

Gamuda Berhad

Major Uncertainties Ahead

HY '20 INVESTORS' BRIEFING

25 March 2020

KEY HIGHLIGHTS



- **Multiple crises present major challenges for new government** – ongoing health, economic and oil crises globally, coupled with recent domestic political upheavals, will push the new government to its limits; newly installed Cabinet will have to hit the ground running, and confront challenges never seen before
- **Awaiting new economic policies and direction** – strong possibility of aggressive pump priming to cushion impending economic downturn and stabilize economy; shovel-ready projects could be fast-tracked to generate maximum economic benefits in the shortest possible time
- **KVMRT3, PSR projects are shovel-ready** – if approved, these projects can be rolled out by year end; the Penang South Reclamation (PSR) project is awaiting State's nod to proceed; the Penang LRT project may face financing issues depending on whether the new Federal government will continue to guarantee the State bonds
- **Disposal of toll highways still in limbo** – looking to engage with the new MoF to ascertain the way forward

INCOME STATEMENT



(RMmil)	HY ended 31 Jan '20	HY ended 31 Jan '19	Change (%)
Revenue	2,186.5	2,029.0	+8
Profit from operations (EBIT)	324.9	352.5	-8
Finance Costs	(59.0)	(48.5)	+22
Share of JVs (net of tax)	95.6	85.7	+12
Share of associates (net of tax)	76.1	59.9	+27
Profit before tax	437.7	449.6	-3
Tax	(66.2)	(73.9)	-10
Minority Interests	(22.7)	(30.6)	-26
Net profit attributable to equity holders	348.8	345.2	+1
Fully diluted EPS (sen)	14.1	14.0	
Dividend per share (sen)	6.0	6.0	
EBIT margins (%)	14.9	17.4	
PBT margins (%)	20.0	22.2	

INCOME STATEMENT (before FRS 11)



(RMmil)	HY ended 31 Jan '20	HY ended 31 Jan '19	Change (%)
Revenue	4,025.5	3,479.0	+16
Profit from operations (EBIT)	468.4	476.0	-
Finance Costs	(69.8)	(57.0)	+22
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	76.1	59.9	+27
Profit before tax	474.7	478.9	-1
Tax	(103.2)	(103.2)	unch
Minority Interests	(22.7)	(30.6)	-26
Net profit attributable to equity holders	348.8	345.2	+1
Fully diluted EPS (sen)	14.1	14.0	
Dividend per share (sen)	6.0	6.0	
EBIT margins (%)	11.6	13.7	
PBT margins (%)	11.8	13.8	

BALANCE SHEET SUMMARY



(RMmil)	As at 31 Jan '20	As at 31 July '19
Current Assets	8,544.7	8,087.3
Current Liabilities	5,609.6	5,098.7
Current Ratio	1.5x	1.6x
Total borrowings	5,824.2	5,143.7
Cash and marketable securities	2,392.6	1,848.9
Net cash	(3,431.6)	(3,294.8)
Share capital	3,505.0	3,469.7
Reserves	4,775.7	4,601.6
Non-controlling interests	398.5	399.3
Total Equity	8,679.1	8,470.6
Net gearing (overall)	40%	39%
Net assets per share (RM)	3.34	3.26

QUARTERLY SEGMENTAL PROFITS



(RMmil)	Q219	Q319	Q419	Q120	Q2 `20	Q2 `19	%
Construction & Eng	93.2	89.3	48.0	85.5	109.3	93.2	+17
Properties	57.5	86.4	150.6	63.9	51.0	57.5	-11
Concessions	88.7	78.7	41.7	81.7	83.3	88.7	-16
Group Pretax Profit	239.4	254.4	240.4	231.1	243.6	239.4	+2
Group Net Profit	172.0	176.0	185.0	173.6	175.2	172.0	+2

YTD Segmental PBT

YTD PBT Margins

(RMmil)	HY '20	HY '19	%	%	HY '20	HY '19
Construction	194.8	191.7	+2	Construction	7.3	8.9
Properties	114.9	104.1	+10	Properties	10.4	9.8
Concessions	165.0	183.2	-10	Concessions	n.m	n.m
Group PBT	474.7	478.9	-1	Group PBT	11.8	13.8

CASH FLOW SUMMARY



(RM mil)	HY ended Jan '20	HY ended Jan '19
Net cash generated from/(used in) operating activities	(9.1)	63.8
Net cash used in investing activities	(320.4)	(161.2)
Net cash generated from financing activities	691.0	108.3
Net increase/(decrease) in cash and cash equivalents	361.5	10.9
Effects of exchange rate changes	(7.2)	15.7
Cash and cash equivalents at beginning of the period	1,081.1	977.1
Cash and cash equivalents at end of the period	1,435.4	1,003.7

GROUP BORROWINGS AND DEBT SECURITIES



(RM mil)	As at 31 Jan '20	As at 31 Jan '19
Long Term Borrowings		
Medium Term Notes	2,185.0	2,575.0
Term Loans	829.7	1,767.1
Revolving Credits	57.5	102.8
	3,072.2	4,444.9
Short Term Borrowings		
Medium Term Notes	590.0	490.0
Commercial Papers	400.0	150.0
Term Loans	771.6	186.3
Revolving Credits	990.5	775.5
	2,752.1	1,601.8
Total Borrowings	5,824.2	6,046.6

KEY UPDATES – Construction

- **Construction sector prospects likely to improve** – amidst an impending sharp economic downturn, the urgency to embark on aggressive pump priming is clear; among shovel ready projects is the KVMRT3, the third and final circle line under the KVMRT masterplan
- **Second project win in Taiwan** – the NTD6.8b (RM932m) Seawall project was won by a 70%-owned JV on an open tender, and comes just 9 months after the same JV won another RM522m Marine Bridge project; the new project involves the construction of a 4km seawall structure for a State-owned port operations company
- **Increased uncertainty for PTMP** – the recent change in the Federal government makes Penang an opposition State again; this could delay some components within the PTMP, but the PSR component (Penang South Reclamation) is likely to go ahead pending the State's final decision; meanwhile, the PDP agreement is now expected to be signed in Q2 this year
- **Martinus JV agreement has failed to conclude** – despite signing the HoA, the JV partners have failed to conclude the Definitive Agreement; Gamuda will therefore pursue its Australian ambitions using alternative approaches
- **Steady HY performance** – PBT improved 2% to RM195m; margins fell to 7.3% from 8.9% due to lower profitability of the ongoing MRT2 project; order book stands at RM8.2b

CONSTRUCTION ORDER BOOK



- Current unbilled order book about **RM8.2 billion** (Jan 2020)

Major Projects	Balance works (RMb)	Completion Status		Comments
		% now	completion year	
1) KVMRT Line 2 (50% share)	5.8	62	2022	Tunnelling works nearing completion
2) Pan Borneo Sarawak (65% share)	0.3	48	2021	Work momentum steadily building up
3) Marine bridge, Taiwan (70% share)	0.4	6	2022	Newly secured
4) Bus depot, Singapore (45% share)	0.4	0	2023	Mobilization ongoing
5) Seawall project, Taiwan (70% share)	0.7	0	2025	Second Taiwan win within a year
6) Other local projects	0.6	various	various	Building works

KEY UPDATES – Properties

- **HY presales total RM1b (-25% y-o-y)** – both Q1 and Q2 achieved about RM0.5b each; overseas sales continue to outpace local sales 2 to 1; unbilled sales total RM2.3b at end Q2
- **OLA, our second Singapore project launched** – located in Anchorvale Crescent, Sengkang, this RM2b GDV executive condo project received very good response during its maiden launch last week
- **Q2 performance declined slightly** – although HY PBT was up 10% y-o-y to RM115m, Q2 PBT declined 20% to RM51m compared to Q1 this year; PBT margins also fell to 8.9% in Q2 from 12.1% in Q1, dragged down by significant upfront costs associated with the new townships
- **Several placemaking initiatives at townships completed** – despite the soft domestic market, all 3 major townships have completed several placemaking initiatives; the Discovery Park in Gamuda Cove is now open to the public, the Waterfront Village in Gamuda Gardens, a lakeside retail village, has been completed, and Quayside Mall in twentyfive.7 is on track to open to the public in 3 months' time

KEY UPDATES – Concessions

- **Toll highway disposal in limbo** – the unexpected change in the Federal government has cast uncertainty over whether the disposal will be concluded; we continue to await a decision from the MoF

Thank You