

# Gamuda Berhad

*Cabinet approves toll roads deal*

**Q1 '20 INVESTORS' BRIEFING**

*13 December 2019*

# KEY HIGHLIGHTS



- **Cabinet approval obtained for toll roads disposal** – approval was disclosed at recent Budget, signing of Definitive Agreements expected next month, EGMs likely to be held in March, with deal completion expected in April/May next year
- **PTMP secures Federal financial assistance** – Federal agrees to guarantee State bonds for LRT; State considering several options for reclamation funding; LRT construction and land reclamation works highly likely to commence in 2HY20; signing of PDP agreement targeted for January 2020
- **Property presales totaled RM0.5b** – came in below target, but still a commendable achievement amidst a sluggish domestic market; domestic sales continue to be slow, but Gamuda Cove appears to be gaining traction
- **Q1 results largely flat** – group PBT slipped 4% but net profit remained flat y-o-y; construction and concession earnings fell, but was mitigated by higher property earnings

# INCOME STATEMENT



(RMmil)	Q1 ended 31 Oct '19	Q1 ended 31 Oct '18	Change (%)
<b>Revenue</b>	<b>1,095.8</b>	<b>903.9</b>	<b>+21</b>
Profit from operations (EBIT)	170.1	190.0	-10
Finance Costs	(35.3)	(27.3)	+29
Share of JVs (net of tax)	51.9	34.9	+49
Share of associates (net of tax)	31.2	28.6	+9
<b>Profit before tax</b>	<b>218.0</b>	<b>226.2</b>	<b>-4</b>
Tax	(32.4)	(39.7)	-18
Minority Interests	(12.0)	(14.4)	-17
<b>Net profit attributable to equity holders</b>	<b>173.6</b>	<b>172.0</b>	<b>+1</b>
Fully diluted EPS (sen)	7.0	7.0	
<b>Dividend per share (sen)</b>	<b>6.0</b>	<b>6.0</b>	
<b>EBIT margins (%)</b>	<b>15.5</b>	<b>21.0</b>	
<b>PBT margins (%)</b>	<b>19.9</b>	<b>25.0</b>	

# INCOME STATEMENT (before FRS 11)



(RMmil)	Q1 ended 31 Oct '19	Q1 ended 31 Oct '18	Change (%)
<b>Revenue</b>	<b>1,800.7</b>	<b>1,608.7</b>	<b>+12</b>
Profit from operations (EBIT)	243.1	242.4	-
Finance Costs	(43.3)	(31.5)	+37
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	31.2	28.6	+9
<b>Profit before tax</b>	<b>231.1</b>	<b>239.5</b>	<b>-4</b>
Tax	(45.5)	(53.0)	-14
Minority Interests	(12.0)	(14.4)	-17
<b>Net profit attributable to equity holders</b>	<b>173.6</b>	<b>172.0</b>	<b>+1</b>
Fully diluted EPS (sen)	7.0	7.0	
<b>Dividend per share (sen)</b>	<b>6.0</b>	<b>6.0</b>	
<b>EBIT margins (%)</b>	<b>13.5</b>	<b>15.1</b>	
<b>PBT margins (%)</b>	<b>12.8</b>	<b>14.9</b>	

# BALANCE SHEET SUMMARY



(RMmil)	As at 31 Oct '19	As at 31 July '19
Current Assets	8,620.7	8,087.3
Current Liabilities	5,491.2	5,098.7
Current Ratio	1.6x	1.6x
Total borrowings	5,641.5	5,143.7
Cash and marketable securities	2,316.5	1,848.9
<b>Net cash</b>	<b>(3,325.0)</b>	<b>(3,294.8)</b>
Share capital	3,475.3	3,469.7
Reserves	4,816.2	4,601.6
Non-controlling interests	411.0	399.3
<b>Total Equity</b>	<b>8,702.5</b>	<b>8,470.6</b>
<b>Net gearing (overall)</b>	<b>38%</b>	<b>39%</b>
Net assets per share (RM)	3.35	3.26

# QUARTERLY SEGMENTAL PROFITS



(RMmil)	Q119	Q219	Q319	Q419	Q1 `20	Q1 `19	%
<b>Construction &amp; Eng</b>	98.4	93.2	89.3	48.0	85.5	98.4	-13
<b>Properties</b>	46.6	57.5	86.4	150.6	63.9	46.6	+37
<b>Concessions</b>	94.5	88.7	78.7	41.7	81.7	94.5	-14
<b>Group Pretax Profit</b>	<b>239.4</b>	<b>239.4</b>	<b>254.4</b>	<b>240.4</b>	<b>231.1</b>	<b>239.4</b>	<b>-4</b>
<b>Group Net Profit</b>	<b>172.0</b>	<b>172.0</b>	<b>176.0</b>	<b>185.0</b>	<b>173.6</b>	<b>172.0</b>	<b>+1</b>

## YTD Segmental PBT

## YTD PBT Margins

(RMmil)	Q1 '20	Q1 '19	%	%	Q1 '20	Q1 '19
<b>Construction</b>	85.5	98.4	-13	<b>Construction</b>	7.5	9.5
<b>Properties</b>	63.9	46.6	+37	<b>Properties</b>	12.1	10.4
<b>Concessions</b>	81.7	94.5	-14	<b>Concessions</b>	n.m	n.m
<b>Group PBT</b>	<b>231.1</b>	<b>239.4</b>	<b>-4</b>	<b>Group PBT</b>	<b>12.8</b>	<b>14.9</b>

# CASH FLOW SUMMARY



(RM mil)	Q1 ended Oct '19	Q1 ended Oct '18
Net cash generated from/(used in) operating activities	200.1	(31.5)
Net cash used in investing activities	(207.5)	(177.8)
Net cash generated from financing activities	348.9	195.9
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>341.5</b>	<b>(13.4)</b>
Effects of exchange rate changes	11.1	15.7
Cash and cash equivalents at beginning of the period	1,081.1	977.1
<b>Cash and cash equivalents at end of the period</b>	<b>1,433.7</b>	<b>979.4</b>

# GROUP BORROWINGS AND DEBT SECURITIES



(RM mil)	As at 31 Oct '19	As at 31 Oct '18
<b>Long Term Borrowings</b>		
Medium Term Notes	1,985.0	2,475.0
Term Loans	919.5	1,642.1
Revolving Credits	60.1	78.0
	<b>2,964.6</b>	<b>4,195.1</b>
<b>Short Term Borrowings</b>		
Medium Term Notes	890.0	490.0
Commercial Papers	150.0	150.0
Term Loans	768.0	308.0
Revolving Credits	868.9	830.0
	<b>2,676.9</b>	<b>1,778.0</b>
<b>Total Borrowings</b>	<b>5,641.5</b>	<b>5,973.1</b>



# KEY UPDATES – Construction



- **Shareholders' agreement with Martinus to be signed soon** – the JV will open up opportunities to tap the massive infra spending planned over the next decade; active tendering will start in Q1 next year; total addressable market of A\$20b up for grabs over next 2 years
- **New project won in Singapore** – the SGD260m project (45% share) was won on an open tender, and awarded by Singapore's Land Transport Authority; the win represents our first win in the highly competitive Singapore market
- **Construction outlook likely to improve** – the PTMP will be among the key projects to drive the sector in coming years; prospects for MRT3 also look promising
- **PTMP set to commence late next year** – SRS consortium to sign PDP agreement with the State govt early next year; the PDP will handle all design works, tender activities and project management over the entire construction duration
- **Weaker Q1 performance** – PBT fell 13% to RM85m, mainly due to lower profitability of the ongoing MRT2 project; Q1 margin fell to 7.5%; total order book stands at RM8.6b

# CONSTRUCTION ORDER BOOK

- Current unbilled order book about **RM8.6 billion** (Oct 2019)

Major Projects	Balance works (RMbn)	Completion Status		Comments
		% now	completion year	
KVMRT Line 2 (50% share)	6.8	56	2022	Restructured into a single turnkey contract
Pan Borneo Sarawak (65% share)	0.4	46	2021	Work momentum steadily building up
Marine Bridge, Taiwan (70% share)	0.4	0	2022	Newly secured
Bus Depot, Singapore (45% share)	0.4	0	2023	Part of MRT project
Other local projects	0.6	various	various	Building works

# KEY UPDATES – Properties

- **Stronger performance in Q1** – pretax earnings rose 37% to RM64m whilst revenue rose 18% to RM0.5b; likewise, margins improved to 12.1% from 10.4%; earnings growth and margin expansion were largely due to improving margins from the overseas projects
- **Q1 presales total RM509m** – Vietnam continues to contribute more than half of presales; domestically, local presales are underpinned by Horizon Hills, Gamuda Cove, Gamuda Gardens and twentyfive.7; Gamuda Cove, notably, has gained traction in recent months following the opening of its dedicated access road in September
- **Initial works on Anchorvale have started** – official launch is planned for Q1 next year, and expectations are that it will be very well received like GEMS Residences previously

# KEY UPDATES – Concessions



- **Toll highway disposal in final stages** – Cabinet approval has been obtained; the offers have been accepted by Gamuda’s Board, as well as the respective concession companies’ Boards
- **Fair valuation** - the all-cash offer places a total EV of RM6.2b, and Equity Value of RM4.5b for all 4 highways (originally projected at end Dec ’19, now subject to fine-tuning); the Group’s share of equity value works out to RM2.36b
- **Fears of expropriation or ‘forced sale’ unfounded** – negotiations were done professionally, on a ‘willing-buyer, willing-seller’ basis, and adhered to market norms and practices (DCF valuation methodology, fair discount rates, benchmark pricing, etc)
- **Shareholders approvals required for both Litrak and Gamuda** – Litrak requires minimum 75% approval, whilst Gamuda requires 50%+1; shareholder EGMs will likely be held in March/April next year, with deal completion a month later

# Thank You