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## Booming projects down south a boon for construction firms

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## Booming projects down south a boon for construction firms

**PETALING JAYA:** Construction activities in Johor will continue to benefit contractors over the next few years, with the future catalyst being the development of the Johor-Singapore special economic zone.

The growth of data centres in Johor also benefits contractors with data centre exposure. This includes players such as Sunway Construction Group Bhd (SCGB) and Gamuda Bhd.

Packages to build the Bukit Chagar Rapid Transit System Link (RTS) station and also the Immigration, Customs and Quarantine Complex (ICQC) are yet to be awarded.

RHB Research said it views SCGB as a frontrunner for these packages.

This is so since SCGB is already already involved in some piling works for the ICQC while Gadang Holdings Bhd secured a job for

Packages 4 and 6 (Bukit Chagar station and the operation control centre).

It said SCGB had submitted tenders for Packages 2A and 2B for the ICQC, which RHB Research estimated to be worth RM400mil to RM700mil.

RHB Research is optimistic that projects in Johor will continue benefiting contractors over the next few years.

Its top stock picks include Gamuda Bhd, Kerjaya Prospek Group Bhd and SCGB for their commendable earnings visibility of three to six years.

It said Gamuda has a sizeable presence overseas while Kerjaya Prospek's framework arrangement with Samsung C&T should enable it to be exposed to more private sophisticated jobs backed by its net cash pile.

It also favours SCGB, not just for its stable job flows from its

parent but also its track record in Johor with RM1.7bil of completed projects.

This is particularly in the Iskandar region, which could see further growth in the future with the potential Johor-Singapore special economic zone being a catalyst, it said.

However, it cited key downside risks to its construction sector call that includes delays in contract rollouts and larger-than-expected cost reductions for mega projects.

RHB Research said data centres may continue to gain momentum within the next two years.

The existing Sedenak Technology Park Phase 1 already has hyperscale data centre investors such as Yondr, Keppel Data Centres and Bridge Data Centres.

Future entries of data centre investors will be made easier via Tenaga Nasional Bhd's Green Lane Pathway, which offers fast-

tracked electricity supply, where data centres will be connected three times faster than the normal delivery time.

This reduces the implementation period from 36 to 48 months to just 12 months.

RHB Research added that Malaysia's portion of the RTS project was 41% completed as of July and is set to be completed by end-2026.

SCGB is the contractor for the land viaducts.

In March, SCGB was awarded a RM604.9mil contract from Malaysia Rapid Transit System Sdn Bhd, which covers Package 1B (advance works for station and viaducts) and Package 5 (terrestrial viaducts and ancillary structures).

It said the marine viaducts are being built by China-based contractors, adding that these have also seen commendable progress.