

# **Gamuda Berhad**

***KVMRT2 - APPROVED and Ready to Go***

**Q2 2014 INVESTORS' BRIEFING**

*27 March 2014*

# INCOME STATEMENT SUMMARY



(RMmil)	HYE Jan'14	HYE Jan'13	Change (%)
<b>Revenue</b>	<b>1,003.7</b>	<b>953.4</b>	<b>+5</b>
Profit from operations (EBIT)	224.8	228.6	-2
Finance Costs	(33.4)	(32.1)	+4
Share of JVs (net of tax)	87.4	47.9	+82
Share of associates (net of tax)	113.4	116.0	-2
<b>Profit before tax</b>	<b>392.3</b>	<b>360.5</b>	<b>+9</b>
Tax	(50.6)	(51.3)	-1
Minority Interests	(6.0)	(6.8)	-11
<b>Net profit attributable to equity holders</b>	<b>335.6</b>	<b>302.3</b>	<b>+11</b>
Fully diluted EPS (sen)	14.4	14.0	
<b>Dividend per share (sen)</b>	<b>6.0</b>	<b>6.0</b>	
<b>EBIT margins (%)</b>	<b>22.4</b>	<b>24.0</b>	
<b>PBT margins (%)</b>	<b>39.1</b>	<b>37.8</b>	

# FRS – 11 JOINT ARRANGEMENTS

- 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

# INCOME STATEMENT (before FRS 11)



(RMmil)	HYE Jan'14	HYE Jan'13	Change (%)
<b>Revenue</b>	<b>2,540.4</b>	<b>1,646.6</b>	<b>+54</b>
Profit from operations (EBIT)	358.1	305.3	+17
Finance Costs	(39.5)	(36.8)	+7
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	113.4	116.0	-2
<b>Profit before tax</b>	<b>432.0</b>	<b>384.5</b>	<b>+12</b>
Tax	(90.4)	(75.4)	+20
Minority Interests	(6.0)	(6.8)	-11
<b>Net profit attributable to equity holders</b>	<b>335.6</b>	<b>302.3</b>	<b>+11</b>
Fully diluted EPS (sen)	14.4	14.0	
<b>Dividend per share (sen)</b>	<b>6.0</b>	<b>6.0</b>	
<b>EBIT margins (%)</b>	<b>14.1</b>	<b>18.5</b>	
<b>PBT margins (%)</b>	<b>17.0</b>	<b>23.4</b>	

# BALANCE SHEET SUMMARY



(RMmil)	As at 31 Jan'14	As at 31 Oct'13 (restated)
Current Assets	4,665.5	4,620.8
Current Liabilities	1,312.5	1,347.7
Current Ratio	3.6x	3.4x
Total borrowings	2,156.8	2,152.0
Cash and marketable securities	1,220.8	1,466.2
<b>Net cash</b>	<b>(936.0)</b>	<b>(685.8)</b>
Share capital	2,300.2	2,286.5
Reserves	2,870.9	2,775.4
<b>Equity attributable to equity holders</b>	<b>5,171.1</b>	<b>5,061.9</b>
<b>Net gearing (overall)</b>	<b>18%</b>	<b>14%</b>
Net assets per share (RM)	2.25	2.21

# QUARTERLY SEGMENTAL PROFITS (before FRS 11)



(RMmil)	Q213	Q313	Q413	Q114	Q2 `14	Q2 `13	+/-
Construction & Eng	65.4	85.5*	67.4*	68.3	77.4	65.4	+18
Properties	68.1	64.7	61.1	78.6	71.3	68.1	+5
Concessions	68.9	69.7	70.3	64.3	72.1	68.9	+5
<b>Group Pretax Profit</b>	<b>202.4</b>	<b>220.0*</b>	<b>198.8*</b>	<b>211.2</b>	<b>220.8</b>	<b>202.4</b>	<b>+9</b>
<b>Group Net Profit</b>	<b>156.9</b>	<b>162.4*</b>	<b>165.4*</b>	<b>165.5</b>	<b>170.1</b>	<b>156.9</b>	<b>+8</b>

\* before impact of Tribunal Awards totaling -RM113.0m in Q313 and +RM2.3m in Q413

## YTD Segmentals

(RMmil)	HY `14	HY `13	+/-
Construction	145.7	120.5	+21
Properties	149.9	132.6	+13
Concessions	136.4	131.5	+4
<b>Group PBT</b>	<b>432.0</b>	<b>384.6</b>	<b>+12</b>

## Pretax Margins (YTD)

%	HY `14	HY `13
Construction	7.7	11.3
Properties	24.7	25.3
Concessions	n.m.	n.m.
<b>Group PBT</b>	<b>17.0</b>	<b>23.3</b>

# KEY HIGHLIGHTS

- **Steady growth in Q2** – Q2 net earnings grow to RM170m (+8%); for HY, revenues surge to RM2.54bn (+54%), net earnings improve 11% to RM336m
- **Property and construction drive growth** – strong construction and properties earnings growth (+21% and +13% respectively in HY)
- **KVMRT2 approved to proceed** – Cabinet approves project and PDP, major contract awards targeted starting from 2HY15
- **KVMRT1 progress accelerating** – 10% (UG) and 7% (PDP) financial progress achieved in Q2, will drive earnings and revenue this FY
- **Property presales slows down in Q2** – but still expect to achieve another record-breaking year for presales
- **Water restructuring deadlock deteriorates** – State withdraws final offer, Federal threatens to invoke WSIA

# KEY CORPORATE UPDATES



- RM25bn KVMRT2, PDP appointment approved by Cabinet; works expected to start latest in Q116, but trying to bring forward to Q415
- KVMRT1 - cumulative financial progress on underground works and PDP scope at 24% (+7%) and 34% (+10%) respectively at end HY14 (Q2); pace has picked up significantly in Q2
- 8km (42%) of tunnels mined; 2 breakthroughs achieved; 10 TBMs have been delivered; 7 TBMs presently tunneling; remaining 3 TBMs to commence tunneling by mid-2014
- Selangor water restructuring exercise still deadlocked; WSIA to be invoked?
- Property presales slow down to RM405m in Q2 (+63% y-o-y); RM1.7bn unbilled sales at end HY;



# CONSTRUCTION ORDER BOOK



- Current unbilled order book about **RM2.7 billion** (end Q2FY14)

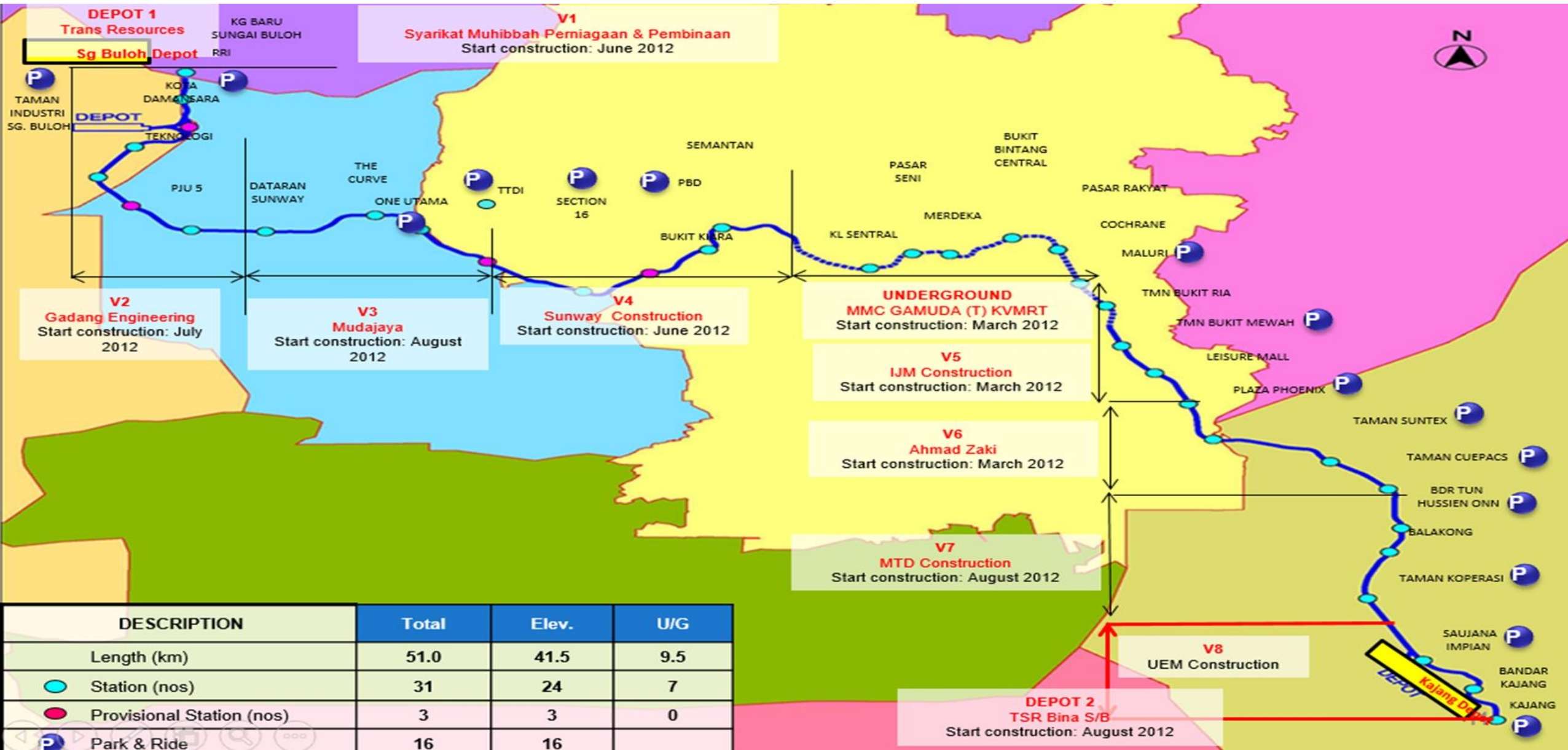
Major Projects	Balance works (RMbn)	Completion Status		Comments
		% now	completion date	
<u>Major Ongoing</u> KVMRT Line 1 (SBK Line) Tunneling (50% share)	2.7	34	2017	8km (42%) tunnels mined, 7 TBMs tunneling, 2 breakthroughs achieved, work ongoing at all 7 UG stations
<u>Nearing Completion</u> Northern Double Tracking Railway (50% share)	-	100	2014	Preparing for handover
<u>Recently Completed</u> Yenso Park STP NDIA – Ph 1, 2}	- -	100 100	2012 2012	Completed Completed

# CONSTRUCTION OUTLOOK



- Strong HY performance with surge in activity levels underpinned by KVMRT1; revenues expand 79% to RM1.9bn; PBT earnings rise 21% to RM146m; unbilled order book at RM2.7bn
- PBT margins steady at 7.7% in Q2 compared to 7.6% in Q1
- Tunneling/Underground works (34% financial completion) – 8km (42%) tunnels mined; 2 breakthroughs achieved (Pasar Rakyat, KL Sentral); 7 TBMs actively tunneling
- PDP/Elevated works (24% financial completion) – progress picks up significantly in Q2; focus mainly on above ground sections - pier construction, viaduct launchings, stations construction;
- KVMRT2 – final approval secured, awaiting formal PDP appointment, exploring methods to shorten lead time to contract awards

# SBK LINE – SUMMARY OF CIVIL PACKAGES



DESCRIPTION	Total	Elev.	U/G
Length (km)	51.0	41.5	9.5
Station (nos)	31	24	7
Provisional Station (nos)	3	3	0
Park & Ride	16	16	

# PROPERTIES OUTLOOK



- Modest HY performance; revenues rose 10% to RM577m whilst PBT rose 13% to RM150m; PBT margin dipped to 22% in Q2 (Q1:28%)
- Group achieved new presales of RM405m (+50%) in Q2 bringing HY presales to RM980m (+63%); unbilled sales unchanged at RM1.7bn;
- Market continues to cool off, more so in Iskandar; Presales at Horizon Hills has halved in Q2 compared to Q1; HY presales of RM450m
- Newly-launched Robertson 80% sold in 2 months;
- Despite cooling market, maintaining FY14 presales projections at RM1.9bn (+9% y-o-y);
- Landbanking efforts making good progress; maintain allocation of RM1.5bn for landbanking for FY14/15

# CONCESSIONS OUTLOOK

- Stable concession earnings in Q1
- Acquisition of additional 20% of Kesas completed;
- Selangor water deadlock deteriorates; Federal plans to invoke Section 114 of WSIA to takeover **water operations, not assets**
- Negotiations with Federal still ongoing

**Thank You**