

Gamuda Berhad

Modest 1HY, Stronger 2HY

Q2'24 INVESTORS' BRIEFING

27 March 2024

KEY HIGHLIGHTS



- **Modest HY growth** – group revenues surged 70% to RM6.2b, net profit rose 19% to RM404m, driven by strong overseas performances at both GE and GL; consequently, overseas shares of group revenues and net profits remain high at 76% (44% previous HY) and 64% (43% previously) respectively
- **Q2 also grew modestly** – group revenues rose 53% to RM3.4b compared to Q2 last year, whilst net earnings grew a modest 7% to RM209m, despite a substantial decline in domestic construction revenues and earnings; overseas revenues surged 180% whilst overseas net earnings grew 24%, sufficient to offset the decline in domestic construction
- **GE doubles revenues in HY** – despite declining domestic revenues, overseas revenues propelled overall revenues to RM4.7b (+90%), well on track for its RM10b target (FY24); the revenue surge was powered by progress on Australian projects, as well as the consolidation of DTI into the group; overseas activities now account for 86% of GE’s revenues, and 58% of its RM239m (+5%) net earnings
- **GL achieves steady growth** – HY revenues and net profit rose to RM1.6b (+29%) and RM165m (+46%) respectively; the division expects stronger quarters ahead to achieve its RM5.0-5.5b revenue target for FY24, underpinned by sustained growth, lumpy recognitions and strong secured bookings; HY sales totaled RM1.2b (+13%), and is expected to pick up momentum in coming quarters; targeted sales for FY24 has been revised down to RM5b; unbilled sales stand at RM6.7b
- **Project pipeline remains strong** – despite delays in some project roll-outs, GE expects to meet its RM25b new order book wins target for FY24/25; outcomes of several shortlisted projects in Australia are expected starting mid this year; domestically, targeted projects are making progress; new project wins are expected to pick-up in 2HY
- **Stronger 2HY expected** – 1HY performance was impacted by some delayed approvals, some project start-up delays and timing issues; these issues are being progressively resolved, and will result in a stronger 2HY performance

INCOME STATEMENT (as reported, continuing operations only)



(RMmil)	HY ended 31 Jan '24	HY ended 31 Jan '23	Change (%)
Revenue	6,212.2	3,654.2	+70
Profit from operations (EBIT)	412.1	313.5	+31
Finance Costs	(62.7)	(45.1)	+39
Share of JVs (net of tax)	121.2	144.6	-16
Share of associates (net of tax)	8.8	1.8	+378
Profit before tax	479.4	414.8	+16
Tax	(61.3)	(59.2)	+4
Non-controlling interests	(14.2)	(16.1)	-11
Net profit attributable to equity holders	403.8	339.6	+19
Fully diluted EPS (sen)	14.6	12.9	
Dividend per share (sen)	6.0	44.0*	
<i>* including 38 sen Special Dividend</i>			
EBIT margins (%)	6.6	8.6	
PBT margins (%)	7.7	11.3	

BALANCE SHEET



(RMmil)	As at 31 Jan '24	As at 31 July '23
Current Assets	16,371.8	15,223.2
Current Liabilities	6,571.3	6,812.0
Current Ratio	2.5x	2.2x
Total borrowings	8,140.3	6,923.7
Cash and marketable securities	4,793.3	4,177.3
Net cash (borrowings)	(3,347.0)	(2,746.4)
Share capital	4,347.9	4,078.1
Reserves	7,186.6	6,713.0
Non-controlling interests	150.2	135.5
Total Equity	11,684.7	10,926.6
Net gearing (overall)	29%	25%
Net assets per share (RM)	4.21	4.05

QUARTERLY SEGMENTAL PROFITS

(as reported, continuing operations only)

(RMmil)	Q223	Q323	Q423	Q124	Q224	Q223	%
Construction & Eng	152.6	181.3	172.9	133.0	136.9	152.6	-10
Properties	77.5	128.1	160.6	106.7	102.8	77.5	+33
Group Pretax Profit	230.1	309.5	333.5	239.7	239.7	230.1	+4
Group Net Profit	194.6	223.3	251.8	195.0	208.8	194.6	+7

YTD Segmental PBT

YTD PBT Margins

(RMmil)	HY24	HY23	%	%	HY24	HY23
Construction	269.9	264.1	+2	Construction	5.8	10.8
Properties	209.5	150.7	+39	Properties	13.5	12.5
Group PBT	479.4	414.8	+16	Group PBT	7.7	11.3

SEGMENTAL ANALYSIS (continuing operations only, by segment & geography)



(RMm)	HY ended 31 Jan '24	HY ended 31 Jan '23	Change (%)
Revenue (by segment)			
Construction	4,656.4	2,451.4	+90
Properties	1,555.8	1,202.8	+29
Total Revenue	6,212.2	3,654.2	+70
Net Profit (by segment)			
Construction	239.2	227.2	+5
Properties	164.6	112.4	+46
Total Net Profit	403.8	339.6	+19
Revenue (by geography)			
Overseas	4,728.8 (76%)	1,601.0 (44%)	+195
Malaysia	1,483.4 (24%)	2,053.2 (56%)	-28
Total Revenue	6,212.2 (100%)	3,654.2 (100%)	+70
Net Profit (by geography)			
Overseas	257.0 (64%)	146.0 (43%)	+76
Malaysia	146.8 (36%)	193.6 (57%)	-24
Total Net Profit	403.8 (100%)	339.6 (100%)	+19

SEGMENTAL ANALYSIS (continuing operations only, overseas segments)



(RMm)	HY ended 31 Jan '24	HY ended 31 Jan '23	Change (%)
Overseas revenue (by segment)			
Construction	4,014.2	1,015.3	+295
Properties	714.6	585.6	+22
Total Revenue	4,728.8	1,601.0	+195
Overseas net profit (by segment)			
Construction	137.8	32.6	+322
Properties	119.3	113.4	+5
Total Net Profit	257.0	146.0	+76
Overseas net margin (%) (by segment)			
Construction	3.4	3.2	
Properties	16.7	19.4	
Overall overseas margin	5.4	9.1	

CASH FLOW SUMMARY



(RM mil)	HY ended 31 Jan '24	HY ended 31 Jan '23
Net cash (used in)/ generated from operating activities	(335.4)	(335.7)
Net cash (used in)/generated from investing activities	(393.7)	2,235.3
Net cash generated from/(used in) financing activities	1,299.6	(1,401.5)
Net (decrease) increase in cash and cash equivalents	570.5	498.1
Effects of exchange rate changes	35.0	(85.9)
Cash and cash equivalents at beginning of the period	2,830.6	1,908.4
Cash and cash equivalents at end of the period	3,436.1	2,320.6

GROUP BORROWINGS AND DEBT SECURITIES



(RM mil)	As at 31 Jan '24	As at 31 July '23
Long Term Borrowings		
Medium Term Notes	2,650.0	2,650.0
Term Loans	3,889.4	2,864.0
Revolving Credits	0.0	0.0
	6,539.4	5,514.0
Short Term Borrowings		
Medium Term Notes	0.0	200.0
Commercial Papers	200.0	200.0
Term Loans	314.7	177.0
Revolving Credits	1,086.2	832.6
	1,600.9	1,409.7
TOTAL BORROWINGS	8,140.3	6,923.7

KEY UPDATES – Construction



- **Powered by overseas projects** – overseas projects delivered explosive revenue growth, comfortably offsetting a significant decline in domestic revenues; in HY, overseas revenues surged four-fold to RM4.0b and more than three-fold to RM2.1b in Q2; overseas now accounts for 86% and 58% of GE revenues and PBT respectively
- **Overseas profitability grew at a respectable pace** – from having turned profitable just over a year ago, overseas PBT grew nearly 7-fold to RM156m, whilst net profit expanded 4-fold to RM138m; overseas PBT margins improved to 4% from 2% in the HY period
- **Overseas earnings cushions fall in domestic earnings** – the significant decline in domestic earnings since the completion of MRT2 last year has been cushioned by the increase in overseas earnings; consequently, for the HY period, the division managed to achieve a nominal PBT growth to RM270m (+2%)
- **PSI works off to a slow start** – about 15 acres of land have been reclaimed to date; the works will gain significant momentum in the next few months once the projects adds on 2 new dredgers to the existing 2 dredgers in operation
- **Australian projects all on schedule** – SMW-WTP is progressing at full swing and is 54% completed; Coffs Harbour has achieved 32% completion and tunnelling works have commenced; the M1 Motorway project is nearing 20% completion
- **Penang LRT a high priority project for Fed** – discussions are at an advanced stage to finalize the implementation model of the project, which will be Federal funded
- **Upper Padas Hydro dam negotiations making good progress** – we anticipate that the project’s financial close will be achieved in the coming months

CONSTRUCTION ORDER BOOK (Malaysia)



- Total group unbilled order book about **RM24.1 billion** (Jan 2024)

Remaining Projects	Balance works (RMb)	Completion Status		Comments
		% now	Award/ Completion year	
<u>MALAYSIA (TOTAL RM5.4b/22%)</u>				
1) Silicon Island - Phase 1	3.7	1	2023/2030	About 15 acres reclaimed to date
2) Rasau WTP –Phase 1	1.7	12	2022/2025	Mobilizing
3) Pan Borneo Sarawak (65% share)	0.0	99	2020/2022	Demobilizing
4) Others	0.0	n.a.	various	Mostly completed
5) Upper Padas hydro	0.0	n.a.	pending finalization	JVA agreement signed; project pending finalization
Total Malaysia	5.4			

CONSTRUCTION ORDER BOOK (Overseas Australia)

Remaining Projects	Bal works (RMb)	Completion Status		Comments
		% now	Award/ Completion year	
<u>OVERSEAS AUSTRALIA</u> <u>(TOTAL RM11.1b/46%)</u>				
<u>Australia</u>				
1) SMW-WTP (100% share)	4.1*	48	2022/2026	* More VOs pending approval
2) Coffs Harbour Bypass (50% share)	1.6	20	2022/2027	On schedule
3) M1 Motorway (40% share)	1.1	15	2023/2028	On schedule
4) DTI projects	4.3	n.a.	various	Shortlisted for several projects
Total Australia	11.1			

CONSTRUCTION ORDER BOOK (Overseas Others)



Remaining Projects	Bal works (RMb)	Completion Status		Comments
		% now	Award/ Completion year	
<u>OVERSEAS OTHERS</u> <u>(TOTAL RM7.5b/31%)</u>				
<u>Taiwan</u>				
1) Marine bridge (70% share)	0.0	90	2019/2023	Nearing completion
2) Seawall reclamation (70% share)	0.2	75	2020/2025	On schedule
3) Transmission line (50% share)	0.2	14	2021/2025	Launch shaft under construction
4) Marine bridge ext (70% share)	0.1	81	2022/2024	Ahead of schedule
5) Tao Yuan underground (60% share)	1.1	1	2022/2030	Site clearing, mobilization works
6) Kaoshiung MRT YC01 (88% share)	2.9	0	2023/2032	Breakthrough into MRT sector
Total Taiwan	4.5			
<u>Singapore</u>				
1) Bus depot (100% share)	0.4	58	2019/2023	EOT application submitted
2) Defu station, tunnels (60% share)	0.8	16	2022/2030	1 st MRT project
3) West Coast Station (100% share)	1.8	0	2023/2032	2 nd MRT project
Total Singapore	3.0			

KEY UPDATES – Properties

- **Steady growth for GL** – for HY, revenue rose to RM1.6b (+29%), PBT grew to RM209m (+39%), and net profit improved to RM165m (+46%); revenue growth was underpinned by both overseas and domestic projects, whilst PBT growth was driven mainly by domestic operations; PBT margins improved to 13.5% from 12.5% for the group
- **Sales improved in Q2** – sales totaled RM720m, bringing HY sales to RM1.2b (+13%); sales are expected to increase significantly in 2HY as lumpy recognitions and secured bookings totaling RM0.6b are converted to sales; targeted sales for FY24 has been reduced to RM5.0b from RM5.6b previously; unbilled sales stand at RM6.7b
- **Domestic sales increase significantly** – domestic sales now account for 70% of total sales in HY, as Celadon City winds down faster than the new QTPs can ramp up; top selling domestic projects include Gamuda Cove, Gamuda Gardens, Horizon Hills and twentyfive7; the top selling QTP by far is Elysian which is now 90% sold
- **2 new projects to drive future sales** – Gardens Park (adjacent to Gamuda Gardens) is expected to be launched by mid-24 (RM4b GDV), together with Eaton Park in HCMC (RM5.1b GDV); these 2 new developments are expected to drive future sales with projected strong take-up rates given their strategic locations and product offerings
- **GL expects to near double its revenue in FY24** – as with previous FYs, the division's strongest performance tends to occur in 2HY, particularly in Q4; FY24 is expected to be no different; the division targets FY24 revenue of between RM5.0-5.5b (+76%-95%)
- **More QTPs to be added to portfolio** – with a total of 8 QTPs in its current portfolio, the group expects to add another 2 QTPs in 2024, and 2 or 3 new QTPs every year thereafter

Thank You