Chief Financial Officer's Statement

MR. SOO KOK WONG
Chief Financial Officer

> "The COVID-19 – induced movement restrictions eclipsed half of FY2020 and had caused the significant drop in Q3 earnings. As the movement restrictions were eased in Q4, the Group's core earnings are on the road to recovery."

FINANCIAL PERFORMANCE ANALYSIS

COVID-19 – induced movement restrictions eclipsed half of FY2020

On 11 March 2020, the World Health Organization (WHO) declared COVID-19 a worldwide pandemic. In Malaysia, an unprecedented Movement Control Order (MCO) to restrict movement nationwide began on 18 March 2020 in an effort to stem community transmission of the disease. Different forms of lockdown were also imposed in other countries where the Group operates, such as Vietnam, Singapore, Taiwan and Australia. In Malaysia, movement restrictions were eventually relaxed in early May 2020 as the authorities moved towards a more targeted approach in containing the disease.

Q3 earnings hit by movement restrictions; Q4 core earnings on road to recovery

During the MCO period, all works virtually stopped, except works deemed critical to public safety. All property galleries were also closed. Daily traffic plying all four highways dropped significantly; only 10%-20% of pre-MCO traffic levels. As a result, the Group recorded significantly lower revenue and earnings in Q3 (February to April 2020). Movement restrictions across the country were gradually eased in May 2020 and the Group's performance improved remarkably in Q4 (May to July 2020) as property sales sharply rebounded. Works at all construction and property projects gradually picked up pace and traffic plying the expressways were returning to pre-movement restrictions level.

Overall, the Group posted a revenue of RM6,805 million for the current financial year ended 31 July 2020, a decrease of 5% compared with RM7,181 million revenue achieved in FY2019. Core net profit of RM520 million (excluding one-off non-cash impairment of RM148 million on IBS assets) was 26% lower compared with last year's RM700 million.

One-off non-cash impairment of RM148 million from the temporary shutdown of one of two IBS factories

As the pace of building works slowed because contractors were only able to operate at about half capacity due to the stringent health and safety control measures imposed by the authorities, the Group temporarily shut down its smaller IBS factory at Sepang and consolidated all operations at the larger IBS Banting factory. As a result, the Group set aside a one-off non-cash impairment of RM148 million and posted a loss of RM17 million in the fourth quarter of the financial year. Subsequent to this impairment, the Group does not expect any further impairment on the IBS assets in the foreseeable future.

GROUP FINANCIAL PERFORMANCE

	2020						
RM'million	Q1	Q2	Q3	Q4	2020	2019	Var
REVENUE	1,801	2,225	989	1,790	6,805	7,181	-5%
CORE NET PROFIT	174	175	40	131	520	700	-26%
Less: One-off impairment on IBS assets	–	–	–	(148)	(148)	–	–
NET PROFIT	174	175	40	(17)	372	700	-47%

Sharp rebound in Q4 property sales

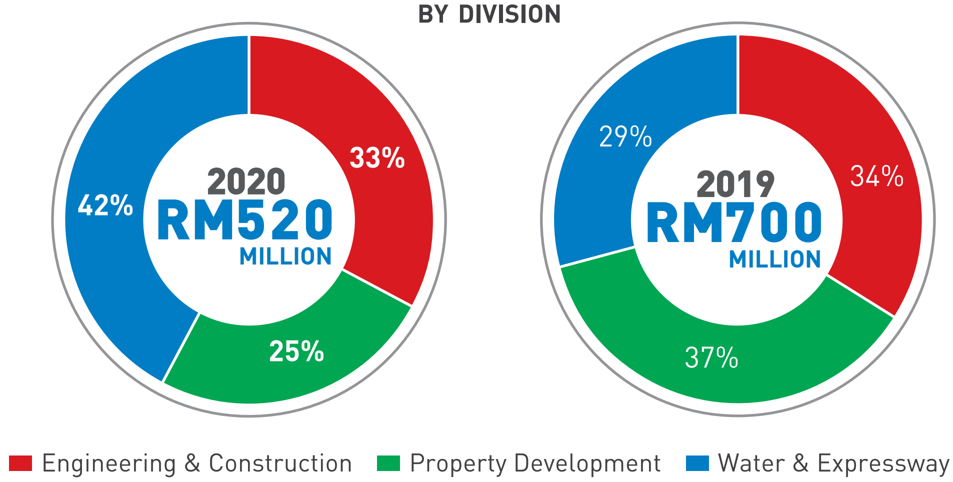
The third quarter property sales were badly affected as all works virtually stopped and all sales galleries were closed during the MCO period. As the movement restrictions were gradually eased in Q4, property sales rebounded sharply to RM1 billion, compared with RM244 million in Q3, and almost on par with the quarterly sales of RM1.1 billion in Q4 FY2019. As a result, Gamuda Land sold RM2.2 billion worth of properties in FY2020, lower than the RM3.1 billion sales of last year.

Traffic returning to Pre-MCO levels

During the MCO, the expressways' traffic volumes have dropped significantly compared to pre-MCO levels. As the movement restrictions were eased in Q4, the traffic volumes of the expressways were trending up, compared to pre-MCO levels, as follows:

- KESAS and LITRAK – 100%
- SPRINT – 98%
- SMART – 88%

CORE NET PROFIT BY DIVISION



GAMUDA ENGINEERING

> Moving forward, the construction division's resilience is underpinned by its order book of RM7 billion.

Strong order book of RM7 billion; Construction progress back on track

The construction division's core net profit (excluding one-off non-cash impairment of RM148 million on IBS assets) dipped by 27% to RM173 million compared with RM237 million last year. During the MCO, all construction works stopped, except for works deemed critical for public safety (e.g. tunnelling works) in compliance with COVID-19 – induced standard operating procedures (SOP). However, the projects' productivity were ramped up following the relaxation of movement restrictions in the last quarter of the financial year. Nonetheless, the construction division will remain resilient for the next two years with a secured order book of RM7 billion.

(a) MRT Putrajaya Line

As at 31 July 2020, MRT Putrajaya Line's overall cumulative progress is on schedule; Elevated tracks at 80% and Underground tracks at 78%. The system testing with progressive energisation and running of the electric trains are in progress for Phase 1 (Sungai Buloh – Kentonmen station), while underground works are nearing completion and the track handover for Systems works is in progress for Phase 2 (Kentonmen – Putrajaya station). Productivity level is almost back to pre-MCO levels.

(b) Penang Transport Master Plan

Gamuda's 60%-owned SRS Consortium had on 1 July 2020 signed the Master Agreement with the Penang State Government in respect of the appointment of the Project Delivery Partner ("PDP") to manage and deliver the Penang Transport Master Plan ("PTMP"). The major components of Phase 1 of the project are Reclamation Works ("Penang South Reclamation Island A"), Light Rail Transit ("LRT") from George Town to Island A of the Penang South Islands ("PSI") and Pan Island Link 1 ("PIL1") highway.

The implementation of each PTMP component will be formalised at a later stage when the financial architecture is mutually agreed with the Penang State Government. The PDP fee for the PTMP components varies between 5.0%-5.75%.

In the Masterplan Design Competition for the PSI development that was concluded recently, BIG – Bjarke Ingels Group from Denmark with Hijjas Architect & Planner won the competition and was selected as the Lead Masterplan Designer.

The reclamation works for the 2,300-acre Island A is targeted to commence in the first quarter of 2021.

(c) Sarawak

(i) Pan Borneo Highway Package (WPC-04) (Pantu Junction to Btg Skrang)

The Sarawak Pan Borneo Highway package (WPC-04) project's scope which includes the widening and upgrading of the existing 89.3km long highway from 2-lane single carriage road to a 4-lane dual carriageway of JKR R5 standard, is progressing on schedule with overall cumulative progress at 55% as at August 2020. Naim Engineering Sdn Bhd – Gamuda Berhad JV is the contractor.

(ii) Batang Lupar Bridge at Sri Aman Town

In February 2020, Naim Engineering Sdn Bhd-Gamuda Berhad JV accepted the award of the Second Trunk Road (Package B3) Proposed Batang Lupar Bridge No.2 at Sri Aman Town project valued at RM224 million. The project is expected to be completed in June 2024. The overall cumulative progress as at August 2020 was at 1%.

CONSTRUCTION

CORE NET PROFIT

RM173 MILLION

(d) Taiwan

(i) Marine Bridge

Gamuda's 70%-owned joint venture with a Taiwanese company is constructing a 1.23km marine bridge for CPC Corporation Taiwan, a state-owned petroleum company which is expected to be completed in November 2022. Construction of temporary access bridge and working platform is nearing completion, and offshore piling works are progressing well. The overall cumulative progress as at August 2020 was at 19%.

(ii) Seawall for Reclamation Project

In December 2019, Gamuda's 70%-owned joint venture with a Taiwanese company has won the tender to construct 4,014m of seawall structure with contract price of NTD6,817 million (equivalent to RM932 million) for Taiwan International Ports Corporation, a state-owned port operation company. The project is expected to complete in March 2025. The overall cumulative progress as at end August 2020 is at 2%, with construction of caisson fabrication yard progressing as planned.

(e) Gamuda Australia

Gamuda (Australia) Branch and Gamuda Engineering (Australia) Pty Ltd are well established and expected to contribute positively. We are actively bidding for over AUD10 billion worth of projects in New South Wales, Victoria, Queensland and Western Australia. Notable projects currently under tender are the AUD2.6 billion M6 Motorway in New South Wales and the AUD20 billion Sydney Metro West project.

(f) Gali Batu Multi-Storey Bus Depot, Singapore

In November 2019, Greatearth Corporation-Gamuda Berhad Joint Venture was awarded by the Land Transport Authority of Singapore (LTA) a SGD$260 million contract for the Gali Batu Multi-Storey Bus Depot. The project consists of a three-storey administrative building, a five-storey dormitory and a five-storey main depot equipped with parking spaces for 715 buses, refueling and washing facilities, repair and maintenance facilities with cutting-edge technology to cater for the operation of electric buses. The contract duration is 41 months.

The overall cumulative progress as at 31 July 2020 is at 1% due to restriction of the Circuit Breaker in Singapore. The project resumed operations in early August with physical site clearing and hoarding installation.

(g) Gamuda IBS

Gamuda Industrial Building Systems (Gamuda IBS) operates from its factories in Sepang and in Banting. With these two factories, Gamuda IBS has the capacity to produce 10,000 units per year of solid walls and slabs, double-wall, pre-stressed slab, bathroom pods and other special elements that applies to both affordable and high-end residential and commercial unit. Gamuda IBS produced the units for Gamuda Land as well as other property developers.

As the pace of building construction slowed during the year because the contractors were only able to operate at about half capacity due to stringent health and safety control measures imposed by the authorities, the Group temporarily shuts down its smaller IBS factory at Sepang and consolidated all operations at the larger IBS Banting factory. As a result of this shut down, the Group incurred a one-off non-cash impairment of RM148 million.

Chief Financial Officer's Statement

GAMUDA LAND

Overseas projects continued to lead in sales performance; contributing two-thirds of overall sales

RM'million	Q1	Q2	Q3	Q4	2020	2019	Var
Property Sales	**509**	**430**	**244**	**1,003**	**2,186**	3,070	-29%
Unsold Completed Properties					**853**	697	22%

> Gamuda Land sold RM1 billion worth of properties in Q4, a sharp rebound from the previous quarter sales, and almost on par with the RM1.1 billion sold in Q4 FY2019.

During the third quarter of the financial year, the COVID-19 pandemic triggered the movement restrictions imposed in all countries where the Group's projects are located. All sales galleries were also closed, resulted in lower property sales of RM244 million in Q3. However, in Q4, Gamuda Land sold RM1 billion worth of properties, a sharp rebound from the previous quarter sales, and almost on par with the RM1.1 billion sold in Q4 FY2019. As a result, the property division sold RM2.2 billion worth of properties compared with RM3.1 billion sold last year.

Core net profit dipped to RM127 million, a decrease of 51% Year-on-Year (YoY) compared with last year's RM259 million. Nevertheless, the Group's property sales in Vietnam continued to do well while OLÁ, the Group's latest property project in Singapore, pre-sold one-third of its properties since its launch. Overseas property projects continued to lead in sales performance; contributing two-thirds of overall property sales, mainly from Vietnam and Singapore property projects. Unbilled property sales totalled RM3.3 billion at the end of FY2020. The property division remains committed to grow core business segments and to reduce inventories.

High-rise properties make up 90% of unsold completed properties

As at 31 July 2020, the unsold completed properties stood at RM853 million, mainly comprises high-rise properties located in Klang Valley and Johor, are gradually being sold as the Group placed more efforts to monetise the slow-moving stocks at a reasonable profit margin. To extend market reach, the Group has expanded its digital footprint via its Online Deals platform. Seamless online to offline experience is provided with the reactivation of all Experience Galleries since May 2020.

Overseas

The two developments in Vietnam, Gamuda City in Hanoi and Celadon City in Ho Chi Minh City continued to deliver steady sales performance and remained the biggest contributor of overseas sales. Sales at 661 Chapel St. in Melbourne, Australia picked up significantly this year and the newly-launched OLÁ, an executive condominium with a GDV of SGD660 million at Anchorvale Crescent in Singapore, pre-sold one-third or SGD230 million worth of properties since its launch in mid-March 2020.

GAMUDA LAND

CORE NET PROFIT

RM127
MILLION

Malaysia

Sales from local projects were adversely affected during the MCO but gradually recovered following the easing of movement restrictions in early May 2020.

In spite of consumer sentiment to due to the COVID-19 pandemic, established projects such as Horizon Hills and Jade Hills and newer developments such as Gamuda Gardens, twentyfive.7 and Gamuda Cove have seen increases in take-up rate during the last quarter of the year since the ease of movement restrictions due to their location, product offering and the attractions of the various placemaking initiatives.

Situated next to the 1,100-acre Paya Indah Discovery Wetlands, Gamuda Cove is accessible directly via the newly-opened Elite highway interchange. The Discovery Park @ Gamuda Cove opened its doors to the public in January 2020. This 23-acre park is a new tourism hub filled with thrilling activities such as Aerobar, indoor go-karting, a beach pool club featuring a 5m diving platform as well as F&B outlets.

These catalytic placemaking initiatives are intended to refresh and redefine public spaces in the new developments, build a sense of place and character that promotes community well-being. The combination of recreational facilities and outdoor entertainment such as the Paya Indah Discovery Park and the TownSquare themed retail and F&B enclave, all within the self-contained Gamuda Cove development puts us on a strong footing when market conditions improve.

Gamuda Gardens' Waterfront Village, a lakeside retail village with a collection of F&B outlets, retail brands, recreational and wellness elements and a clubhouse, is ready to welcome the first group of residents.

At twentyfive.7, the Quayside Mall target for opening at the end of this year provides a variety of F&B, entertainment and shopping experience for the Kota Kemuning and greater Shah Alam communities.

GAMUDA INFRASTRUCTURE CONCESSION

Traffic returning to Pre-MCO Levels

Expressways

During the MCO, the daily traffic volume at all four expressways were badly affected and dropped significantly to only 10%-20% from pre-MCO levels. Since the ease of movement restrictions, traffic volumes of all expressways are trending up to between 88% and 100% compared to pre-MCO levels. The division remained resilient and reported higher core net profit of RM220 million, an increase of 8% compared to last year's RM204 million.

CONCESSION
CORE NET PROFIT
RM220
MILLION

Water

SPLASH, 40%-owned by Gamuda, was sold to Pengurusan Air Selangor Sdn Bhd (Air Selangor) for RM2.55 billion. To-date, RM1.97 billion had been received while the balance proceeds of RM578 million will be settled in eight equal annual instalments. In September 2020, Gamuda had successfully monetised the balance proceeds by selling it via an Asset Backed Securitisation structure.

Based on the debt settlement agreement that Gamuda Water entered into with Air Selangor to settle its long outstanding debts from SPLASH, RM152 million had been received as scheduled while the balance of RM610 million will be repaid in eight annual instalments.

The operations and maintenance of the Sungai Selangor Water Treatment Plant Phase 3 (SSP 3) undertaken by Gamuda Water under the new Operations and Maintenance agreement is going on smoothly and the collection is on time.

OTHER COMPREHENSIVE GAIN – RM92 MILLION

Included in the other comprehensive income for the year is a net foreign exchange gain of RM93 million. The foreign exchange gain resulted from gain on foreign currency translation of the Group's overseas assets due to a weaker Ringgit Malaysia.

Chief Financial Officer's Statement

CONSOLIDATED CASHFLOW ANALYSIS FOR FY2020

CASH BALANCE
RM2.8
BILLION

> "Stronger operating cash inflow from ongoing construction projects particularly MRT Putrajaya Line during the year as well as robust cashflow from concession business."

Improved cash balance of RM2.8 billion on the back of strong operating cash inflows

RM'million	2020	2019
Net cash generated from operating activities	**596**	485
Net cash generated from investing activities	**185**	497
Net cash generated from/(used in) financing activities	**138**	(766)
Effects of exchange rate changes	**24**	10
Net increase in cash at year end	**943**	226
Cash & bank balances and investment securities	**2,792**	1,849

Stronger operating cash inflow from ongoing construction projects particularly MRT Putrajaya Line during the year as well as robust cashflow from concession business.

TOTAL BORROWINGS

Refinance borrowings to lock-in long dated borrowings at low interest rates

	Borrowing due for repayment in		
RM'million	<1 year	>1 year	Total
Total borrowings	**2,513**	**2,952**	**5,465**

The interest rate cuts, domestically and internationally, allowed the Group to lower its borrowing cost by 1% during the year. At the time of writing this statement, the Group further refinanced RM600 million short term debts to long term fixed rate debts with tenure of up to 10 years at prevailing low interest rates.

CAPITAL MANAGEMENT

Healthy balance sheet with a prudent gearing of 0.3 times

RM'million	2020	2019
Total borrowings	**5,465**	5,144
Total cash & bank balances, and investment securities	**(2,792)**	(1,849)
Net borrowings	**2,673**	3,295
Owners' equity and non-controlling interests	**8,968**	8,462
Net gearing ratio (times)	**0.30**	0.39

The Group's approach to capital management is to maintain a strong credit rating for its borrowings and healthy capital ratios in order to support its businesses. The Group aims to maintain a prudent net gearing of not more than 0.7 times. At the end of this year, the Group's net gearing ratio improved to 0.30 times as a result of stronger operational cash inflows.

The Group's overseas projects are financed by borrowings denominated in the local currency of the country which the business is located in order to provide a natural hedge on the Group's foreign currency exposure. The Group will continue to lock-in the borrowing cost with long dated fixed-interest rate borrowings such as bonds at an opportune time.

NET CASH GENERATED FROM OPERATING ACTIVITIES
RM596
MILLION

GEARING RATIO
0.3
TIMES

CASH BALANCE
RM2.8
BILLION

Chief Financial Officer's Statement

CONSOLIDATED FINANCIAL POSITION ANALYSIS FOR FY2020

Higher liquidity and stronger cash position

RM'million	2020	2019	Var
Non-current assets	**9,002**	9,104	-1%
Current assets	**9,526**	8,076	18%
Total assets	**18,528**	17,180	8%
Non-current liabilities	**3,673**	3,612	2%
Current liabilities	**5,887**	5,106	15%
Total liability	**9,560**	8,718	10%
Owners' equity	**8,541**	8,063	6%
Current ratio (times)	**1.6**	1.6	0.0
Net assets per share attributable to equity holders (RM)	**3.40**	3.26	0.14

Total assets

The Group's total assets increased by 8% YoY on the back of higher cash inflow from operations, resulted in higher cash balances at approximately RM2.8 billion.

Total liabilities

Total liabilities of the Group increased by 10% YoY primarily contributed by the net drawdown of borrowings of RM320 million to reserve cash for future operational use.

CURRENT RATIO
1.6
TIMES

Owners' equity

Owners' equity increased by 6% to RM8,541 million as a result of the increase in earnings and gain on foreign currency translation of the Group's overseas assets due to the weaker Ringgit Malaysia.

Current ratio (current assets/current liabilities)

The Group's current ratio, a yardstick that measures the state of the Group's financial liquidity, remained at 1.6 times this year. Overall, the current ratio indicates that the Group has adequate liquidity to meet its short term commitments.

> "Group's financial liquidity, remained at 1.6 times this year indicates that the Group has adequate liquidity to meet its short term commitments."

CAPITAL EXPENDITURE REQUIREMENTS

No major capital expenditure is expected in the next financial year other than the normal operational expenditure as all major construction and property development projects are in full swing.

DIVIDEND PAYOUT

	2020	2019
Dividend per share (sen)	**6.00**	12.00
Dividend payout ratio (%)	**40%**	42%

The Group paid a dividend of 6 sen per share for the current year, half of the 12 sen per share dividend paid last year, as the earnings were halved.

The dividend paid for the current year aligns with Gamuda's dividend payment guideline to pay out at least 30% of its annual earnings. Over the past five years, the Group paid between 42%-56% of its earnings as dividends to shareholders.

MR. SOO KOK WONG
Chief Financial Officer