Success of TMP hinges on Penangites’ support

Implementation of project riding on outcome of due process — Gamuda group MD

By Supriya Subrahmanian

The success of the Penang Transport Master Plan (PTMP), which Gamuda and SRS Consortium Bhd is the project delivery partner (PDP), hinges on the support of the Penangites. Gamuda group managing director Loh Yeow Heng said the support from Penangites is crucial, and that the implementation of the PTMP is riding on the outcome of a due process exercise, which will take six months to complete.

"For now, the PTMP is just a plan. The next step in implementing it is the due process, which involves impact studies on the environmental and social aspects of the plan, and this has already commenced by an independent consultant appointed by the Penang state government," he told reporters after Gamuda’s annual and extraordinary general meetings yesterday.

"If there is no overwhelming support for the PTMP from the people of Penang, then we shall not go ahead with it," he added. However, Loh declined to comment on the magnitude of the percentage that would constitute overwhelming support.

"I wouldn’t want to go into that, that’s an open-ended debate," he said. Loh, however, noted that there are some concerns from the people of Penang on the Penang government’s land reclamation process.

"They are not unhappy about reclamation per se, but their perception is that the state is reclaiming too many places, and the due process (for the reclamation process) is not transparent, and this needs to be cleared up," said Loh.

"The results from the detailed impact studies will be shared with the key stakeholders and the general public, and it will outline the advantages and disadvantages of the PTMP (among others)," he added.

On its part, Gamuda will undertake the responsibility as PDP in ensuring that all the requirements in terms of data gathering, as well as the selection of appropriate consultants for the implementation of the PTMP are undertaken in a transparent manner.

Gamuda’s chairman Loh Chi Yein Holdings Sdn Bhd and Ideal Property Development Sdn Bhd are the two other parties of the Gamuda-SRS Consortium, with a 20% stake each in the venture.

On the payment method of the PDP, which could be in the form of land swap or land reclamation rights, Loh said it is too soon to say.

"I think it will be jumping the gun [to talk about the payment method] now, the focus at present should be on the public perception of the PTMP, and this is where the due process comes in," he said.

On Gamuda’s outlook for 2016, Loh said it is still positive about the construction industry.

"The government is embarking on a lot of railway projects, and is making good time for capital investments in infrastructure projects. For Gamuda, in 2015 we have spent about RM6.8 billion on our property development and related infrastructure projects in Malaysia, Vietnam, Singapore and Melbourne, Australia, and for 2016 we will probably invest another RM3 billion in capital expenditure (CAPEX), which will bring our total CAPEX for the two years to RM7.1 billion," he said.

As for the terms of the sale of its 40% interest in water asset Syrilia, Penang’s Air Selangor Holdings Sdn Bhd to the Penang state government, Loh said the appropriate price for the sale would be at the book value of the asset.

"We are expecting an offer for the asset at its book value, which at present is RM3 billion, based on previous news report published. I believe the state government has appointed an independent valuer to perform a valuation of Syrilia, and what we would like is for the report to be shared with us, and the public as well," said Loh.

Gamuda (fundamental) share price valuation: 1.4 times book value; closed up 13 sen, or 2.84%, to RM1.70 yesterday, bringing a market capitalisation of RM1.26 billion.

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The Edge Financial Daily, Home Business
Date: 8 December 2015