

Gamuda-MMC-George Kent JV likely to win MRT3 contract

CIMB says JV has strong chance due to experience and track record

PETALING JAYA: The chances are strong for the Gamuda-MMC-George Kent joint venture (JV) to secure the Mass Rapid Transit 3's (MRT3 or Circle Line) turnkey contract, according to CIMB Research.

The research house said this was because of the experience by this JV company from its combined underground tunnelling expertise, system works, resources, manpower and track record.

A financial newspaper reported recently that the government's consideration was to likely award the MRT3 project to two leading contractors or a consortia.

"Based on calculations, if the MRT3 project cost is split 50:50 between the local and foreign consortia, each consortium would potentially be awarded a RM20bil to RM23bil contract," CIMB Research said.

"Conservatively, at Gamuda's level (excluding an estimated RM7bil-RM8bil systems works contract and assuming it shares 50% of the balance of contract value with MMC Corp), it could still be a substantial job win of RM7bil-RM8bil (double its current outstanding order book), and possibly with margins more lucrative than its targeted bid for the RM55bil East Coast Rail Link," it added.

According to MRT Corp in the research report, the lowest bidder does not necessarily win the turnkey tender.

"The best evaluated tender must have the best overall score from a set criteria, which mostly centres on the bidders' financial resources and technical capabilities. It also clarified that the tender award's responsibility falls under a special committee under the federal government and MRT Corp only facilitates the tender process," it said.

"The Circle Line's proposed alignment will be connected/integrated with all major urban rail transport systems in the Klang Valley including the MRT1 and MRT2. This criterion,



Smooth ride: A file picture showing an MRT train moving towards Kajang from Kuala Lumpur. MRT3's proposed alignment will see it integrated with MRT1, MRT2 and other major urban rail transport systems.

similar to other urban rail circle lines in the region, necessitates the building of the MRT3 – sooner rather than later," it added.

MRT Corp is scheduled to launch the Circle Line's public display on June 30, it said.

This will go on for three months, after which MRT Corp will gather the public's feedback on the project and the alignment with eventual feedback to the changes in alignment, if needed.

MRT Corp aims for construction works to start in the third quarter of 2019, CIMB Research said.

Meanwhile, the research house said it was updated that the construction works for MRT2 were set to gain stronger momentum

this year as all major civil works packages as at Oct 2017 have been awarded, implying that all above-ground works including stations works were full steam ahead in 2018.

Ten major civil works packages have been awarded, including stations and one single large scale tunnelling package, it said.

Individually, the elevated section is 20.3% completed, underground section 26%, and systems works 12%.

CIMB Research maintained its "overweight" rating for the sector with Gamuda being its top pick for rail contracts.

It believes IJM Corp Bhd and Muhibbah Engineering (M) Bhd could secure MRT3 packages at later stages as well.