

WCT: RM1b Oman job has never taken off

ROZIANA HAMSAWI

KUALA LUMPUR: WCT Bhd says its RM1 billion highway job in Oman has never taken off as the contract is never formalised or completed.

The company said since receiving the notification of acceptance of the tender in mid-2012 from Oman's Transport and Communications Ministry, the remainder of the procedures to formalise the contract had not been completed.

"Hence, the company did not receive any notification to commence work and construction works for the project had therefore in fact never been commenced," it told Bursa Malaysia yesterday.

Oman awarded the highway project to WCT in August last year.

WCT said it was notified on Monday of the cancellation by the Omani government, without specific reason.

Physical construction works have yet to commence and WCT will be compensated for its preliminary works which include feasibility study and consultation.

The company said despite the project cancellation, it will continue to pursue opportunities in Oman.

WCT shares closed eight sen lower at RM2.37 yesterday, with 7.93 million units traded.

Two research houses have maintained their "buy" call on the company's stock

despite the setback.

HwangDBS Vickers Research has upgraded its target price to RM3.35 due to WCT's healthy order book and expects the company to secure new jobs, the value of which could easily replace the lost RM1 billion Oman job.

MIDF Research, despite viewing the cancellation negatively and trimming earnings forecast for the company, still recommends a "buy" with a revised target price of RM2.97.

WCT's order book, minus the Oman project, now stands at about RM2.7 billion from RM3.4 billion previously, said MIDF Research.

Based on this, it is forecasting earnings to be between 11 and 18 per cent for the company's 2013/2014 financial year. → Turn to B2

'WCT order book looks healthy'

→ From B1

HwangDBS Vickers said it has revised WCT's target price after taking into account the firm's other land-bank in Medini Iskandar in Johor, Kuala Lumpur and Rawang in Selangor, which will be developed aggressively over the next two years.

It noted that WCT's order book looks healthy with the possibility of

the firm winning the Kwasa Damansara Land civil works, the Tun Razak Exchange job as well as Petroliam Nasional Bhd's Refinery and Petrochemical Integrated Development phase 2 civil works to make up for the cancelled Oman job.

Other research houses view the project cancellation negatively.

RHB Research has downgraded

WCT's 2013 and 2014 net profit forecast by six to seven per cent, while Alliance Research has cut the developer's earnings estimate by 12.1 per cent and 15.9 per cent for 2013 and 2014, respectively.

RHB Research has maintained its "sell" call on the stock with a lower target price of RM1.65, while Alliance Research has downgraded it to "sell" with a RM2.05 target price.