

GROUP MANAGING DIRECTOR'S STATEMENT

YBHG DATO' LIN YUN LING
GROUP MANAGING DIRECTOR

Dear Shareholders,

It gives me pleasure to share that the Group's financial results for the year ended 31 July 2023 (FY2023) marks our second consecutive record-breaking year, as our regionalisation strategy bears fruit and continues to deliver. Even against a backdrop of muted national economic growth, a notable lack of large infrastructure projects locally, elevated interest rates and geopolitical concerns, including the Russia-Ukraine War and flare-ups in the Middle East, the Group has demonstrated robust outcomes. This is evident with another year of record-breaking numbers in our construction order book, property sales, revenue, earnings and market capitalisation.

Many factors came together to enable us to surpass our results achieved in FY2022. The Group's sustained robust growth is a function of adept utilisation of over four decades of cultivated strengths: human capital development, innovation, strategic acumen and resilience. These cornerstones will continue to propel us forward with a greater focus on sustainability as we deliver our five-year business plan.

Both the Group's engineering and property arms delivered record-breaking performances. In construction, top and bottom-line performance reached all-time highs – driven largely by a sevenfold increase in Australian billings. The Group's construction order book hit a record high of RM25 billion, and property sales surged to RM4.1 billion, setting new records.

This was a remarkable feat, and we more than filled the gap left by two earlier key profit drivers, namely earnings from our toll highways and construction of the Mass Rapid Transit (MRT) Putrajaya Line. The Group's pre-tax earnings crossed the RM2 billion mark for the first time following the previous year's record pre-tax of RM1 billion. Excluding the exceptional cash gain of RM1 billion on the divestment of highways and completion of MRT Putrajaya Line, core post-tax earnings grew 7 percent to a record-breaking RM860 million, up from last year's record of RM806 million on the back of higher overseas construction earnings.

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The Group's annual revenue hit RM9.1 billion, marking a 41 percent increase year on year, with overseas revenue contributions from construction and property division doubling to RM4.7 billion from RM2.0 billion. This was anchored by a fourfold increase in overseas construction revenue to a record RM3.5 billion.

In a resounding affirmation of its accomplishments, Gamuda was recently named the "Overall Most Outstanding Company in Malaysia" by the Asiamoney Asia's Outstanding Companies Poll 2023, for the second consecutive year as voted for by over 1,225 fund managers, research analysts and ratings agencies. We are humbled by this recognition and for your continued confidence in us. We also clinched the title "Most Outstanding Company in Malaysia for the Construction and Engineering Sector" for the fifth consecutive year.

Our entry into the Australian market was highlighted as a successful case study in the Australian Government's Southeast Asia Strategy Report, citing our accomplishments in forming vital partnerships with local businesses and introducing Southeast Asian innovation to Australia's infrastructure sector. Gamuda's pioneering autonomous TBM, initially employed in MRT Putrajaya Line in Malaysia, has been exported to Australia, and its deployment on our Sydney Metro West – Western Tunnelling project marks the country's inaugural use of this technology, underscoring the value of our innovation DNA.

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CONSTRUCTION ORDERBOOK:

RM25 billion

PROPERTY SALES:

RM4.1 billion

TOTAL REVENUE:

RM9.1 billion
41% increase YoY

OVERSEAS CONSTRUCTION REVENUE:

RM3.5 billion

OVERSEAS CONSTRUCTION EARNINGS:

RM108 million



Next-Gen Digital IBS runs effectively on BIM-integrated IoT-enabled robotics, creates better precision, improves the quality of homes, and allows design flexibility

CONSTRUCTION

Over the course of the year, Gamuda secured about RM15 billion in new contracts, increasing our outstanding order book to RM25 billion. This is equivalent to 4.0x our total construction revenue for the year, providing the Group with good earnings visibility.

Within the next two years, we intend to secure another RM22 billion of new wins, repeating our haul over the past two financial years. We are optimistic about achieving this target given the strong pipeline of construction projects ahead, locally – including the Penang Light Rail Transit (LRT), MRT3 and Pan Borneo Highway – as well as the healthy infrastructure pipelines presented in Taiwan and Australia.

Following on from our two infrastructure wins in Australia last year – for the Sydney Metro West - Western Tunnelling Project and Coffs Harbour Bypass – we secured our third major project with the Black Hill to Tomago Package of Works for the M1 Motorway Extension to Raymond Terrace. The design and construction contract is being delivered with our joint venture partner, John Holland Pty Ltd.

Through DT Infrastructure, we also secured a contract to deliver a maintenance and stabling depot in Queensland as part of the Queensland Train Manufacturing Programme. The depot, which is DT Infrastructure's largest win to date in Queensland, will not only support rail manufacturing and maintenance in the state but also contribute to the Cross River Rail project and the upcoming 2032 Brisbane Olympics and Paralympic Games.

In Taiwan, we continued our winning streak with our fifth and sixth recent infrastructure contract wins, leveraging our proven track record in designing and constructing rail and metro systems. We were appointed as the main contractor together with our partner Asia World Engineering & Construction Co. to deliver Package CJ18 of the Taoyuan City Underground Railway and, more recently, Package YC01 of the Kaohsiung MRT Yellow Line, also with the same partner.

In Malaysia, our long-awaited Penang South Island (PSI) project, or the 2,300 acre Silicon Island, has finally commenced with works kicking off in September with the official announcement by Chow Kon Yeow, chief minister of Penang.

The Group's strong credentials in delivering railway projects make our subsidiary, SRS Consortium, an ideal choice for the Project Delivery Partner role as the Transport Ministry is finalising the

details of Penang's LRT project. Meanwhile, we continue to stay optimistic in pursuing our nation-building agenda via a positive outcome with the MRT3 tender.

PROPERTY DEVELOPMENT

Last year, the Group doubled down on its Quick Turnaround Projects (QTP) strategy in order to deliver higher results and diversify geographical risks. In the plan, the Group aimed to double its annual property sales in five years using a two-pronged strategy, under which we have invested in higher QTP developments alongside its township developments. The fulfilment of the Group's QTP strategy is bearing fruit, with several QTPs seeing good take-up rates relative to launch dates, which vindicates our strategy of quick recycling of capital.

The purchase of the London property – Winchester House, which currently houses Deutsche Bank AG's London headquarters, is part of the QTP strategic plan as the property division eases into commercial properties in London. Located in the heart of London's financial business and commerce centre, Winchester House will comprise Grade A ESG office space, and we have been encouraged by the level of interest from potential coinvestors and lessees thus far.

In Ho Chi Minh City (HCMC), we acquired a 9.1 acre site in Thu Duc City for a mixed-use development where we envisage an exit time frame of three to five years. The Group has strongly established its footprint in Vietnam and over the last two decades, we have been responsible for four successful developments in the country, namely Gamuda City in Hanoi, Celadon City and Elysian in HCMC, and Artisan Park in Binh Duong, outside HCMC.

The Group has pencilled in an expectation to achieve property sales of RM5.6 billion and revenue of RM6 billion in FY2024. This is based on locked-in unbilled sales together with faster-than-expected sales and construction of QTPs, with 50 percent of the

targeted revenue coming from in-hand sales orders in Vietnam, United Kingdom, Australia and Singapore that has yet to be recognised in FY2023.

We expect significant revenue to be recognised in FY2024, subject to the completion of the QTPs. Vietnam contributed 68 percent of QTP presales with strong take-up rates of 70 percent for Artisan Park and 84 percent for Elysian Phase 1, which both are expected to be fully sold in 2024 and 2025, respectively. The West Hampstead QTP project in London, which currently has a take-up rate of 70 percent, is expected to be fully sold in 2024. Gardens Park, a new township development adjacent to Gamuda Gardens in Rawang, Selangor, is expected to be launched in FY2024.



Elysian in Ho Chi Minh City is one of four successful projects in Vietnam, expected to be entirely sold in 2025

DIGITALISATION AND OUR PEOPLE

With increasing attention and prioritisation on sustainable development, Gamuda Land is committed to building 90 percent of its units locally with Gamuda Next-Gen Digital IBS. This translates to over 2,000 units every year.

Beyond just homes, Gamuda Next-Gen Digital IBS is also delivering other high-value infrastructure, including a purpose-built data centre in Cyberjaya for AIMS Group. In recognising Gamuda Next-Gen Digital IBS as a sustainable construction innovation that enables fast-tracked delivery and increased certainty for its business partners, data centre players are leveraging our digital construction ecosystem and AI-IoT-enabled robotic manufacturing as part of their accelerated expansion strategies in Malaysia.

Aligned to increase IBS adoption and to ensure sufficient manpower in the future is well-equipped in digital design and robotic manufacturing expertise; the Group has collaborated with private vocational training institutions for example - VTAR Institute, to launch a new technical and vocational education and training (TVET) course for Next-Gen Digital IBS – the first for Malaysia. This RM30 million investment is part of the Group's commitment to invest in local talent, and this aligns with the government's vision to make Malaysia a fully developed industrial nation.



The recently secured maintenance and stabling depot contract, a key component of the Queensland Train Manufacturing Programme, plays a crucial role in supporting the 2032 Brisbane Olympics and Paralympic Games. DT Infrastructure is dedicated to delivering this cutting-edge facility to enhance the efficiency of the Translink network

GROUP MANAGING DIRECTOR'S STATEMENT

We take great pride in our award-winning solutions driven by technological excellence. From the world's first Autonomous TBM to the application of Building Information Modelling Augmented Reality (BIMAR) technology, we have always pushed the envelope when it comes to digital innovation.

Today, under the Gamuda Excellence Transformation programme, we are collaborating with Autodesk to catalyse system solutions for the three main aspects of build processes, namely collaboration on projects, data management and automation of tools. Autodesk Construction Cloud enhances collaboration, reduces risks, increases predictability, minimises waste, enables greenhouse gas (GHG) emissions traceability, and promotes the design and delivery of best practices across our regional businesses.

The pivotal role of people, particularly in nurturing managerial talent, is evident in strategies spanning from scholar intake to succession planning, serving as the bedrock for the Group's capacity and capability enhancement. As a part of the talent development strategy, we ensure that half of the senior management positions across the region are occupied by young leaders and well represented with gender diversity. Experienced leaders complement this by providing guidance and fostering team capabilities to align with the regional business plan for sustained growth.

SUSTAINABLE AND RESPONSIBLE BUSINESS

Underlining our commitment to sustainability, and specifically to GHG emissions measurement, reduction, and transparent disclosure, the Group was one of the first in the construction sector to undergo the rigorous ISO 14064-1 verification process in FY2023. Achieving the ISO certification enhances our credibility and provides assurance that our environmental disclosures are in line with global practices. The data obtained from our systems will also serve as reliable indicators to track progress against the Gamuda Green Plan 2025.

As we broaden our regional presence beyond Malaysia, our sustainability reporting for this year now encompasses Australia and Vietnam. We have also started tracking and disclosing expanded categories in Scope 3 this year. We continue to strive to meet our Gamuda Green Plan 2025 target of reducing Scope 1 and Scope 2 emissions intensity, and the progress is disclosed in the Sustainability Report.

The primary sustainability focus lies in electricity. 22 percent of the Group's total energy is sourced from renewable energy sources and some of our developments in Malaysia and Australia subscribe to government-driven green electricity programmes (Green Electricity Traffic and GreenPower).

The Group continues to venture into new green vertical businesses with an immediate focus on renewable energy and circular economy. As part of the New Enhanced Dispatch Arrangement (NEDA)

programme, in partnership with ERS Energy, the Group has almost completed the construction of the 39MWp solar power plant in Pahang, spanning 125 acres. This pioneering project incorporates cutting-edge technologies such as solar trackers and the first utility-scale Battery Energy Storage System (BESS) in the country.

While our sustainability initiatives are driven by a sense of corporate responsibility, our efforts also offer the benefit of reducing our ESG-related risk exposure. Gamuda's ESG Risk Rating as rated by Sustainalytics continues to show a positive trend with the recent results showing a further reduction in our risk score. The overall risk exposure is high due to the nature of the industry but due to a strong ESG risk management framework, our overall risk rating is viewed as positive and we are ranked in the top 20th percentile globally.

SOCIAL AND BIODIVERSITY IMPACT

In line with the principle of creating stakeholder value with our social investments, the Group has started measuring our Social Return on Investment (SROI). Based on the Social Value UK framework, from 2015-2022, our social impact was valued at around RM534 million, translating into an SROI of 3.4. The greatest social impact was through our Education and Training, Occupational Health and Safety, Biodiversity, Diversity and Equal Opportunity, and Local Communities programmes.

This finding did not come as a surprise. Recognising education as a cornerstone of progress and empowerment, we have focused a lot of our time and resources on bridging the gaps in education through efforts such as the Gamuda Scholarship. Every year, roughly two-thirds of the scholarship funds are allocated to students from B40 families and one-third to M40 families. The Group has committed to increasing the scholarship fund to RM30 million next year, with an anticipated reach of over 120 deserving students. This expansion is poised to create a more significant ripple effect, nurturing a generation of capable Malaysians.

The Group continues to push the agenda of non-discrimination, primarily focusing on Indigenous people. This special interest of the Group has expanded with dedicated resources within to drive the betterment of this community by providing access to education, employment opportunities, and *Orang Asli* and Aboriginal inclusion in our recruitment and supply chain strategies in Malaysia and Australia, respectively.

In the workplace, we are constantly pushing the limits to keep our employees safe, so much so that our stringent safety standards have become industry benchmarks. For the third time, our joint venture with MMC Corporation Berhad for the Klang Valley MRT (KVMRT) project bagged the Sword of Honour from the British Safety Council (BSC).



Guantang Marine Bridge project has been lauded for its focus on employee welfare as a key component for ensuring security and health. It has been singled out for its rigorous engineering and safety measures to mitigate weather-related risks to marine construction workers

Regionally, Gamuda together with our Taiwanese partner, Dong-Pi Construction Co Ltd, picked up the coveted Excellent Honour in Construction Golden Safety Award for the ongoing construction of the Guantang Marine Bridge in Taoyuan. We became the first Malaysian company to win this safety award from Taiwan's Ministry of Labour.

Meanwhile, we continue to make significant strides forward in biodiversity conservation research and development. Our nursery in Yen So Park, Vietnam, underwent a visionary transformation as the country's first Seedling Research Centre, where about 10,000 plants representing 23 distinct species are being cultivated.

In Malaysia, we officially opened our Wetlands Arboretum in Gamuda Cove. The arboretum, which was developed in partnership with Forest Research Institute Malaysia (FRIM) and University Malaya, is home to over 300 carefully curated native species of flora and fauna that are endangered.

In the Coffs Harbour Bypass project, we supported Transport for NSW to translocate ancient native trees using a world-first genetic analysis technique developed by the Royal Botanic Garden Sydney.

LOOKING FORWARD

Last year, we committed to investing RM2 billion in the renewable energy space over a five-year period. This year, we will deliver on that promise, and with our proven track record in dam and water treatment plants in Malaysia, we will embark on the development of the Upper Padas Hydroelectric Dam in Sabah. The development of the Upper Padas Hydroelectric Dam holds significant importance in addressing Sabah's perennial energy issues as it is a 187.5MW hydroelectric dam that will supply clean energy to Sabah's power supply grid, and also serves as part of a larger water supply scheme to Sabah's west coast up to Kota Kinabalu to address the water woes plaguing the region. This project further reflects our longer-term plans to replenish our recurring income base with a portfolio of green business opportunities.

With the green push in Australia which is one of the countries at the forefront globally in transitioning to a 100 percent renewables powered grid, we expect even more opportunities to put our capital and technical expertise to work in the coming years, in particular for pumped hydro and solar plays.

Our Gamuda Land homes continue to be sustainably constructed using Gamuda's Next-Gen digital IBS technology and will come seamlessly designed to be solar-ready. With BIM-integrated IoT-enabled robotics, we can bring to the market a higher quality product and at the same time, reduce reliance on unskilled labour by 55 percent, and minimise wastage to almost zero. In this circular economy model, our homes will be completed with a 40 percent reduction in embodied carbon and a 40 percent reduction in delivery time.

Gamuda's sustainability push also naturally extends also to the digital front. Here we are taking a top-to-toe approach and via the Gamuda Excellence Transformation (GET) initiative, we are actively digitalising our processes and workflows from design, procurement and resource management to sales, marketing and customer relationship management. This transformation of the way we work and the enhanced ability to extract actionable insights from our datasets will be fundamental in delivering a higher skilled workforce, stronger management of risk and a reduced emissions profile in our sustainable growth journey ahead.

IN ACKNOWLEDGEMENT

It has been a positive record-breaking two years for the Group and we have come out of the COVID-19 pandemic stronger than most. This success would not have been possible without the support of our employees, Board of Directors, shareholders, business partners, and supply chain.

We will continue to deliver our regionalisation strategy and are looking forward to a period of growth by leveraging on our core differentiated strengths amidst a challenging global macroeconomic outlook. I want to express my genuine appreciation for your support and commitment to the Group. Onwards and upwards.