe Gamuda can effectively utilise both factories to meet the demand for such orders," it added.

According to the Construction Industry Development Board (CIDB), Gamuda was awarded a

contract worth RM170 million by AIMS Data Centre to construct a data centre in Cyberjaya in February 2023, with a target completion by the end of the calendar year 2023.

"While CIDB did not provide specific details, it is speculated

that the data centre in question could be the SMW AIMS Cyberjaya Block 2 data centre, for which Gamuda employed its Next-Gen Digital IBS solutions.

"In terms of profitability, projects of this nature could yield pre-tax margins ranging between

10 to 12 per cent, in our assessment," said RHB Research.

The bank has upheld its "buy" recommendation for Gamuda, maintaining unchanged earnings estimates while raising the target price for Gamuda Bhd to RM6.46 from RM5.66.