

# **Gamuda Berhad**

***KVMRT2 – Awaiting Cabinet Approval***

**Q1 2014 INVESTORS' BRIEFING**

*17 December 2013*

# INCOME STATEMENT SUMMARY



(RMmil)	Q1 FY14	Q1 FY13	Change (%)
<b>Revenue</b>	<b>486.1</b>	<b>453.3</b>	<b>+7</b>
Profit from operations (EBIT)	102.7	108.6	-5
Finance Costs	(14.0)	(13.9)	+1
Share of JVs (net of tax)	45.3	23.8	+90
Share of associates (net of tax)	57.4	54.7	+5
<b>Profit before tax</b>	<b>191.5</b>	<b>173.2</b>	<b>+11</b>
Tax	(25.1)	(25.5)	-2
Minority Interests	(0.9)	(2.3)	-60
<b>Net profit attributable to equity holders</b>	<b>165.5</b>	<b>145.4</b>	<b>+14</b>
Fully diluted EPS (sen)	7.1	6.8	
<b>Dividend per share (sen)</b>	<b>6.0</b>	<b>6.0</b>	
<b>EBIT margins (%)</b>	<b>21.1</b>	<b>24.0</b>	
<b>PBT margins (%)</b>	<b>39.4</b>	<b>38.2</b>	

# FRS – 11 JOINT ARRANGEMENTS

- FRS 11 adopted in Q1'14 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

# INCOME STATEMENT (before FRS 11)



(RMmil)	Q1 FY14	Q1 FY13	Change (%)
<b>Revenue</b>	<b>1,206.1</b>	<b>771.3</b>	<b>+56</b>
Profit from operations (EBIT)	170.5	144.1	+18
Finance Costs	(16.7)	(16.7)	unch
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	57.4	54.7	+5
<b>Profit before tax</b>	<b>211.2</b>	<b>182.2</b>	<b>+16</b>
Tax	(44.8)	(34.5)	+30
Minority Interests	(0.9)	(2.3)	-60
<b>Net profit attributable to equity holders</b>	<b>165.5</b>	<b>145.4</b>	<b>+14</b>
Fully diluted EPS (sen)	7.1	6.8	
<b>Dividend per share (sen)</b>	<b>6.0</b>	<b>6.0</b>	
<b>EBIT margins (%)</b>	<b>14.1</b>	<b>18.7</b>	
<b>PBT margins (%)</b>	<b>17.5</b>	<b>23.6</b>	

# BALANCE SHEET SUMMARY



(RMmil)	As at 31 Oct '13	As at 31 July '13 (restated)
Current Assets	4,620.8	4,333.2
Current Liabilities	1,347.7	1,526.2
Current Ratio	3.4x	2.8x
Total borrowings	2,152.0	1,972.8
Cash and marketable securities	1,466.2	1,306.1
<b>Net cash</b>	<b>(685.8)</b>	<b>(666.7)</b>
Share capital	2,286.5	2,276.6
Reserves	2,775.4	2,604.1
<b>Equity attributable to equity holders</b>	<b>5,061.9</b>	<b>4,880.8</b>
<b>Net gearing (overall)</b>	<b>14%</b>	<b>14%</b>
Net assets per share (RM)	2.21	2.14

# QUARTERLY SEGMENTAL PROFITS (before FRS 11)



(RMmil)	Q113	Q213	Q313	Q413	Q1 `14	Q1 `13	+/-
Construction & Eng	55.1	65.4	85.5*	67.4*	68.3	55.1	+24
Properties	64.5	68.1	64.7	61.1	78.6	64.4	+22
Concessions	62.6	68.9	69.7	70.3	64.3	62.6	+3
<b>Group Pretax Profit</b>	<b>182.2</b>	<b>202.4</b>	<b>220.0*</b>	<b>198.8*</b>	<b>211.2</b>	<b>182.1</b>	<b>+16</b>
<b>Group Net Profit</b>	<b>145.4</b>	<b>156.9</b>	<b>162.4*</b>	<b>165.4*</b>	<b>165.5</b>	<b>145.4</b>	<b>+14</b>

\* before impact of Tribunal Awards totaling -RM113.0m in Q313 and +RM2.3m in Q413

## YTD Segmentals

(RMmil)	Q1 `14	Q1 `13	+/-
Construction	68.3	55.1	+24
Properties	78.6	64.4	+22
Concessions	64.3	62.6	+3
<b>Group PBT</b>	<b>211.2</b>	<b>182.1</b>	<b>+16</b>

## Pretax Margins (YTD)

%	Q1 `14	Q1 `13
Construction	7.6	11.5
Properties	28.1	24.4
Concessions	n.m.	n.m.
<b>Group PBT</b>	<b>17.5</b>	<b>23.6</b>

# KEY HIGHLIGHTS

- **Strong start to year** – Q1 net earnings grow to RM166m (+14%), revenues surge to RM1.2bn (+56%) before new FRS 11 adoption
- **Property and construction drive growth** – strong earnings growth (>+20%) from both divisions
- **KVMRT2 Cabinet approval expected soon** – PDP appointment to follow, 2-year lead time to `shovel-readiness`
- **KVMRT1 progress to ramp up significantly in FY14** – will underpin strong revenue and earnings growth in coming year
- **Strong property presales in Q1** – RM575m presales achieved (+72%), strong margin expansion achieved in Q1
- **Water restructuring efforts still deadlocked** – unclear if/when can be successfully concluded

# KEY CORPORATE UPDATES



- RM25bn KVMRT2 awaiting Cabinet approval, PDP appointment; works expected to start in 1HY16
- KVMRT1 - cumulative financial progress on PDP scope and underground works at 17% (+5%) and 24% (+6%) respectively at end Q1FY14; pace should pick up further in coming quarters
- All 10 TBMs have been delivered; 7 TBMs presently tunneling; remaining 3 TBMs to commence tunneling by mid-2014
- Selangor water restructuring exercise still deadlocked;
- Kesas offer closes tomorrow, 18 Dec;
- New property sales still strong at RM575m for Q1 (+72% y-o-y); RM1.7bn unbilled sales at end Q1;



# CONSTRUCTION ORDER BOOK



- Current unbilled order book about **RM3.2 billion** (end Q1FY14)

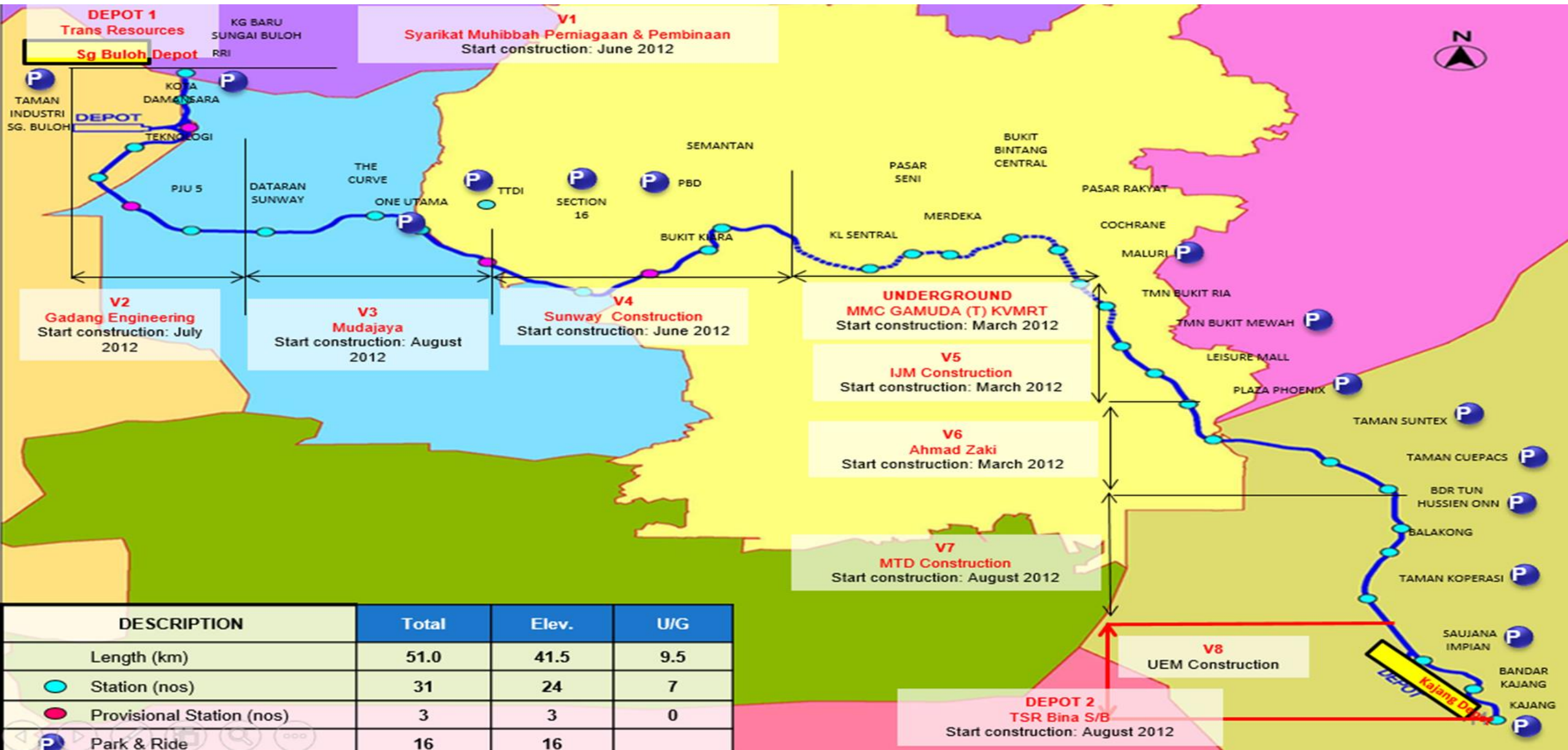
Major Projects	Balance works (RMbn)	Completion Status		Comments
		% now	completion date	
<u>Major Ongoing</u> KVMRT Line 1 (SBK Line) Tunneling (50% share)	3.1	24	2017	7 TBMs tunnelling, 3 TBMs being assembled, work ongoing at all 7 underground stations
<u>Nearing Completion</u> Northern Double Tracking Railway (50% share)	0.1	98	2014	On track for completion by mid-2014
<u>Recently Completed</u> Yenso Park STP NDIA – Ph 1, 2}	- -	100 100	2012 2012	Completed Completed

# CONSTRUCTION OUTLOOK



- Strong Q1 performance with revenues up 87% to RM893m; PBT earnings rise 24% to RM68.3m; unbilled order book at RM3.2bn
- PBT margins recover slightly to 7.6% for Q1'14 from 6.4% in Q4'13
- Tunneling/Underground works (24% financially completed) - All 10 TBMs fully delivered; 7 TBMs actively tunneling with 4.5km of tunnels mined to date
- PDP/Elevated works (17% financially completed) - works now mainly on above ground sections - pier construction, viaduct launchings, stations construction; fast catching up on delays
- KVMRT2 – post Cabinet approval, focus over next 2 years will centre around land acquisition, public dialogue and feedback, project design, tendering and contract awards

# SBK LINE – SUMMARY OF CIVIL PACKAGES



DESCRIPTION	Total	Elev.	U/G
Length (km)	51.0	41.5	9.5
Station (nos)	31	24	7
Provisional Station (nos)	3	3	0
Park & Ride	16	16	

# PROPERTIES OUTLOOK



- Very strong Q1 performance; earnings driven by strong margin expansion; PBT rose 22% to RM78.6m on a 7% rise in revenues; PBT margin expanded strongly to 28% from 24%
- Group achieved new presales of RM575m (+72%) in Q1'14; Horizon Hills maintains strong presales momentum, achieving >RM300m presales in Q1 (+58%) unbilled sales at RM1.7bn;
- Newly-launched Robertson 80% sold in 2 months;
- Maintaining FY14 presales projections at RM1.9bn (+9% y-o-y);
- Recent property measures likely to impact Iskandar more than Klang Valley; RM1m property threshold for foreign purchasers to take effect 1 May 2014; demand likely to stay strong till then
- Landbanking efforts making good progress

# CONCESSIONS OUTLOOK

- Stable concession earnings in Q1
- New water restructuring proposals have not gained acceptances; deadlock likely to persist for longer
- Offer for remaining 70% of Kesas closes tomorrow, 18 Dec

**Thank You**