

Gamuda Berhad

A New Era Begins

Q1'23 INVESTORS' BRIEFING

16 December 2022

KEY HIGHLIGHTS



- **A new era begins** – With the successful disposal of the tolled highways, the Group is left with two engines of growth; both construction and properties are running at record levels, and are poised to deliver sufficiently strong earnings growth in FY23 to at least replace, if not surpass, all the lost toll earnings
- **An era of regionalization** – the Group aims to become an established regional construction and property player; it also intends to develop a new recurring income division based on 'green infrastructure'; aggressive growth strategies are being implemented to achieve these objectives over the next 5 years
- **A modest start to FY23** – based on Continuing Operations, Q1 net profit grew an impressive 26% to RM145m, whilst revenue improved 21% to RM1.4b; revenue and earnings were driven mainly by overseas properties, particularly in Vietnam
- **Q1 property presales off to a slow start** – presales fell to RM480m (-43%) as Singapore's OLA fully sold out last year, whilst some delay in approvals delayed some launches in Vietnam; sales at Celadon City also continued to decline as the township approaches completion; however, presales are expected to accelerate in the coming quarters as newer projects take up the slack
- **Gamuda Land well on track in growing its QTP portfolio** – the portfolio has increased to 6 projects with up to 5 more in a two-year pipeline, whilst its RM5.8b unbilled sales will underpin strong growth in the next 2 years
- **Making our first investment in RE** – a RM200m investment for a 30% stake in ERS Energy will provide a platform to fast track our growth in the RE segment; ERS' mandate under the NEDA Pekan framework will enable the Group to participate in solar energy generation assets to build up a new recurring income division
- **Assessing the impact of GE15** – the formation of a stable Unity government is likely to result in greater political stability, and the formulation of new policies to drive economic growth; we await more clarity and direction from the government in the coming weeks

INCOME STATEMENT (as reported, continuing operations only)



(RMmil)	Q1 ended 31 Oct '22	Q1 ended 31 Oct '21	Change (%)
Revenue	1,306.6	687.9	+90
Profit from operations (EBIT)	147.9	75.1	+97
Finance Costs	(27.5)	(6.7)	+308
Share of JVs (net of tax)	62.7	71.9	-13
Share of associates (net of tax)	1.6	2.3	-31
Profit before tax	184.7	142.7	+29
Tax	(28.0)	(21.3)	+31
Non-controlling interests	(11.7)	(6.2)	+89
Net profit attributable to equity holders	145.0	115.1	+26
Fully diluted EPS (sen)	5.5	4.6	
Dividend per share (sen)	44.0*	6.0	
<i>* including special dividend of 38 sen/share</i>			
EBIT margins (%)	11.3	10.9	
PBT margins (%)	14.1	20.7	

INCOME STATEMENT (pre-FRS, continuing operations only)



(RMmil)	Q1 ended 31 Oct '22	Q1 ended 31 Oct '21	Change (%)
Revenue	1,448.7	1,193.3	+21
Profit from operations (EBIT)	244.0	175.2	+39
Finance Costs	(31.1)	(6.7)	+364
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	1.6	2.3	-30
Profit before tax	214.5	170.8	+26
Tax	(57.8)	(49.4)	+17
Non-controlling interests	(11.7)	(6.2)	+89
Net profit attributable to equity holders	145.0	115.1	+26
Fully diluted EPS (sen)	5.5	4.6	
Dividend per share (sen)	44.0*	6.0	
<i>* including special dividend of 38 sen/share</i>			
EBIT margins (%)	16.8	14.7	
PBT margins (%)	14.8	14.3	

BALANCE SHEET (continuing + discontinued operations)



(RMmil)	As at 31 Oct '22	As at 31 July '22
Current Assets	12,916.1	13,344.0
Current Liabilities	5,365.1	5,890.6
Current Ratio	2.4x	2.3x
Total borrowings	5,009.1	4,780.1
Cash and marketable securities*	4,742.6	3,495.1
Net cash (borrowings)	(266.5)	(1,285.0)
<i>* another RM1b proceeds from ALR deal came in after 31 Oct</i>		
Share capital	3,842.8	3,723.2
Reserves	7,341.3	6,181.8
Non-controlling interests	149.0	349.4
Total Equity	11,333.0	10,254.4
Net gearing (overall)	2%	13%
Net assets per share (RM)	4.32	3.88

QUARTERLY SEGMENTAL PROFITS

(continuing (FY23) + discontinued operations (FY22))

(RMmil)	Q122	Q222	Q322	Q422	Q123	Q122	%
Construction & Eng	125.1	124.2	81.8	157.5	128.8	125.1	+3
Properties	29.0	68.7	159.8	188.3	75.3	29.0	+160
Concessions	65.5	61.6	44.9	15.9*	10.4	16.7	-38
Group Pretax Profit	219.6	254.4	286.5	361.7	214.5	170.8	+26
Group Net Profit	152.4	177.1	221.5	255.2	145.0	115.1	+26

* After RM26m write-off for sale of SMART

YTD Segmental PBT

YTD PBT Margins

(RMmil)	Q123	Q122	%	%	Q123	Q122
Construction	128.8	125.1	+3	Construction	17.0	14.6
Properties	75.3	29.0	+160	Properties	11.7	9.9
Concessions	10.4	16.7	-38	Concessions	23.0	n.m.
Group PBT	214.5	170.8	+26	Group PBT	14.8	14.3

SEGMENTAL ANALYSIS (by segment & geography)



(RMm)	Q1 ended 31 Oct 2022	Q1 ended 31 Oct 2021	Change (%)
Revenue (by segment)			
Construction	759.2	855.2	-11
Properties	644.2	291.1	+121
Concession	93.0	106.2	-12
Total Revenue	1,496.4	1,252.5	+19
Net Profit (by segment)			
Construction	83.3	81.4	+2
Properties	58.4	24.2	+142
Concession	48.7	46.8	+4
Total Core Net Profit	190.4	152.4	+25
Revenue (by geography)			
Malaysia	870.9	1,099.1	-21
Overseas	625.5	153.4	+308
Total Revenue	1,496.4	1,252.5	+19
Core Net Profit (by geography)			
Malaysia	141.9	132.5	+7
Overseas	48.5	19.8	+145
Total Net Profit	190.4	152.4	+25

CASH FLOW SUMMARY



(RM mil)	Q1 ended 31 Oct '22	Q1 ended 31 Oct '21
Net cash (used in)/ generated from operating activities	40.9	(158.6)
Net cash (used in)/generated from investing activities	775.4	(328.1)
Net cash generated from/(used in) financing activities	(358.0)	376.6
Net (decrease) increase in cash and cash equivalents	458.3	(110.2)
Effects of exchange rate changes	(15.7)	(16.4)
Cash and cash equivalents at beginning of the period	1,908.4	1,310.3
Cash and cash equivalents at end of the period	2,351.0	1,183.8

GROUP BORROWINGS AND DEBT SECURITIES

(continuing & discontinued operations)



(RM mil)	Q1 ended Oct 22	Q4 ended July 22
<u>Continuing Operations</u>		
Long Term Borrowings		
Medium Term Notes	1,950.0	1,950.0
Term Loans	1,259.8	1,277.6
Revolving Credits	1.5	3.1
	3,211.2	3,230.7
Short Term Borrowings		
Medium Term Notes	900.0	900.0
Commercial Papers	150.0	100.0
Term Loans	118.8	136.3
Revolving Credits	629.1	413.1
	1,797.8	1,549.3
Total Borrowings from continuing operations	5,009.1	4,780.1
<u>Discontinued Operations</u>		
Long Term Borrowings		
Medium Term Notes	-	90.0
Short Term Borrowings		
Medium Term Notes	-	105.0
Total Borrowings from discontinued operations	-	195.0
Total Borrowings	5,009.1	4,975.1

KEY UPDATES – Construction



- **Another strong quarter** – the division maintained its strong performance in Q1, supported by start-up projects locally and overseas; PBT came in at RM129m, up a slight 3% from the previous corresponding quarter; PBT margin improved to 17.0% from 14.6% previously
- **Order book stands at a record RM14.8b** – our overseas order book now accounts for 78% of total order book following the recent win in Taiwan; current order book will last 3 to 4 years, and provide earnings visibility up to FY26/27; the division continues to pursue targeted projects in all our key markets and its ambitious RM25b new wins target over FY22/23 is well on track
- **Recent Taiwan win raises order book to new record** – the RM2.1b Taoyuan City Underground Railway project is our second Taiwan win this year, and our single largest project ever won in Taiwan; the project adds RM1.3b to our order book, and brings our ytd wins to RM13.9b
- **Awaiting outcomes on MRT3 and PSI** – with a new government in place, we await their final decisions on these key projects; we note that both these projects are shovel-ready, and will not require any government funding for a few years
- **Gearing up for more Australian projects** – Australia is expected to be a major source of order book over the next decade; plans are ongoing to further build capacity, capabilities and efficient supply chains in order to take on more jobs in this market
- **More Renewable Energy (RE) infra projects being evaluated** – a RM2b budget has been allocated for investments in this space over the next 5 years; in addition to the local market, the group has begun to pursue RE opportunities in overseas markets like Australia

CONSTRUCTION ORDER BOOK (Malaysia)



- Current unbilled order book about **RM14.8 billion** (Oct 2022)

Remaining Projects	Balance works (RMb)	Completion Status		Comments
		% now	Award/ Completion year	
<u>MALAYSIA (TOTAL RM3.2b/22%)</u>				
1) KVMRT Line 2 (50% share)	0.8	95	2016/2022	Approaching completion
2) Pan Borneo Sarawak (65% share)	0.0	98	2020/2022	Approaching completion
3) Second trunk road Sarawak	0.1	35	2020/2024	Steady progress
4) Residential building works	0.1	73	various	Steady progress
5) Other civil works	0.2	57	various	Steady progress
6) Rasau WTP – Phase 1	2.0	0	2022/25	Major domestic win
Total Malaysia	3.2			

CONSTRUCTION ORDER BOOK (Overseas)



Remaining Projects	Bal works (RMb)	Completion Status		Comments
		% now	Award/ Completion year	
<u>OVERSEAS (TOTAL RM11.6b/78%)</u>				
<u>Taiwan</u>				
1) Marine bridge (70% share)	0.1	72	2019/2023	1 st Taiwan win; on schedule
2) Seawall reclamation (70% share)	0.3	46	2020/2025	2 nd Taiwan win; on schedule
3) Transmission line (50% share)	0.2	0	2021/2025	3 rd Taiwan win; initial works
4) Marine bridge ext (70% share)	0.2	6	2022/2024	4 th Taiwan win; mobilizing
5) Tao Yuan underground (60% share)	1.3	0	2022/2030	5 th Taiwan win; mobilizing
Total Taiwan	2.1			
<u>Singapore</u>				
1) Bus depot (100% share)	0.6	28	2019/2023	Taken over JV partner's share
2) Defu station, tunnels (60% share)	0.9	2	2022/2030	1 st tunnel project in Singapore
Total Singapore	1.5			
<u>Australia</u>				
1) SMW-WTP (100% share)	6.0	7	2022/2026	Significant breakthrough project
2) Coffs Harbour Bypass (50% share)	2.0	1	2022/2027	Second Australia win
Total Australia	8.0			

KEY UPDATES – Properties

- **Main earnings driver in Q123** – PBT surged 160% to RM75m from RM29m in Q1 last year, and was the main earnings driver for the Group; revenue also more than doubled to RM644m; as before, our Vietnamese projects continue to deliver strong earnings and margins amidst a strong sector; overall, margins rose to 11.7% from 9.9% before
- **Presales off to a slow start** – Q1 presales fell 43% to RM480m given that our top selling projects last year OLA and Celadon City are now almost fully sold; domestic presales matched Q1 last year, and is expected to pick up momentum over the next few quarters; our RM4.5b presales target for FY23 remains unchanged
- **Key local townships achieved strong presales** – local presales increased their share of presales vs overseas to 60:40; all key projects - Gamuda Cove, Gamuda Gardens, twentyfive.7, Jade Hills and Horizon Hills - continue to perform strongly
- **Aggressive growth strategies being implemented** – the division continues to focus on aggressively expanding its QTP portfolio; having added 4 new QTPs last year, the group targets to add another 5 QTPs over the next 2 years to grow the QTP portfolio to 11; these QTPs will complement the core townships, but require less capital yet deliver superior returns over a shorter investment horizon

KEY UPDATES – Concessions

- **ALR deal successfully completed** – with the deal completing in mid-Oct, the group recognized another RM57m net profit from toll roads in Q1, which will not recur in future quarters; this is reported under Discontinued Operations in our disclosures
- **RM1b Special Dividend to be paid out before Christmas** – this represents a payout of 43% of the RM2.3b proceeds, translates to 38 sen/share, and a 10% yield at prevailing price
- **RM1.1b one-off gain booked in following deal completion** – this has boosted the group's net assets per share by about 39 sen to RM4.32; at the prevailing price, the stock is now priced at 0.8x book
- **Balance sheet is now in net cash position** – the Group now enjoys zero gearing, and a RM0.7b net cash position

Thank You