

Gamuda Berhad

KVMRT3 gets the green light

Q1 '21 INVESTORS' BRIEFING

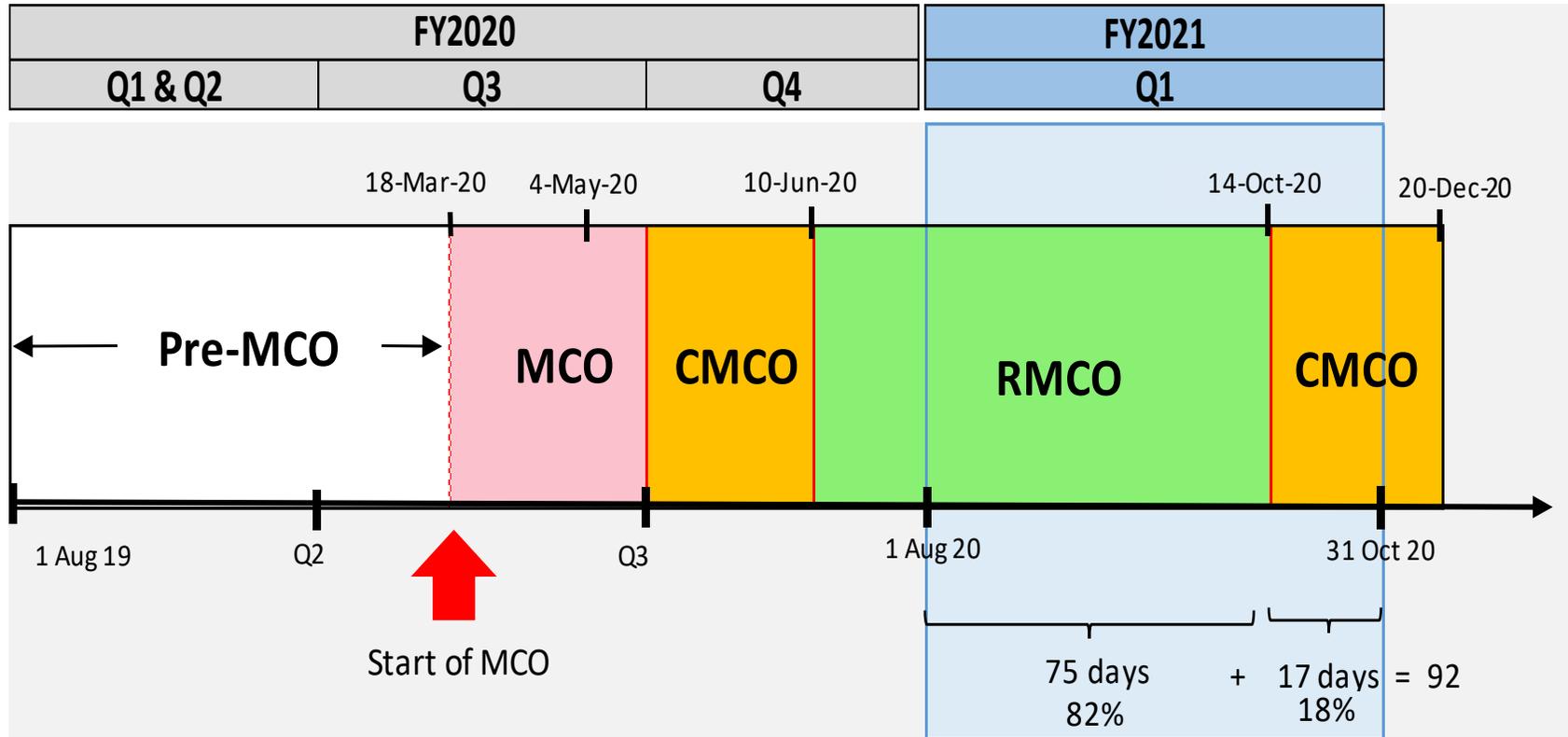
21 Dec 2020

KEY HIGHLIGHTS



- **KVMRT3 gets the green light to proceed** – with implied government approval, and initial funding allocated in the recent Budget, this project is expected to be fast tracked for implementation within a year
- **Order book prospects brighten up significantly** – three new, large domestic infrastructure projects are likely to dominate the news flow next year – KVMRT3, PSR and HSR; these projects are expected to significantly boost the infrastructure sector for at least the next five years; Gamuda aims to be heavily involved in all these projects
- **Q1 performance dragged down by properties** – group pretax and net profit fell 34% and 37% respectively on a 16% slide in revenue; all divisions posted lower pretax profits, with the properties division posting the biggest decline
- **Impact from Covid-19 continues to linger** – the reimposition of the CMCO has hampered full recovery and operations continue to be impacted by varying degrees across the group
- **Balance sheet strengthens further** – net gearing reduced by 2% over the last quarter, as net borrowings fell by almost RM200m

CMCO reimposed at tail end of this quarter



CMCO reimposed on most parts of Malaysia including Klang Valley with effect from 14 October 2020

INCOME STATEMENT



(RMmil)	3 months ended 31 Oct '20	3 months ended 31 Oct '19	Change (%)
Revenue	764.0	1,095.8	-30
Profit from operations (EBIT)	93.9	170.1	-45
Finance Costs	(27.1)	(35.3)	-23
Share of JVs (net of tax)	46.1	51.9	-11
Share of associates (net of tax)	27.9	31.2	-11
Profit before tax	140.8	218.0	-35
Tax	(20.2)	(32.4)	-38
Non-controlling interests	(11.3)	(12.0)	-6
Net profit attributable to equity holders	109.3	173.6	-37
Fully diluted EPS (sen)	4.4	7.0	
Dividend per share (sen)	-	6.0	
EBIT margins (%)	12.3	15.5	
PBT margins (%)	18.4	19.9	

INCOME STATEMENT (before FRS 11)



(RMmil)	3 months ended 31 Oct '20	3 months ended 31 Oct '19	Change (%)
Revenue	1,514.1	1,800.7	-16
Profit from operations (EBIT)	156.5	243.1	-36
Finance Costs	(31.3)	(43.3)	-28
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	27.9	31.2	-11
Profit before tax	153.1	231.1	-34
Tax	(32.5)	(45.5)	-29
Non-controlling interests	(11.3)	(12.0)	-6
Net profit attributable to equity holders	109.3	173.6	-37
Fully diluted EPS (sen)	4.4	7.0	
Dividend per share (sen)	-	6.0	
EBIT margins (%)	10.3	13.5	
PBT margins (%)	10.1	12.8	

BALANCE SHEET SUMMARY



(RMmil)	As at 31 Oct '20	As at 31 July '20
Current Assets	10,095.3	9,526.0
Current Liabilities	6,002.1	5,886.6
Current Ratio	1.7x	1.6x
Total borrowings	5,808.9	5,465.1
Cash and marketable securities	3,319.6	2,791.7
Net cash (borrowings)	(2,489.3)	(2,673.4)
Share capital	3,620.9	3,620.9
Reserves	4,958.1	4,920.1
Non-controlling interests	417.4	426.5
Total Equity	8,996.4	8,967.6
Net gearing (overall)	28%	30%
Net assets per share (RM)	3.41	3.40

CASH FLOW SUMMARY



(RM mil)	3 months ended Oct '20	3 months ended Oct '19
Net cash generated from operating activities	52.2	200.1
Net cash (used in)/generated from investing activities	(741.7)	(207.5)
Net cash generated from/(used in) financing activities	322.7	348.9
Net (decrease) increase in cash and cash equivalents	(366.9)	341.5
Effects of exchange rate changes	(23.2)	11.1
Cash and cash equivalents at beginning of the period	1,518.8	1081.1
Cash and cash equivalents at end of the period	1,128.7	1,433.7

QUARTERLY SEGMENTAL PROFITS



(RMmil)	Q120	Q220	Q320	Q420	Q1 `21	Q1 `20	%
Construction & Eng	85.3	109.3	32.1	69.1	76.7	85.3	-10
Properties	64.2	51.0	19.6	45.3	13.4	64.2	-79
Concessions	81.7	83.3	34.1	122.3	63.0	81.7	-23
Group Pretax Profit	231.2	243.6	85.8	236.7	153.1	231.2	-34
Group Net Profit	173.6	175.2	40.2	130.8	109.3	173.6	-37

YTD Segmental PBT

YTD PBT Margins

(RMmil)	Q1 '21	Q1 '20	%	%	Q1 '21	Q1 '20
Construction	76.7	85.3	-10	Construction	7.2	7.4
Properties	13.4	64.2	-79	Properties	4.2	12.1
Concessions	63.0	81.7	-23	Concessions	n.m	n.m
Group PBT	153.1	231.2	-34	Group PBT	10.1	12.1

GROUP BORROWINGS AND DEBT SECURITIES



(RM mil)	As at 31 Oct '20	As at 31 Oct '19
Long Term Borrowings		
Medium Term Notes	2,645.0	1,985.0
Term Loans	542.8	919.5
Revolving Credits	38.2	60.1
	3,226.0	2,964.6
Short Term Borrowings		
Medium Term Notes	490.0	890.0
Commercial Papers	800.0	150.0
Term Loans	199.0	768.0
Revolving Credits	1,094.0	868.9
	2,583.0	2,676.9
Total Borrowings	5,809.0	5,641.5

KEY UPDATES – Construction

- **KVMRT3 to proceed, discussions shift to implementation issues** – with the government now firmly behind this project, the focus has now shifted to exploring various implementation options, with a view to fast-tracking its implementation; some key decisions are expected soon, which will determine the project's timeline
- **PSR awaiting a decision from Penang State** – reclamation of Island A could commence in Q1 next year once the State decides on the financing model for the project; SRS continues to assist the State in evaluating its options to move ahead
- **HSR appears likely to be revived sooner-than-expected** – a final decision is expected soon, with growing speculation that the railway line will stop short of Singapore, thereby making this a purely domestic project; if so, this could mean that the project could come onstream much sooner than initially expected
- **Slight decline in Q1 earnings** – PBT fell 10% to RM77m on a 6% slide in revenue to RM1.1b; PBT margin slipped to 7.2% from 7.4% in Q1'20; outstanding order book stands at RM6.1b
- **Several new projects could drive order book expansion** – the rollout of large projects domestically, coupled with outcomes from ongoing tenders in Australia, could drive a significant expansion in order book next year

CONSTRUCTION ORDER BOOK

- Current unbilled order book about **RM6.1 billion** (Oct 2020)

Major Projects	Balance works (RMb)	Completion Status		Comments
		% now	completion year	
1) KVMRT Line 2 (50% share)	4.0	74	2022	Tunnelling works completed
2) Pan Borneo Sarawak (65% share)	0.3	65	2021	Steady progress
3) Marine bridge, Taiwan (70% share)	0.2	35	2022	Newly secured
4) Bus depot, Singapore (45% share)	0.3	1	2023	Mobilization ongoing
5) Seawall project, Taiwan (70% share)	0.6	6	2025	Second Taiwan win within a year
6) Other local projects	0.7	various	various	Building works

KEY UPDATES – Properties

- **Slower progress billings dampened Q1 profitability** – a 40% reduction in billings resulted in a sharp 79% fall in PBT to RM13m; consequently, margins were compressed to 4.2% from 12.1% previously; the slower billings were primarily due to construction disruptions brought about by the pandemic
- **Q1 chalked up RM673m in presales** – this translates to a 32% growth over the RM509m achieved in Q1 last year; overseas presales continue to outpace domestic presales by 2 to 1; unbilled sales totalled RM3.2b
- **OLA's take up rate inches up to 38%** – take up rates have slowed somewhat since Singapore's circuit breaker was imposed earlier this year; a longer-than-expected approval process for buyers (as OLA is an Executive Condo) has also contributed a backlog of pending SPAs
- **FY21 presales target maintained at RM3.5b** – presales expected to improve in upcoming quarters as the economic recovery gathers momentum, new townships mature and gain more traction, and pandemic concerns subside

KEY UPDATES – Concessions

- **Q1 performance impacted by various movement restrictions** – expressway traffic volumes had recovered to near pre-Covid levels, but the reimposition of the CMCO has reduced traffic volumes by between 25-40%
- **Monetization of water receivables ongoing** – receivables arising from the disposal of Splash has been fully monetized, whilst the monetization of receivables arising from the settlement of Gamuda Water is ongoing; when completed, the exercise will result in an infusion of a few hundred million cash, and further strengthen the balance sheet
- **Toll highways disposal in limbo** – there is still no official decision on the disposal, but recent comments from the government suggest that alternative proposals to resolve the issue are being actively explored

Thank You