

Gamuda Berhad

Window of Opportunities Emerging

Q1 2016 INVESTORS' BRIEFING

16 December 2015

INCOME STATEMENT SUMMARY



(RMmil)	3 months to Oct '15	3 months to Oct '14	Change (%)
Revenue	512.8	569.6	-10
Profit from operations (EBIT)	109.1	149.9	-27
Finance Costs	(30.2)	(27.0)	+12
Share of JVs (net of tax)	63.5	50.4	+26
Share of associates (net of tax)	50.1	55.6	-10
Profit before tax	192.6	228.8	-16
Tax	(19.7)	(29.2)	-33
Minority Interests	(11.6)	(13.8)	-16
Net profit attributable to equity holders	161.2	185.8	-13
Fully diluted EPS (sen)	6.7	7.9	
Dividend per share (sen)	6.0	6.0	
EBIT margins (%)	21.3	26.3	
PBT margins (%)	37.5	40.2	

INCOME STATEMENT (before FRS 11)



(RMmil)	3 months to Oct '15	3 months to Oct '14	Change (%)
Revenue	1,232.9	1,159.5	+6
Profit from operations (EBIT)	199.1	220.1	-10
Finance Costs	(33.1)	(29.4)	+13
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	50.1	55.6	-10
Profit before tax	216.1	246.4	-12
Tax	(43.3)	(46.8)	-7
Minority Interests	(11.6)	(13.8)	-16
Net profit attributable to equity holders	161.2	185.8	-13
Fully diluted EPS (sen)	6.7	7.9	
Dividend per share (sen)	6.0	6.0	
EBIT margins (%)	16.1	20.8	
PBT margins (%)	17.5	23.3	

BALANCE SHEET SUMMARY



(RMmil)	As at 31 Oct '15	As at 31 July '15
Current Assets	5,455.7	5,234.0
Current Liabilities	2,261.7	2,459.3
Current Ratio	2.4x	2.1x
Total borrowings	4,455.7	4,135.4
Cash and marketable securities	1,421.4	1,437.7
Net cash	(3,034.3)	(2,697.7)
Share capital	2,405.9	2,405.9
Reserves	4,243.2	3,931.3
Equity attributable to equity holders	6,649.1	6,337.2
Net gearing (overall)	46%	43%
Net assets per share (RM)	2.76	2.63

QUARTERLY SEGMENTAL PROFITS



(RMmil)	Q115	Q215	Q315	Q415	Q1 `16	Q1 `15	+/-
Construction & Eng	53.7	75.0	63.2	48.3	51.0	53.7	-5
Properties	81.7	64.8	81.8	67.1	66.8	81.7	-18
Concessions	111.0	97.2	78.6	91.3	98.4	111.0	-11
Group Pretax Profit	246.4	237.0	223.6	206.7	216.1	246.4	-12
Group Net Profit	185.8	182.2	160.4	153.7	161.2	185.8	-13

YTD Segmental PBT

YTD PBT Margins

(RMmil)	Q1 16	Q1 15	+/-	%	Q1 16	Q1 15
Construction	51.0	53.7	-5	Construction	6.0	7.1
Properties	66.8	81.7	-18	Properties	24.1	27.3
Concessions	98.4	111.0	-11	Concessions	n.m.	n.m.
Group PBT	216.1	246.4	-12	Group PBT	17.5	23.3

KEY HIGHLIGHTS



- **Weaker Q1 within expectations** – group PBT and net profit decline 12% and 13% respectively y-o-y; all 3 divisions posted profit declines of between 5% to 18% y-o-y; construction and properties margins weaken slightly
- **KVMRT2 tenders are being called** – several civil works tenders are now open; PDP agreement signed; major civil awards from Apr/May onwards, line completion in 2022; total of 10 V (Viaduct) packages and 1 Underground package up for grabs
- **KVMRT1** – overall 76% completed, progressing on schedule; on track for timely completion within budget
- **Penang Transport Master Plan (PTMP)** – achieving significant progress on several fronts; PDP agreement to be finalized in Feb/Mar 2016; targeting to submit applications for Federal approvals by Q1 2016;
- **New construction opportunities emerging** – several large infrastructure projects expected to be rolled-out over the next 2 years; projects particularly suited to Group's core strengths
- **FY16 likely a year of transition** – between KVMRT1 and 2, and with greater clarity emerging on PTMP; expect a new earnings growth cycle from FY17 onwards

KEY CORPORATE UPDATES



- **Penang Transport Master Plan (PTMP)** – project details recently unveiled by State; environmental and social impact studies being conducted; submissions to DoE and SPAD being prepared and finalized; intensive discussions and negotiations with State ongoing; indication of strong support from public, NGOs and the business communities
- **KVMRT2** – SSP (Sg Buloh-Serdang-Putrajaya) line to be 52km long (13.5km underground) with 37 stations (11 underground); initial estimated project cost of RM28bn
- **KVMRT2** – several civil tenders are now open including Underground Works tender; major awards likely starting Apr/May 2016 onwards, targeted line completion in 2022; PDP agreement successfully signed; 10 V (Viaduct) and 1 Underground package up for grabs
- **KVMRT1** - cumulative financial progress on underground works at 80% (+5%) and PDP scope 70% (+8%) respectively at end Q1 FY16; on track to meeting cost and time KPIs
- **PDP progress** – civil works fully completed; foundations (100%), pier construction (100%); elevated guideways (100%); SBG production (100%), track-laying (80%), system works (75%), 21 electric trains delivered and undergoing testing
- **Four new property launches in FY16 (total RM3.7bn GDV)** – HighPark Suites (Kelana Jaya), Chapel Street (Melbourne), Bukit Bantayan (Sabah); Toa Payoh (Singapore)
- **Property presales** – RM270m achieved in Q1 FY16 (+12% y-o-y); RM1.2bn unbilled sales at end Q1; newly-acquired quick turnaround projects to underpin short-term growth; Vietnam’s property outlook improves
- **Toll hikes approved** – LDP, Sprint and SMART highways had toll rate increases of between 31% to 100%; traffic volumes have declined between 3% to 8% following toll hikes, but normalization expected within 6-12 months

CONSTRUCTION ORDER BOOK

- Current unbilled order book about **RM0.8 billion** (end Q1 FY16)

Major Projects	Balance works (RMbn)	Completion Status		Comments
		% now	completion date	
<u>Major Ongoing</u> KVMRT Line 1 (SBK Line) Underground (50% share)	0.8	80	Mid-2017	Tunnelling works fully completed, stations construction progress ranges between 70-85%
<u>Full Completion</u> Northern Electrified Double Track Railway (50% share)	-	100	2014	Fully completed; Both spine and spur lines handed over

CONSTRUCTION OUTLOOK



- Weaker Q1 performance as civil works start to taper off; revenue rose 12% to RM845m but PBT fell 5% to RM51m y-o-y; end Q1 unbilled order book stands at RM0.8bn (excluding PDP scope of works)
- PBT margin improved to 6.0% in Q1 compared to 5.2% in Q4;
- KVMRT1 – tunnelling works fully completed; stations progress ranges between 70% to 85%; tracks, systems, electrification, signalling, train testing works are all progressing rapidly and on schedule
- KVMRT2 – project roll-out imminent; several civil works tenders now open; major awards (including Underground Works package) starting Apr/May 2016; PDP agreement signed; 6-year completion deadline
- Penang Transport Master Plan (PTMP) – SRS consortium (60%-led by Gamuda) awarded the PDP role; PDP agreement to be signed in Feb/Mar 2016; intensive detailed negotiations on various project aspects ongoing
- Other projects – several large infrastructure projects expected to be implemented over next 2 years; these will provide opportunities to further build up order book

PROPERTIES OUTLOOK



- Moderating Q1 performance; revenue slipped 7% to RM277m whilst PBT slipped 18% to RM67m; PBT margin also slipped to 24%
- Group achieved new presales of RM270m for Q1 (+12% y-o-y); overseas projects account for almost 60% of presales; unbilled sales stands at RM1.2bn
- Domestic market remains sluggish but stable; expect overseas projects to support group presales in FY16; domestically, focus remains on planning and securing approvals for new township projects which will be launched from late 2016 onwards
- Vietnam property outlook appears promising; expect Vietnam to at least maintain or improve presales y-o-y
- Equity stake in Celadon City increased to 100% after buyout of 40% stake from Sacomreal for USD46.5m (RM168m)

CONCESSIONS OUTLOOK

- Toll hikes approved for several highways including LDP, Sprint and SMART – toll increases range between 31% to 100%; with toll hikes, toll concessions are now largely unsubsidized by government
- Traffic volumes have fallen between 3% to 8% since toll hikes; volumes should recover gradually over next few months
- Water restructuring – Federal and State governments have successfully signed the master water agreement
- Splash disposal negotiations between Federal and State are still ongoing

- 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