

Gamuda Berhad

Bright Order Book Build-up Prospects

Corporate Update

April 2017

KEY HIGHLIGHTS



- **HY earnings growth driven by construction division** – pretax grew by 7% whilst net profit was relatively flat, on a 11% expansion in revenue; y-o-y; construction achieves a 46% growth, but property earnings fell 21% whilst concession earnings expanded a modest 7%
- **Order book stands at RM8.5bn** – this will generate a new earnings growth cycle for the group; construction activity expected to pick up significantly from FY18 onwards
- **KVMRT1** – 98% completed (UG), and 98% completed (elevated), giving an overall project completion of 98%; progressing on schedule with no significant cost overruns; on track for timely completion; Phase 1 service opened to public on 16 Dec, and Phase 2 (full line) scheduled for opening by end July '17
- **Strong construction sector prospects** – several large infrastructure projects expected to be rolled-out over the next 2/3 years; projects particularly suited to Group's core strengths; prospects for aggressive order book build-up over the next 2 years are promising
- **Penang Transport Master Plan (PTMP)** – securing Federal approvals still remains the key risk; Railway Scheme submitted to SPAD, DoE submission now expected by April '17; PDP validity extended again to August '17
- **Property presales doubled to RM780m in HY** – expect to achieve projected RM2.1bn for full year, given 3 major new township launches scheduled for 2017 (Kundang Estates, Gamuda Gardens, Twentyfive.7)
- **Splash disposal further delayed** – timeline for disposal uncertain again
- **Stronger 2HY ahead** – with KVMRT2 kick-off, record order book, FY17 should mark start of a new multi-year earnings growth cycle

KEY CORPORATE UPDATES



- **KVMRT2** – 90% of total project awarded to date; 31 works packages valued at over RM29bn awarded to date, comprising 1 Underground, 10 Viaduct, 2 Stations, 7 Systems packages, 2 designated supply packages, 1 depot package; Gamuda JV bags the coveted Underground Contract worth RM15.47bn; remaining awards to be done over the next 6 months
- **KVMRT2** - SSP (Sg Buloh-Serdang-Putrajaya) line to be 52km long (13.5km underground) with 37 stations (11 underground); 15 stations will have Park and Ride facilities; UG scope of works about 40% more than Line 1 (both in length and number of stations); estimated total project cost of around RM32bn
- **KVMRT3** – alignment studies are nearing completion; planned as a circle line to provide seamless connections between the several radial public transport train lines; running largely underground; project rollout targeted for late 2018
- **KVMRT1** - cumulative progress on underground works at 98% (+4%) and PDP scope 98% (+4%) respectively at end Q2 FY17; on track to meeting cost and time KPIs; Phase 1 (Northern section) opened for service on 16 Dec, whilst the entire Line 1 is scheduled for operations by end July '17
- **KVMRT2** – cumulative progress at 3%, ongoing works focused on site clearing, site establishment, utilities relocations, soil investigations; UG works will require 16 tunnel drives, using 12 TBMs; first tunnel drive expected to start in Nov 2017
- **PBT Margins** – for HY, construction margins improved to 9.7% (Q2:10.7%) as activity on KVMRT2 increases; however, property margins fell sharply to 14.6% (Q2:12.7%) due to unfavourable project mix (skewed towards lower margin overseas projects), and new Malaysian start-up projects
- **Property presales** – modest Q2 with RM350m achieved; presales ytd of RM780m; RM2bn unbilled sales at end Q2; maintaining RM2.1bn presales for full year; stronger presales in coming quarters with planned launches of 3 major new townships
- **Splash disposal** – unfortunately could not conclude in Q1 as expected

INCOME STATEMENT SUMMARY



(RMmil)	HY ended Jan '17	HY ended Jan '16	Change (%)
Revenue	1,358.8	1,040.2	+31
Profit from operations (EBIT)	301.9	218.7	+38
Finance Costs	(55.6)	(59.4)	-6
Share of JVs (net of tax)	69.3	122.0	-43
Share of associates (net of tax)	108.7	103.4	+5
Profit before tax	424.3	384.7	+10
Tax	(70.0)	(41.9)	+67
Minority Interests	(25.8)	(21.5)	+20
Net profit attributable to equity holders	328.4	321.3	+2
Fully diluted EPS (sen)	13.1	13.4	
Dividend per share (sen)	6.0	6.0	
EBIT margins (%)	22.2	21.0	
PBT margins (%)	31.2	37.0	

INCOME STATEMENT (before FRS 11)



(RMmil)	HY ended Jan '17	HY ended Jan '16	Change (%)
Revenue	2,412.0	2,182.1	+11
Profit from operations (EBIT)	413.5	388.9	+6
Finance Costs	(62.6)	(64.7)	-3
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	108.7	103.4	+5
Profit before tax	459.5	427.7	+7
Tax	(105.3)	(84.8)	+24
Minority Interests	(25.8)	(21.5)	+20
Net profit attributable to equity holders	328.4	321.3	+2
Fully diluted EPS (sen)	13.1	13.4	
Dividend per share (sen)	6.0	6.0	
EBIT margins (%)	17.1	17.8	
PBT margins (%)	19.1	19.6	

BALANCE SHEET SUMMARY



(RMmil)	As at 31 Jan '17	As at 31 July '16
Current Assets	5,649.3	5,146.7
Current Liabilities	1,570.2	2,168.7
Current Ratio	3.6x	2.4x
Total borrowings	4,997.0	4,808.3
Cash and marketable securities	1,189.1	1,472.9
Net cash	(3,807.9)	(3,335.4)
Share capital	2,425.0	2,419.0
Reserves	4,860.3	4,459.2
Non-controlling interests	345.6	336.0
Total Equity	7,631.0	7,214.2
Net gearing (overall)	50%	46%

QUARTERLY SEGMENTAL PROFITS (before FRS 11)



(RMmil)	Q216	Q316	Q416	Q117	Q2 `17	Q12`16	+/-
Construction & Eng	47.1	42.2	78.4	59.3	84.2	47.1	+79
Properties	59.0	49.1	45.7	47.7	51.1	59.0	-13
Concessions	105.4	109.1	99.8	113.4	103.8	105.4	-2
Group Pretax Profit	211.5	200.4	223.9	220.5	239.1	211.5	+13
Group Net Profit	160.1	152.7	152.1	162.1	166.3	160.1	+4

YTD Segmental PBT

YTD PBT Margins

(RMmil)	HY17	HY16	+/-	%	HY17	HY16
Construction	143.5	98.1	+46	Construction	9.7	6.9
Properties	98.8	125.8	-21	Properties	14.6	23.4
Concessions	217.2	203.7	+7	Concessions	n.m.	n.m.
Group PBT	459.5	427.6	+7	Group PBT	19.1	19.6

CONSTRUCTION ORDER BOOK

- Current unbilled order book about **RM8.5 billion** (Jan 2017)

Major Projects	Balance works (RMbn)	Completion Status		Comments
		% now	completion date	
<u>Recently Secured</u>				
KVMRT Line 2 (SSP Line) Underground (50% share)	7.5	3	Mid-2022	Works are gaining momentum
Pan Borneo Sarawak (65% share)	0.9	5	Early 2021	Site preparation, preliminary works have commenced
<u>Nearing Completion</u>				
KVMRT Line 1 (SBK Line) Underground (50% share)	0.1	98	July 2017	Phase 1 opened for service. Phase 2 to be opened for service by July '17

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

Thank You