

# Innovating in a challenging market

Gamuda leveraging on strong balance sheet to do what it does best

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**A**LTHOUGH large and successful in Malaysia and abroad, Gamuda Bhd is not immune to the smothering effects of the financial crisis. The construction sector will almost certainly have a quiet year amid the worldwide recession and credit crunch.

Merely weathering the storm is not good enough an option. Chan Kong Wah, managing director of the company's engineering and construction division, believes Gamuda must carry on with what it does best – innovate and adapt quickly so as to come out on top in this difficult and challenging market.

"We will need to leverage on our strong balance sheet, and our design-and-build capabilities. Our team has to identify the suitable opportunities and work smartly to secure them," he told *StarBizWeek* through email.

A silver lining, he points out, is that some of the measures that most governments will introduce to boost their economies include the implementation of key infrastructure projects. This is expected to pave the way for a gradual recovery from 2010.

Currently, Gamuda's order book ratio for local and international projects is 60:40. Given that the prospects for local projects appear more promising at this time, Chan says the proportion of projects in Malaysia will likely increase slightly over the next year or two.

"On the local front, we hope the Government will pump prime more aggressively this year. This may open up more opportunities for all domestic players, including us," he says. On the international market, Gamuda is targeting for more major highway projects in Bahrain, Qatar and India, he adds.

Over the past 30 years, the division has undertaken more than 40 major civil engineering projects such as the construction of marine ports and buildings, highways, airports, bridges, tunnels, water infrastructure and storm water management projects.

"We will continue to concentrate on major design-and-build projects. On the international front, we will continue to build on our local knowledge acquired in the countries where we are working currently," he says.

In 2001, Gamuda ventured into India and

secured two deferred payment projects – the Panagarh-Palsit Highway and the Durgapur Expressway (Dankuni-Palsit section) in the state of West Bengal.

It became the first Malaysian company to penetrate the Taiwanese construction market in 2002 when, together with New Asia Construction & Development Corp of Taiwan, it signed an agreement with Kaohsiung Rapid Transit Corp to undertake part of the Kaohsiung mass rapid transit (MRT) system project.

A year later, Gamuda signed a project development agreement with the Laos government to develop the 450MW Nam Theun 1 hydropower project.

In the Middle East, the company is handling projects in Qatar and Bahrain. These include the Dukhan Highway from Shahaniya to Zekreet in Qatar, the New Doha International Airport in Qatar, and the Sitra Causeway Bridges in Bahrain.

"Gamuda has been active in the Middle East since 2005 with these three large infrastructure projects," says Chan.

Gamuda was awarded the contract to design and construct the three main systems of the New Doha International Airport, which include airfield facilities, a tunnel and detention ponds.

The airfield facilities will cater to the latest large-body aircraft and will include two runways of 4.84 km and 4.25 km, three parallel taxiway, aircraft parking aprons, drainage works and airfield ground lighting facilities.

The Dukhan Highway project is for approximately 43 km of new highway. The four-lane dual carriageway to be constructed will replace the existing two-lane single carriageway.

The Sitra Causeway Bridges project in Bahrain involves the construction of two landmark marine bridges and associated embankment works. Together with grade-separated interchanges at both ends of the Sitra Causeway and on Nabih Saleh Island, the construction will replace the existing Sitra Bridges.

"This project will have a total length of 4km of dual three-lane carriageway and currently,

we have completed about 51% of the construction," Chan says, adding that the contract value of this project is RM650mil.

As these three projects are scheduled to be completed next year, Gamuda is planning to strengthen its position in Asian countries such

as Vietnam, Bahrain, Qatar, UAE and India.

"These countries will continue to push out their key infrastructure projects, and we will be there to tap the business opportunities," says Chan.



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