

# **Gamuda Berhad**

***KVMRT2 – ALL SYSTEMS GO!***

**Q1 2015 INVESTORS' BRIEFING**

*16 December 2014*

# INCOME STATEMENT SUMMARY



| (RMmil)  | 3 mths to Oct '14 | 3 mths to Oct '13 | Change (%) |
|--|-------------------|-------------------|------------|
| <b>Revenue</b>                                   | <b>569.6</b>      | <b>486.1</b>      | <b>+17</b> |
| Profit from operations (EBIT)                    | 149.9             | 102.7             | +46        |
| Finance Costs                                    | (27.0)            | (14.0)            | +93        |
| Share of JVs (net of tax)                        | 50.4              | 45.3              | +11        |
| Share of associates (net of tax)                 | 55.6              | 57.4              | -3         |
| <b>Profit before tax</b>                         | <b>228.8</b>      | <b>191.5</b>      | <b>+20</b> |
| Tax  | (29.2)            | (25.1)            | +16        |
| Minority Interests                               | (13.8)            | (0.9)             | +>100      |
| <b>Net profit attributable to equity holders</b> | <b>185.8</b>      | <b>165.5</b>      | <b>+12</b> |
| Fully diluted EPS (sen)                          | 7.9               | 7.1               |            |
| <b>Dividend per share (sen)</b>                  | <b>6.0</b>        | <b>6.0</b>        |            |
|  |                   |                   |            |
| <b>EBIT margins (%)</b>                          | <b>26.3</b>       | <b>21.1</b>       |            |
| <b>PBT margins (%)</b>                           | <b>40.2</b>       | <b>39.4</b>       |            |

# INCOME STATEMENT (before FRS 11)



| (RMmil)  | 3 mths to Oct '14 | 3 mths to Oct '13 | Change (%) |
|--|-------------------|-------------------|------------|
| <b>Revenue</b>                                   | <b>1,159.5</b>    | <b>1,206.1</b>    | <b>-4</b>  |
| Profit from operations (EBIT)                    | 220.1             | 170.5             | +29        |
| Finance Costs                                    | (29.4)            | (16.7)            | +76        |
| Share of JVs (net of tax)                        | -                 | -                 | -          |
| Share of associates (net of tax)                 | 55.6              | 57.4              | -3         |
| <b>Profit before tax</b>                         | <b>246.4</b>      | <b>211.2</b>      | <b>+17</b> |
| Tax  | (46.8)            | (44.8)            | +4         |
| Minority Interests                               | (13.8)            | (0.9)             | +>100      |
| <b>Net profit attributable to equity holders</b> | <b>185.8</b>      | <b>165.5</b>      | <b>+12</b> |
| Fully diluted EPS (sen)                          | 7.9               | 7.1               |            |
| <b>Dividend per share (sen)</b>                  | <b>6.0</b>        | <b>6.0</b>        |            |
|  |                   |                   |            |
| <b>EBIT margins (%)</b>                          | <b>19.0</b>       | <b>14.1</b>       |            |
| <b>PBT margins (%)</b>                           | <b>21.3</b>       | <b>17.5</b>       |            |

# BALANCE SHEET SUMMARY



| (RMmil)                                      | As at 31 Oct '14 | As at 31 July '14 |
|--|------------------|-------------------|
| Current Assets                               | 6,578.2          | 5,709.7           |
| Current Liabilities                          | 1,797.6          | 1,799.4           |
| Current Ratio                                | 3.7x             | 3.2x              |
| Total borrowings                             | 3,079.7          | 2,530.7           |
| Cash and marketable securities               | 1,579.3          | 919.8             |
| <b>Net cash</b>                              | <b>(1,500.4)</b> | <b>(1,610.9)</b>  |
| Share capital                                | 2,324.3          | 2,323.4           |
| Reserves                                     | 3,370.6          | 3,150.9           |
| <b>Equity attributable to equity holders</b> | <b>5,694.9</b>   | <b>5,474.3</b>    |
| <b>Net gearing (overall)</b>                 | <b>26%</b>       | <b>29%</b>        |
| Net assets per share (RM)                    | 2.45             | 2.36              |

# QUARTERLY SEGMENTAL PROFITS (before FRS 11, one-offs)

| (RMmil)                       | Q114         | Q214         | Q314         | Q414         | Q1 `15       | Q1 `14       | +/-        |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|
| <b>Construction &amp; Eng</b> | 68.2         | 77.4         | 89.5         | 53.3         | 53.7         | 68.2         | -21        |
| <b>Properties</b>             | 75.6         | 71.3         | 83.6         | 75.0         | 81.7         | 75.6         | +8         |
| <b>Concessions</b>            | 67.4         | 72.1         | 67.2         | 114.6        | 111.0        | 67.4         | +65        |
|                               |              |              |              |              |              |              |            |
| <b>Group Pretax Profit</b>    | <b>211.2</b> | <b>220.8</b> | <b>240.3</b> | <b>242.9</b> | <b>246.4</b> | <b>211.2</b> | <b>+17</b> |
| <b>Group Net Profit</b>       | <b>165.5</b> | <b>170.1</b> | <b>177.9</b> | <b>198.8</b> | <b>185.8</b> | <b>165.5</b> | <b>+12</b> |

## YTD Segmental PBT

## YTD PBT Margins

| (RMmil)             | 3M `15       | 3M `14       | +/-        | %                   | 3M `15      | 3M `14      |
|---------------------|--------------|--------------|------------|---------------------|-------------|-------------|
| <b>Construction</b> | 53.7         | 68.2         | -21        | <b>Construction</b> | 7.1         | 7.6         |
| <b>Properties</b>   | 81.7         | 75.6         | +8         | <b>Properties</b>   | 27.3        | 27.2        |
| <b>Concessions</b>  | 111.0        | 67.4         | +65        | <b>Concessions</b>  | n.m.        | n.m.        |
| <b>Group PBT</b>    | <b>246.4</b> | <b>211.2</b> | <b>+17</b> | <b>Group PBT</b>    | <b>21.3</b> | <b>17.5</b> |

# KEY HIGHLIGHTS



- **KVMRT2 approved to proceed** – PDP appointment secured; expect tender-calling in Q3 2015, major awards from early 2016, line completion in late 2021
- **KVMRT2 to be structured like KVMRT1** – dual roles for Gamuda JVs – PDP for elevated works and only qualified local contractor for underground package
- **Promising start to Q1** – pretax expands 17%, net profit up 12%, significant margin improvement achieved, on track for another record-breaking FY
- **Properties, Keras acquisition drive growth** – modest property growth underpinned by record unbilled sales and stable margins, construction declines slightly as some civil packages start to tail off
- **New Selangor MB to revisit offer to Splash** – could herald in a satisfactory resolution in coming months, negotiations with both Fed and State ongoing
- **Subdued property outlook** – likely to persist through 2015, focus now on further build-up of landbank

# KEY CORPORATE UPDATES

- **KVMRT2** – PDP appointment secured; project design, land acquisition have commenced; public display to commence soon; key targeted milestones – tender calling (Q3 2015), major civil packages awards (from early 2016), line completion (late 2021)
- **KVMRT1** - cumulative financial progress on underground works and PDP scope at 58% (+6%) and 42% (+7%) respectively at end Q1; on track to meeting cost and time KPIs
- **UG** - 17km (90%) of tunnels mined; risky karstic limestone tunnelling successfully completed; 2 TBMs left tunnelling; entire tunnelling to be completed by Mar 2015; other TBMs being refurbished for upcoming SSP line
- **Award Winning TBMs** – Variable Density (VD) TBMs winner of prestigious 'Technical Innovation of the Year 2014' award by global bodies - New Civil Engineer (UK) and International Tunnelling and Underground Space Association (Switzerland); developed jointly with Herrenknecht (Germany)
- **PDP progress** – foundations 98%, pier construction 85%; elevated guideways 55%; SBG production (85%), track-laying, systems contractors have been granted access at selective stretches
- **New landbank** – acquired 257-acre parcel for RM392m (RM35/psf); to be positioned as an extension to Kota Kemuning
- **Property presales** - RM240m in Q1 (-58%); RM1.5bn unbilled sales at end Q1; full year projections under review; focus to continue on land-banking

# CONSTRUCTION ORDER BOOK

- Current unbilled order book about **RM1.8 billion** (end Q1FY15)

| Major Projects  | Balance works (RMbn) | Completion Status |                 | Comments  |
|---|----------------------|-------------------|-----------------|---|
|   |                      | % now             | completion date |   |
| <u>Major Ongoing</u><br>KVMRT Line 1 (SBK Line) Underground (50% share)         | 1.8                  | 58                | 2017            | 17km (90%) tunnels mined, only 2 TBMs left tunneling, 8 TBMs being refurbished for upcoming SSP line; stations construction progress range between 40-70% |
| <u>Full Completion</u><br>Northern Electrified Double Track Railway (50% share) | -                    | 100               | 2014            | Fully completed; Both spine and spur lines handed over  |

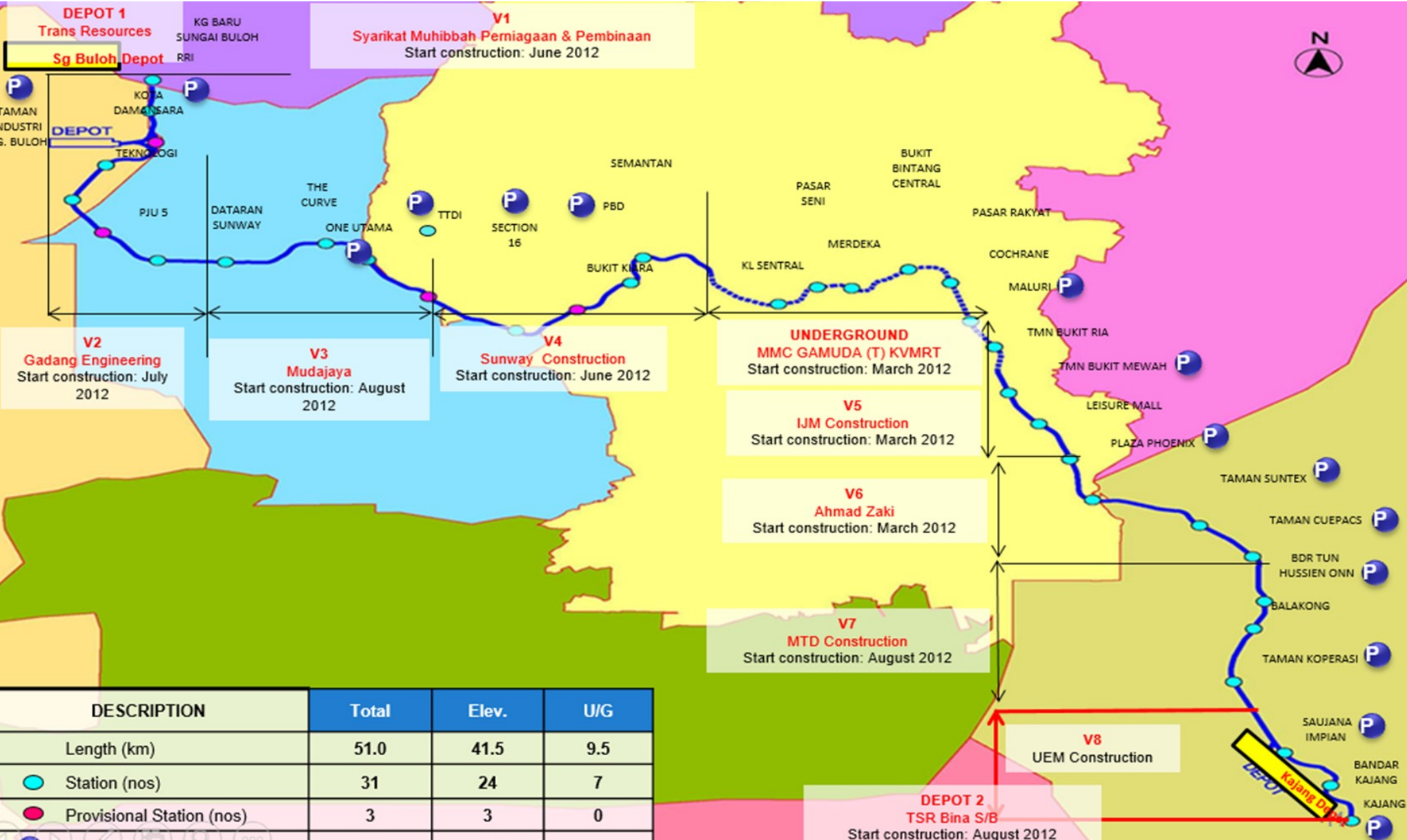


# CONSTRUCTION OUTLOOK



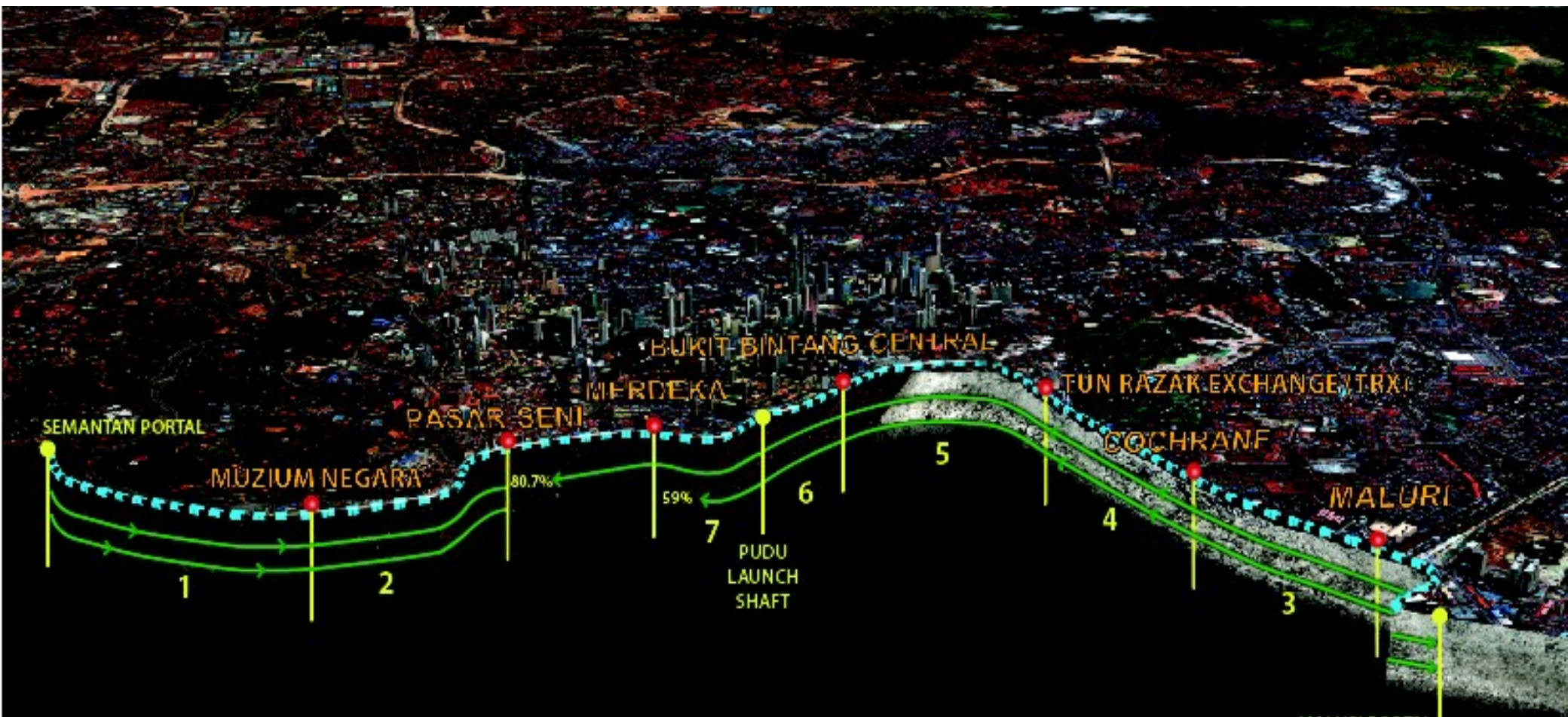
- Slightly slower Q1 billings y-o-y as pace of civil works start to taper off at the more advanced packages; Q1 revenues decline 15% to RM0.75bn; Q1 PBT earnings fall 21% to RM54m y-o-y; unbilled order book at RM1.8bn
- PBT margins decline to 7.1% in Q1 compared to 7.6% in Q1 last year
- KVMRT1 – major upcoming milestones – completion of entire tunnelling (~3 months); track and systems access (commenced)
- KVMRT2 – design works progressing, land acquisition exercises have started, public display by Q1 2015; target to call tenders in Q3 2015 with major civil contract awards by early 2016
- PDP agreement expected to be signed by Q2 2015; negotiations progressing smoothly
- Penang Transport Master Plan – eyeing the PDP role, outcome expected in late 2015

# 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    |     |

# UNDERGROUND TUNNELLING ALIGNMENT



| LEGEND |                         |
|--------|-------------------------|
|        | COMPLETED TUNNEL DRIVES |

# PROPERTIES OUTLOOK

- Modest Q3 performance; revenues rose 7% to RM308m whilst PBT rose 8% to RM82m; PBT margins stable at ~27%
- Group achieved new presales of RM240m (-58%) in Q1 as market weakness persists; unbilled sales stands at RM1.5bn;
- Market weakness likely to persist through 2015, more so in Iskandar; FY15 presales projections under review for likely downgrade
- Landbanking efforts to continue; recently acquired 257-acre parcel at RM35psf; located just 2 km from Kota Kemuning, and will be positioned as an extension to Kota Kemuning
- Likely to close a few more new landbank deals in FY15

# KK257 – KEY HIGHLIGHTS



- Size: 257 acres
- Purchase price: RM392m or RM35psf
- GDV: RM3bn over 6-8 years
- Tenure: Leasehold expiring 2111
- Land status: Agricultural land
- Location: Mukim Tanjong 12, 2km from Kota Kemuning township
- Highway access: KESAS, LKSA
- Key catchment areas: 10km radius around Kota Kemuning; to be positioned as an extension to the highly matured Kota Kemuning
- Distances: KL City Centre (34km), PJ Town (26km)

# TANJONG 12 – KEY HIGHLIGHTS

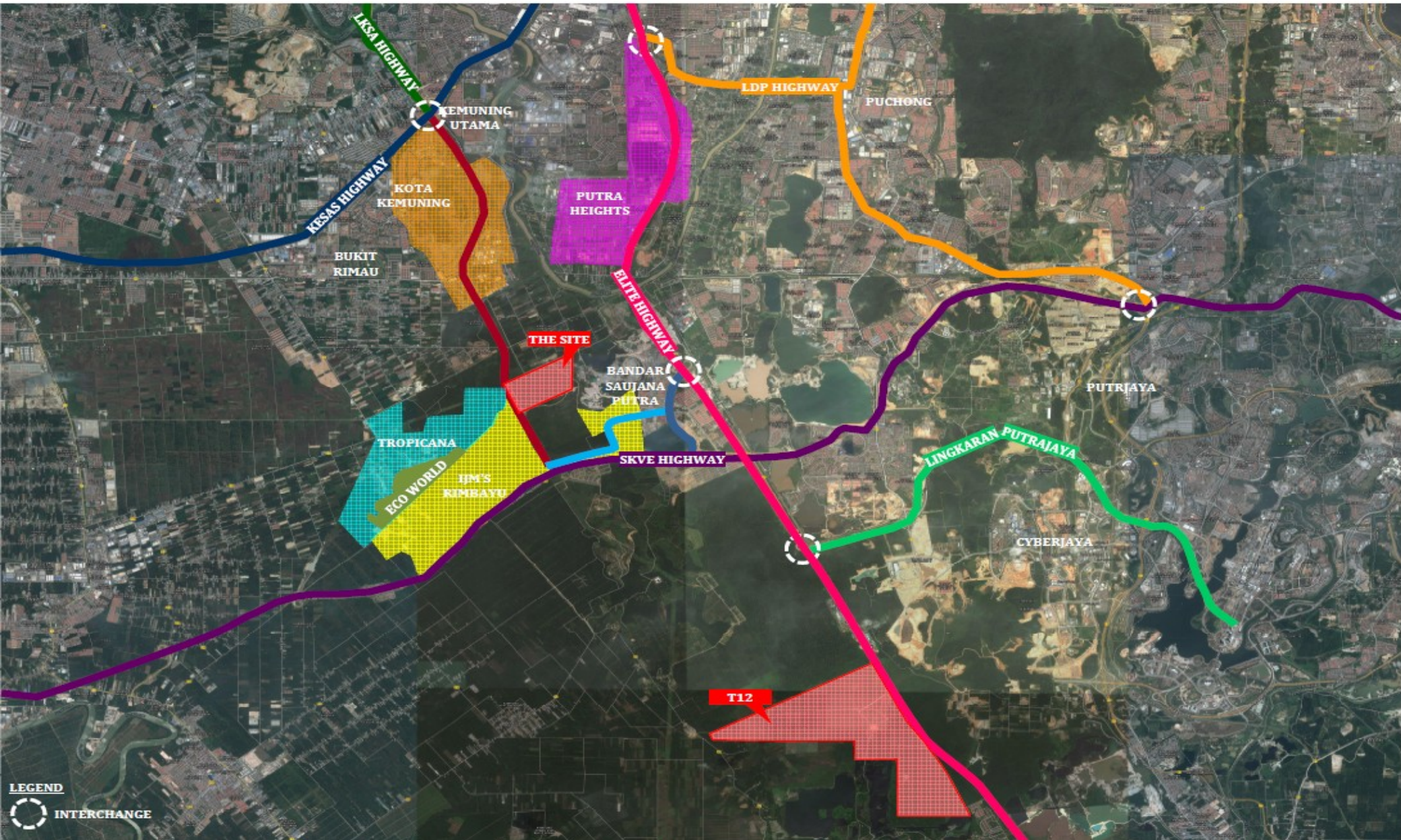


- Size: 1530 acres
- Purchase price: RM784m or RM11.80psf
- GDV: RM19bn over 15-20 years
- Tenure: Leasehold expiring 2093
- Land status: Agricultural land
- Location: Mukim Tanjong 12, Kuala Langat district, 8km SW of Cyberjaya/Putrajaya
- Highway access: ELITE (via new interchange)
- Highways nearby: Putrajaya Link, Maju Expressway, KESAS
- Key catchment areas: Cyberjaya (12km), Putrajaya (15km), Puchong, Kota Kemuning (25km), Subang Jaya (21km)
- Distances: KL City Centre (37km), PJ Town (34km)

# KK257 – LOCATION MAP



# TANJONG 12 AND KK257 – LOCATION MAP



**LEGEND**  
 INTERCHANGE



# CONCESSIONS OUTLOOK

- Stable concession earnings in Q1
- Kesas now a 70%-subsidiary and is fully consolidated;
- Negotiations on Splash disposal have resumed following resolution of State MB issue; likely to be satisfactorily resolved in the next few months

# FRS – 11 JOINT ARRANGEMENTS

- 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