

Gamuda Berhad

Rebuilding Order Book

Q1'19 INVESTORS' BRIEFING

14 December 2018

INCOME STATEMENT SUMMARY



(RMmil)	Q1 ended Oct '18	Q1 ended Oct '17 (Restated)	Change (%)
Revenue	903.9	770.8	+17
Profit from operations (EBIT)	190.0	184.3	+3
Finance Costs	(27.3)	(25.9)	+5
Share of JVs (net of tax)	34.9	49.5	-30
Share of associates (net of tax)	28.6	52.5	-45
Profit before tax	226.2	260.4	-13
Tax	(39.7)	(41.6)	-4
Minority Interests	(14.4)	(14.8)	-2
Net profit attributable to equity holders	172.0	204.1	-16
Fully diluted EPS (sen)	7.0	7.9	
Dividend per share (sen)	6.0	6.0	
EBIT margins (%)	21.0	23.9	
PBT margins (%)	25.0	33.8	

INCOME STATEMENT (before FRS 11)



(RMmil)	Q1 ended Oct '18	Q1 ended Oct '17 (Restated)	Change (%)
Revenue	1,608.7	1,673.5	-4
Profit from operations (EBIT)	242.4	247.6	-2
Finance Costs	(31.5)	(30.5)	+3
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	28.6	52.5	-46
Profit before tax	239.5	269.5	-11
Tax	(53.0)	(51.8)	+2
Minority Interests	(14.4)	(14.8)	-3
Net profit attributable to equity holders	172.0	203.0	-15
Fully diluted EPS (sen)	7.0	7.9	
Dividend per share (sen)	6.0	6.0	
EBIT margins (%)	15.1	14.8	
PBT margins (%)	14.9	16.1	

BALANCE SHEET SUMMARY



(RMmil)	As at 31 Oct '18	As at 31 July '18 (Restated)
Current Assets	8,221.4	7,464.4
Current Liabilities	4,434.3	3,783.5
Current Ratio	1.8x	2.0x
Total borrowings	5,973.1	5,736.7
Cash and marketable securities	1,594.9	1,622.9
Net cash	(4,378.2)	(4,113.8)
Share capital	3,455.9	3,452.9
Reserves	4,349.9	4,129.8
Non-controlling interests	373.4	383.7
Total Equity	8,179.2	7,966.4
Net gearing (overall)	54%	52%
Net assets per share (RM)	3.16	3.07

QUARTERLY SEGMENTAL PROFITS



(RMmil)	Q118	Q218	Q318	Q418	Q1 `19	Q1 `18	+/-
Construction & Eng	105.7	122.7	103.5	61.7	98.4	105.7	-7
Properties	49.9	58.5	60.5	111.8	46.6	49.9	-7
Concessions	114.0	109.3	101.3	95.4	94.5	114.0	-17
Group Pretax Profit	269.5	290.5	265.4	268.9	239.5	269.5	-11
Group Net Profit	204.1	211.2	200.7	203.4	172.0	204.1	-16

YTD Segmental PBT

YTD PBT Margins

(RMmil)	Q119	Q118	+/-	%	Q119	Q118
Construction	98.4	105.7	-7	Construction	9.5	10.2
Properties	46.6	49.9	-7	Properties	10.4	9.8
Concessions	94.5	114.0	-17	Concessions	n.m	n.m
Group PBT	239.5	269.5	-11	Group PBT	14.9	16.1

CASH FLOW SUMMARY



(RM mil)	Q1 ended Oct '18	Q1 ended Oct '17 (Restated)
Net cash (used)/generated in operating activities	(95.2)	36.9
Net cash (used)/generated from investing activities	(114.1)	174.8
Net cash (used)/generated from financing activities	195.9	(5.7)
Net increase/(decrease) in cash and cash equivalents	(13.4)	206.1
Effects of exchange rate changes	15.7	(1.9)
Cash and cash equivalents at beginning of the period	977.1	499.5
Cash and cash equivalents at end of the period	979.4	703.7

GROUP BORROWINGS AND DEBT SECURITIES



(RM mil)	Q1 ended Oct '18	Q1 ended Oct '17
Long Term Borrowings		
Medium Term Notes	2,475.0	1,965.0
Term Loans	1,642.0	2,123.2
Revolving Credits	78.0	115.4
	4,195.0	4,203.6
Short Term Borrowings		
Medium Term Notes	490.0	890.0
Commercial Papers	150.0	0.0
Term Loans	308.0	0.0
Revolving Credits	830.0	138.3
	1,778.0	1,028.3
Total Borrowings	5,973.1	5,231.9

KEY HIGHLIGHTS



- **Modest Q1** – PBT declined 11% to RM240m on a 4% slide in revenue to RM1609m; net profit fell 15% to RM172m; the decline was primarily due to the disposal of SPLASH, and to a lesser extent lower contributions from both the construction and properties divisions
- **KVMRT2 contract reduced to RM30.5b, PDP converted to turnkey structure** – this has resulted in the project's outstanding order book increasing to RM10.2b, with overall progress at 33% (UG:41%, ELE 27%)
- **Rebuilding order book** – total order book stands at RM11.8b, following successful bids in several building projects worth RM0.9b; this will keep the Group busy for the next 3-4 years
- **SPLASH proceeds slightly delayed to Q1 2019** – upfront cash payment of RM1.9b, followed by balance RM0.65b to be paid in 9 equal annual instalments; these will be used to pare down borrowings; Gamuda Water in advanced stages of negotiations to finalize new Operations and Maintenance Agreement
- **Properties achieve RM0.6b presales** – Q1 presales were down 33% from Q1'18; presales mix still largely dominated by overseas projects (HCMC, Hanoi); launch of Gamuda Cove expected to drive domestic sales in coming quarters; maintaining presales target of RM4.0b for FY19

KEY UPDATES – Construction



- **Weaker construction earnings and margins** – division posted revenues of RM1b (unch), and weaker PBT of RM98m (-7%); consequently, PBT margins slipped to 9.5% from 10.2% previously
- **KVMRT2 contract price review** – government has reduced the contract value to RM30.5b, and converted the PDP structure to a single fixed-price, turnkey contract; completion date remains unchanged at mid-2022; consequently, all elevated WPCs are now redesignated as subcontractors to the turnkey contractor
- **KVMRT2 scope changes** – 2 Underground stations have been shelved; sizes and scope of remaining stations downgraded; fewer train sets to be purchased; overall Elevated and UG progress at 27% and 41% respectively at end Q1
- **RM0.9b new order book wins** – these comprise several small jobs secured recently, mainly involved in residential and commercial building works; total outstanding order book stands at RM11.8b
- **Pan Borneo Sarawak** – progress on track at 32%, with completion on track for early 2021
- **Penang Transport Master Plan (PTMP)** – LRT project approved in-principle by Federal, subject to some changes; PIL public display completed; Final Environmental Impact Assessment report being reviewed by DoE; targeting to obtain all approvals by Q1 2019; validity of LoA for PDP appointment extended to Aug 2019

CONSTRUCTION ORDER BOOK



- Current unbilled order book about **RM11.8 billion** (Oct 2018)

Major Projects	Balance works (RMbn)	Completion Status		Comments
		% now	completion date	
<u>Ongoing</u>				
KVMRT Line 2 (50% share)	10.2	33	Mid-2022	Restructured into a single turnkey contract
Pan Borneo Sarawak (65% share)	0.7	28	Early 2021	Work momentum steadily building up
Various others	0.9	0	2020/21	Building works

KEY UPDATES – Properties

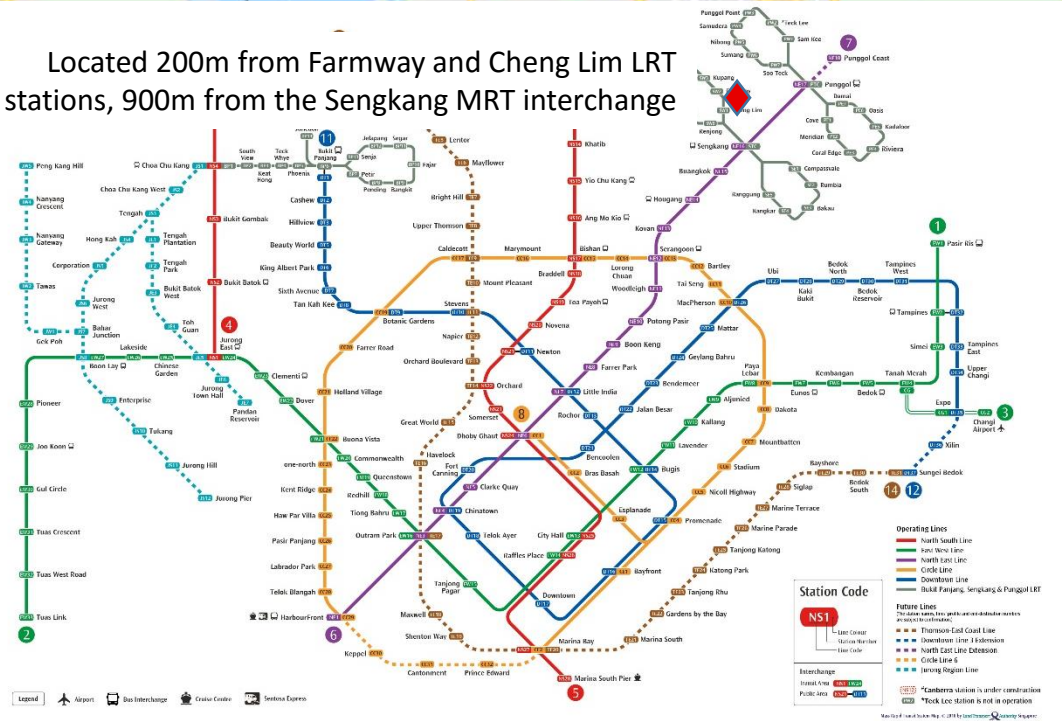


- **Stable earnings but margins improve** – Q1 earnings came in at RM47m (-7%), but PBT margins improved to 10.4% from 9.8% previously
- **Slow start to presales** – Q1 presales came in at RM0.6b (Q118:RM0.9b); overseas presales accounted for 60%, whilst domestic presales accounted for the remaining 40%; unbilled sales total RM2.3b
- **Properties a new earnings driver** – after several consecutive years of decline, property earnings will grow in the coming years given that margins have bottomed out, and the strong presales growth achieved last year
- **Targeting RM4b presales for FY19** – Gamuda Cove, Gamuda Gardens, Twentyfive.7 are expected to drive local presales; Vietnam sales expected to continue growing further
- **Gamuda Cove sees strong initial sales** – all 180 landed residential units launched have been fully sold; Gamuda Cove to be officially launched in the next 2 months; new interchange to provide direct access into the township expected to be completed in Q2 2019
- **New Singapore residential project secured** – Anchorvale Crescent, a RM2b GDV Executive Condominium project undertaken in a 50:30:20 JV with H10 Holdings and Evia Real Estate respectively, will be launched in 2020

Anchorvale Crescent (Sengkang, Singapore)



Located 200m from Farmway and Cheng Lim LRT stations, 900m from the Sengkang MRT interchange



Singapore Strait

Anchorvale Crescent (Sengkang, Singapore)



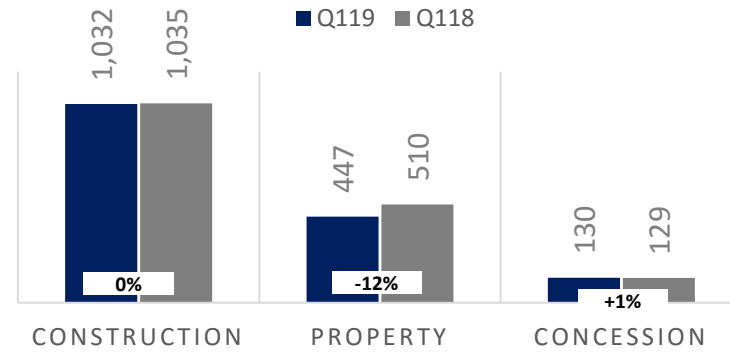
- Joint Venture between:
 - Gamuda (50%)
 - H10 Holdings (30%)
 - Evia Real Estate (20%); note that Evia was also our JV partner for the highly successful GEM Residences project
- Land size: 17,137 sqm (4.23 acres). Leasehold.
- Bid price of SGD318.9m, i.e. SGD576.24 psf GFA (0.003% higher than the next highest bid).
- Executive Condominiums, with average targetted selling price of SGD1100-1200 psf.
- Expected launch date in mid-2020.
- Total projected GDV of SGD650m (RM2b) over 3 years with 8-10% PBT margin.

KEY UPDATES – Concessions

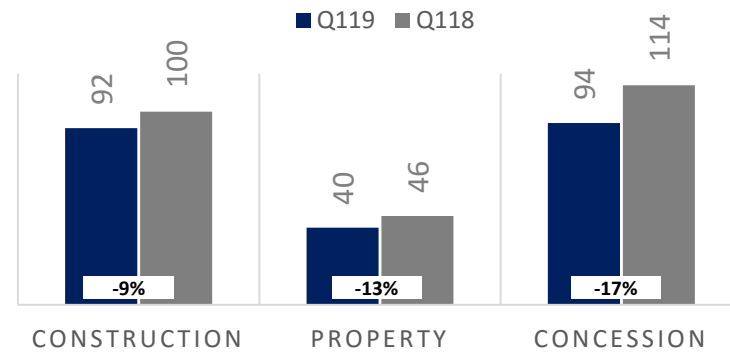


- **SPLASH disposal concluded for RM2.55b cash** – this represents a 28% haircut to SPLASH’s book value; the Selangor State will acquire SPLASH and will conclude the State’s water restructuring exercise
- **State to pay 90% of Gamuda Water receivables** – proceeds will amount to about RM650m, of which Gamuda’s 80% share will total about RM0.52b; together with SPLASH’s proceeds of RM1.02b, Gamuda will receive about RM1.54b cash from the resolution of the water issues
- **SPLASH acquisition to be jointly funded by Federal and State** – Federal will pay RM1.9b (75%) upfront, proceeds expected in early 2019; State will pay RM0.65b over nine years, plus interest of 5.25% p.a. on outstanding balances
- **Gamuda to receive RM1.02b cash for its 40% share** – this will comprise RM0.76b cash upfront, and the remaining RM0.26b cash in nine instalments over nine years, plus 5.25% interest on outstanding balances; proceeds will be used to pare down borrowings, and reduce net gearing from 53% to 41%
- **Water O&M operations to continue** – following disposal of SPLASH, the State will engage Gamuda Water (GW) to continue as its O&M operator, at renegotiated rates; negotiations to finalize a new Operations and Maintenance Agreement are at an advanced stage

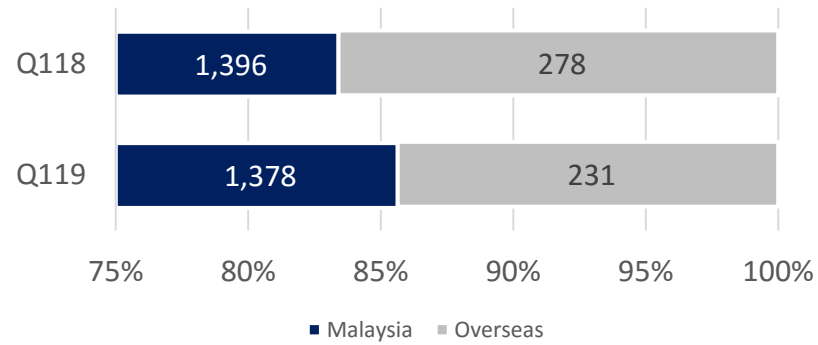
REVENUE (RM'MIL)



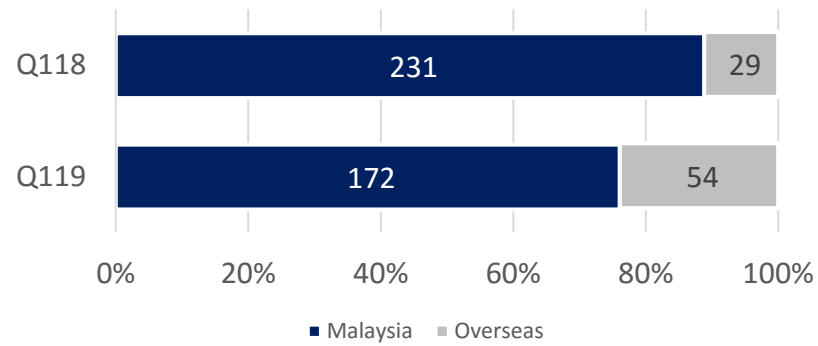
CORE PBT (RM'MIL)



REVENUE (RM'MIL)



CORE PBT (RM'MIL)



Thank You