

## **RM25 bil MRT 2 to boost construction sector**

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**By Khairul Khalid**

Market analysts are bullish about the construction sector after reports that Line 2 of the Klang Valley MRT (Mass Rapid Transit) project had been approved by the government.

“Our sources told us that the cabinet has indeed approved Line 2 and the appointment of the MMC-Gamuda joint venture (JV) as the Project Delivery Partner (PDP) – as in the case of Line 1 – although the government, as well as MRT Co, have yet to issue any official statements on this,” said RHB Research in a report today.

The 56km Line 2 (also known as the Sg Buloh-Serdang-Putrajaya Line) is estimated to cost RM25 billion. The first line is scheduled to complete by July 2017.

RHB was following up on a news report in The Star yesterday quoting MRT Corp CEO Wira Azhar Abdul Hamid as saying that the government had approved Line 2 of the 3-line Klang Valley MRT project.

“The prospects of the construction sector remain strong as it rides on what we believe is an extended upcycle that is backed largely by the RM73 billion Klang Valley MRT project. With the RM23 billion Line 1 currently under construction and Lines 2 and 3 worth RM25 billion each under planning, this mammoth project will keep the players busy until 2021,” said RHB.

RHB’s report also names construction players Protasco and Hock Seng Lee as potential beneficiaries of MRT Line 2.

Another market report by AmResearch also concurs by stating that MRT Line 2 could be endorsed soon to ensure that there are no construction overlaps between Line 1 and 2. It believes that the MMC-Gamuda JV is the obvious frontrunner to benefit from MRT Line 2.

“MMC-Gamuda JV is also in the driver’s seat for the tunneling portion. It has the advantage of redeploying its tunnel boring machines for MRT Line 2 once works on MRT Line 1 are completed,” said AmResearch.

Apart from the PDP contract, AmResearch analysts also expect other work packages to be tendered out by the second half of 2015 after obtaining feedback from relevant stakeholders.

“While it is a little premature to gauge the possible winners for the elevated portions, we see building material suppliers such as Ann Joo Resources, Lion Industries and Lafarge Malayan Cement as beneficiaries of multi-year demand,” said AmResearch.

“Likewise, Kim Lun and Pintaras Jaya are poised for possible jobs due to their select strengths in manufacturing tunnel lining segments/segmental box girders and piling works respectively,” added AmResearch.

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