

# Gamuda rises as Maybank forecasts jump in net profit

GAMUDA Bhd, Malaysia's second-biggest builder, rose to the highest level in three weeks after Maybank Investment Bank Bhd said the company may report a 52 per cent increase in net profit in the year ending July 2010, boosted by a strong order book.

The stock gained 1.6 per cent to RM3.18 yesterday, the highest level since August 14 and outpacing the FTSE Bursa Malaysia KLCI Index's 0.4 per cent gain.

Gamuda shares have surged 68 per cent this year.

It's "sunny skies ahead", Maybank Investment said in a report yesterday. "We also expect major job wins in fiscal 2010."

Gamuda is Maybank's top construction stock pick with a "buy" rating and a target price of RM3.80.

Profit at Gamuda is expected to rebound next year as the work pace

on its RM8 billion of outstanding orders accelerates and profit margins at the new Doha International Airport project are restored, the report said.

The government may roll out as much as RM80 billion of construction contracts over the next few years, benefiting builders, CIMB Investment Bank Bhd said in a report on September 2.

The government has unveiled stimulus plans valued at RM67 billion in the past year to restore economic growth.

Gamuda is the only contractor vying for all three major infrastructure contracts that are now at various stages of "pre-award," Maybank Investment said.

The projects are the Pahang-Selangor interstate water transfer project, the new Sepang low-cost carrier terminal and the extension of the Klang Valley Light Rail Transit, the report said.

Gamuda's profit for the year ending July 2010 may advance to RM281.6 million, Maybank Investment said. Net income may have shrunk 40 per cent to RM185.7 million in the year ended July from a year earlier, it said. — Bloomberg

