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TRC Synergy to prosper from new navy contract

CORPORATE NEWS

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PETALING JAYA: TRC Synergy Bhd  's latest contract win worth RM125mil from BHIC Submarine Engineering Services Sdn Bhd, a subsidiary of Boustead Heavy Industries Corp  Bhd, spells good news for the company as this will drive its earnings.

TRC Synergy in a recent filing with Bursa Malaysia said it has secured a contract worth RM125mil from BHIC Submarine Engineering to conduct scheduled and corrective maintenance work at the Royal Malaysian Navy Submarine Base in Sapangar Bay, Kota Kinabalu.

TRC said the project will be for a period of 60 months.

The company, which is involved in construction and property development, said the work would be for the Zone D area, jetty facility building, bosun building, floating breakwater jetty, shiplift jetty and safety conditioning facilities at the submarine base.

TA Research, while keeping its earnings forecasts unchanged pending an analyst briefing today, noted that, assuming a profit before tax margin of 10%, the project would contribute a net profit of RM9.5mil throughout the contract period.

Being the third job TRC has secured in 2024, the research house said that the total year-to-date the group's new-job wins have risen to RM625.3mil.

"This represents 89.3% of our new-job replenishment assumption of RM700mil for the year. We estimate the group's current total outstanding order book to be around RM975.3mil, which translates to 1.4 times 2023 revenue.

"We keep our target price unchanged at RM0.46 based on a target price-earnings ratio of 12 times against calendar year 2025 earnings and maintain our 'sell' call on the stock," the research house said.