Gamuda Berhad

Opportunities Amidst Setbacks

Corporate Update

January 2018

KEY HIGHLIGHTS

- **Setback in KVMRT3 –** project will now likely be foreign-financed using the Design, Finance, Build model; tenders to be called soon with outcome likely in mid-2018; likelihood of taking on a lead role diminished, but Gamuda will still seek a subcontracting role

- **Opportunities in HSR –** financing will comprise two separate components –1) foreign financing for 'AssetCo' (Systems, Rolling Stock, Electrification, Signalling, High Speed Technology); 2) local financing for 'InfraCo' (civil and structural works); tender outcomes for both components likely between Q2-Q3 next year

- **PDP model for Malaysian civil works –** PDP model expected to be structured very similarly to KVMRT1, 2; PDP to be responsible for project completion on time and within budget in return for a fixed fee and step-in rights; outcome for PDP tender expected in mid-2018

- **Gamuda, MRCB in equal JV to bid for PDP role –** a formidable JV with vast experience in managing and delivering large projects successfully

- **3 mega projects worth RM150b to be executed over 2018-2025 –** ECRL (RM55b), KVMRT3 (RM40b+), HSR (RM60b+) will drive industry growth; Gamuda aims to participate in all 3 projects

KEY UPDATES – Construction

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- **KVMRT2 –** PDP and UG progress at 13% and 20% respectively at end Q118, works rapidly gaining momentum, and will be key earnings driver over the next 2 to 3 years; tunnel drives to commence from Feb 2018
- **KVMRT2 –** 97% of total project awarded comprising works packages valued at RM31bn; these include 1 Underground, 10 Viaduct, 6 stations, 7 Systems, 2 supply packages, 2 depot packages
- **Order book stands at RM7.3b –** to underpin strong earnings growth and visibility through to FY21; projected new order book expansion in 2018/19 likely to sustain growth and visibility through to FY24/25
- **Penang Transport Master Plan (PTMP) –** submissions to SPAD and DoE completed; validity of LoA for PDP agreement extended by another year to August 2018; project timeline expected to be clearer post General Elections

CONSTRUCTION ORDER BOOK

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- Current unbilled order book about **RM7.3 billion** (Oct 2017)

Major Projects	Balance works (RMbn)	Completion Status		Comments
		% now	completion date	
Recently Secured				
KVMRT Line 2 (SSP Line) Underground (50% share)	6.5	20	Mid-2022	Works in full swing; 1st tunnel drive to commence in Feb 2018
Pan Borneo Sarawak (65% share)	0.8	12	Early 2021	Preparatory works completed; mainstream works commencing
Recently Completed				
KVMRT Line 1 (SBK Line) Underground (50% share)	-	100	Mid-2017	Full line service opened on 17 July (2 weeks ahead of schedule)

KEY UPDATES – Properties

GAMUDA

- **Strong Q1 presales –** Q1 presales totalled RM903m (+110% y-o-y); well on track to achieve RM3.5b presales target for FY18; this should translate into stronger property earnings in coming years; unbilled sales totalled RM2.1b at end Q1
- **Driven by overseas projects –** Q1 presales were dominated by overseas projects, mainly in Vietnam (>100%) and Singapore (>10x); overall, overseas presales more than tripled y-o-y, accounting for two-thirds of group presales
- **Domestic presales grew 20% –** reasonably strong domestic sales were seen in Horizon Hills, Robertson and Gamuda Gardens
- **Margins still under pressure** – project mix (skewed towards overseas), and high upfront costs for new domestic townships expected to keep a lid on margins for next couple of years
- **Township launches –** ytd, Kundang Estates, Gamuda Gardens and twentyfive.7 have been launched, whilst Gamuda Cove will be launched by mid-2018; these new townships have a combined GDV of RM34bn or 62% of the total RM55bn

INCOME STATEMENT SUMMARY

GAMUDA

(RMmil)	Q1 ended Oct '17	Q1 ended Oct '16	Change (%)
Revenue	**771.8**	**504.9**	**+53**
Profit from operations (EBIT)	183.2	133.7	+37
Finance Costs	(25.9)	(26.5)	-3
Share of JVs (net of tax)	49.6	43.2	-15
Share of associates (net of tax)	52.4	55.3	-5
Profit before tax	**259.3**	**205.6**	**+26**
Tax	(41.5)	(30.6)	+36
Minority Interests	(14.7)	(12.9)	+14
Net profit attributable to equity holders	**203.1**	**162.1**	**+25**
Fully diluted EPS (sen)	7.9	6.5	+22
Dividend per share (sen)	**6.0**	**6.0**	**0**
EBIT margins (%)	**23.7**	**26.5**	**-11**
PBT margins (%)	**33.6**	**40.7**	**-17**

INCOME STATEMENT (before FRS 11)

GAMUDA

(RMmil)	Q1 ended Oct '17	Q1 ended Oct '16	Change (%)
Revenue	**1,673.5**	**1,097.9**	**+52**
Profit from operations (EBIT)	247.6	195.2	+27
Finance Costs	(30.5)	(30.0)	+2
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	52.5	55.3	-5
Profit before tax	**269.6**	**220.5**	**+22**
Tax	(51.8)	(45.4)	+14
Minority Interests	(14.7)	(12.9)	+14
Net profit attributable to equity holders	**203.1**	**162.1**	**+25**
Fully diluted EPS (sen)	7.9	6.5	+22
Dividend per share (sen)	**6.0**	**6.0**	**-**
EBIT margins (%)	**14.8**	**17.8**	**-17**
PBT margins (%)	**16.1**	**20.1**	**-20**

BALANCE SHEET SUMMARY

(RMmil)	As at 31 Oct '17	As at 31 Oct '16
Current Assets	6,773.0	5,419.0
Current Liabilities	2,979.3	1,634.1
Current Ratio	2.3x	3.3x
Total borrowings	5,231.9	5,075.9
Cash and marketable securities	1,119.2	1,544.0
Net cash	**(4,112.7)**	**(3,531.9)**
Share capital	3,395.6	2,422.3
Reserves Non-controlling interests	4,258.2 360.3	4,733.6 349.6
Total Equity	**8,014.1**	**7,505.4**
Net gearing (overall)	**51%**	**47%**
Net assets per share (RM)	3.12	2.95

QUARTERLY SEGMENTAL PROFITS

GAMUDA

(RMmil)	Q117	Q217	Q317	Q417	Q1 `18	Q1 `17	+/-
Construction & Eng	59.3	84.2	87.4	78.6	103.5	59.3	+44
Properties	47.7	51.1	45.0	96.4	50.9	47.7	+3
Concessions	113.4	103.8	104.5	119.5*	115.1	113.4	+2
Group Pretax Profit	**220.5**	**239.1**	**236.7**	**294.5***	**269.5**	**220.5**	**+49**
Group Net Profit	**162.1**	**166.3**	**170.9**	**201.3***	**217.8**	**162.1**	**+56**

**** normalised earnings, before one-off impairment of RM98.5m for SMART assets***

YTD Segmental PBT

(RMmil)	Q118	Q117	+/-
Construction	103.5	59.3	+44
Properties	50.9	47.7	+3
Concessions	115.1	113.4	+2
Group PBT	**269.5**	**220.5**	**+49**

YTD PBT Margins

%	Q118	Q117
Construction	10.0	8.5
Properties	9.9	17.5
Concessions	n.m	n.m.
Group PBT	16.1	**20.1**

FRS – 11 JOINT ARRANGEMENTS

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- FRS 11 adopted since Q114 statements
- Joint ventures (incorporated) now treated using equity method (share of JVs), reported net of tax
- Joint ventures (unincorporated) treated as previously, using proportionate consolidation, reported gross of tax
- Share of associates reported as previously, net of tax
- Key impacts
  - substantial group revenue is `lost’ as significant amount of activities are carried out by incorporated JVs
  - group and divisional margins are distorted by the mixing up of pretax and net profits above the `Group PBT’ line
  - no impact on net profit, but generally understates PBT
  - performance analyses’ becomes more difficult and tricky

Thank You