

Gamuda Berhad

Short-Term Project Uncertainties

Q3 2018 INVESTORS' BRIEFING

27 June 2018

INCOME STATEMENT SUMMARY

(RMmil)	9 months to Apr '18	9 months to Apr '17	Change (%)
Revenue	3,012.2	2,198.2	+37
Profit from operations (EBIT)	538.8	472.2	+14
Finance Costs	(76.7)	(86.8)	-12
Share of JVs (net of tax)	166.8	95.0	+76
Share of associates (net of tax)	152.7	165.2	-8
Profit before tax	781.6	645.6	+21
Tax	(127.0)	(112.9)	+13
Minority Interests	(39.6)	(33.3)	+19
Net profit attributable to equity holders	615.0	499.3	+23
Fully diluted EPS (sen)	24.1	19.8	
Dividend per share (sen)	12.0	12.0	
EBIT margins (%)	17.9	21.5	
PBT margins (%)	25.9	29.4	

INCOME STATEMENT (before FRS 11)

(RMmil)	9 months to Apr '18	9 months to Apr '17	Change (%)
Revenue	5,282.1	4,033.3	+31
Profit from operations (EBIT)	762.1	623.7	+22
Finance Costs	(89.4)	(92.6)	-3
Share of JVs (net of tax)	-	-	
Share of associates (net of tax)	152.7	165.2	-8
Profit before tax	825.4	696.3	+18
Tax	(170.9)	(163.7)	+4
Minority Interests	(39.6)	(33.3)	+19
Net profit attributable to equity holders	615.0	499.3	+23
Fully diluted EPS (sen)	24.1	19.8	
Dividend per share (sen)	12.0	12.0	
EBIT margins (%)	14.4	15.5	
PBT margins (%)	15.6	17.3	

BALANCE SHEET SUMMARY

(RMmil)	As at 30 Apr '18	As at 31 Jul '17
Current Assets	7,825.3	6,434.5
Current Liabilities	3,532.6	2,566.6
Current Ratio	2.2x	2.5x
Total borrowings	5,708.0	5,243.3
Cash and marketable securities	1,413.6	1,042.1
Net cash	(4,294.4)	(4,201.2)
Share capital	3,427.6	3,372.4
Reserves	4,328.5	4,103.6
Non-controlling interests	372.7	369.1
Total Equity	8,128.9	7,845.1
Net gearing (overall)	53%	54%
Net assets per share (RM)	3.15	3.05

QUARTERLY SEGMENTAL PROFITS (before FRS 11)

(RMmil)	Q317	Q417	Q118	Q2 `18	Q3 `18	Q3 `17	+/-
Construction & Eng	87.4	78.6	105.7	122.7	103.5	87.4	+18
Properties	45.0	96.4	49.9	58.5	60.5	45.0	+34
Concessions	104.5	119.5*	114.0	109.3	101.3	104.5	-3
Group Pretax Profit	236.7	294.5*	269.5	290.5	265.4	236.7	+12
Group Net Profit	170.9	201.3*	203.1	211.2	200.7	170.9	+17

* normalised earnings, before one-off impairment of RM98.5m for SMART assets

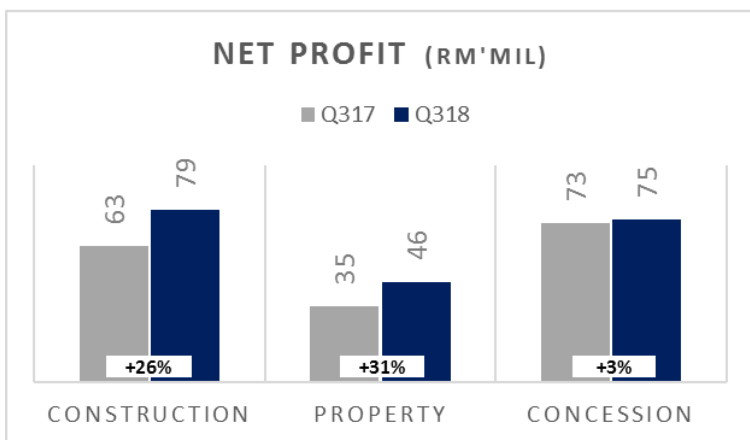
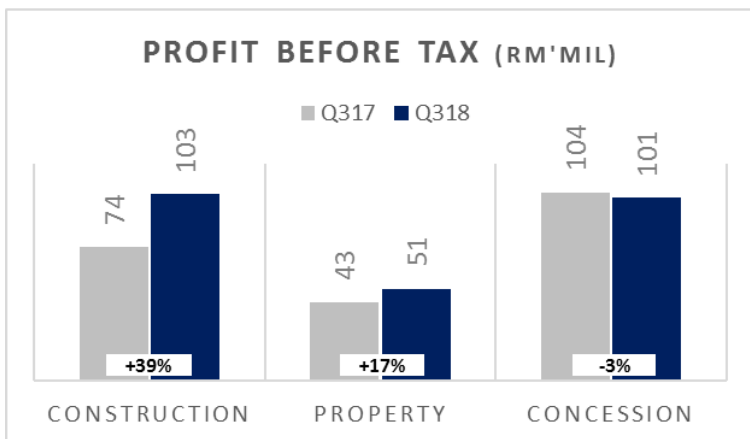
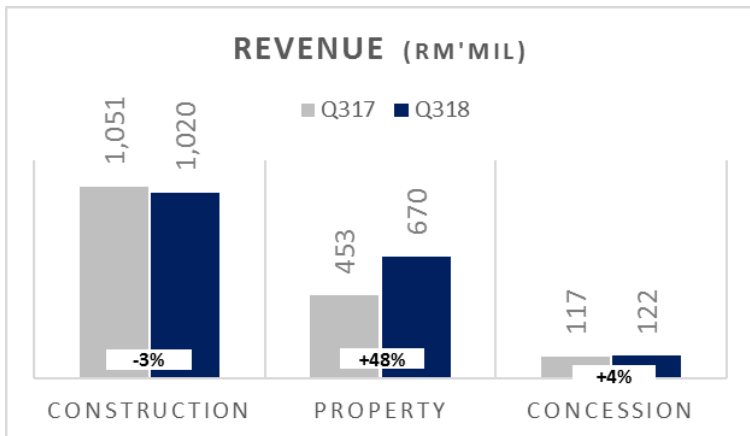
YTD Segmental PBT

YTD PBT Margins

(RMmil)	9M18	9M17	+/-	%	9M18	9M17
Construction	331.9	230.9	+44	Construction	10.6	9.1
Properties	168.9	143.8	+17	Properties	9.5	12.7
Concessions	324.6	321.6	+1	Concessions	n.m.	n.m.
Group PBT	825.4	696.3	+18	Group PBT	15.6	17.3

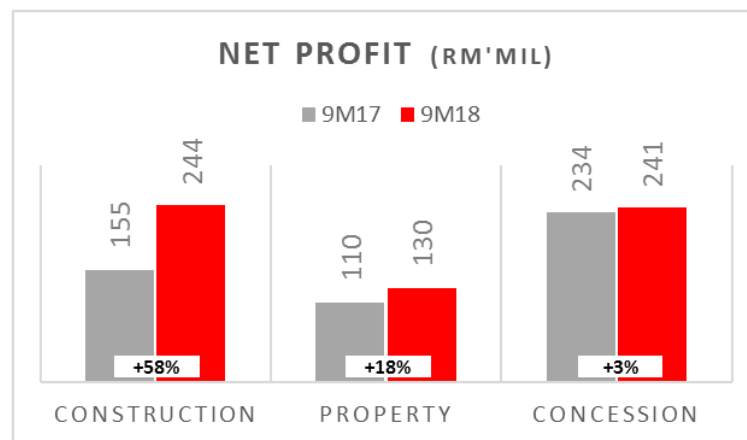
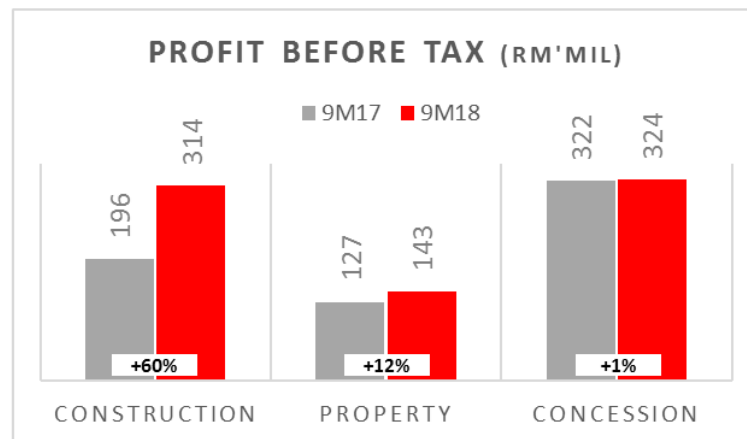
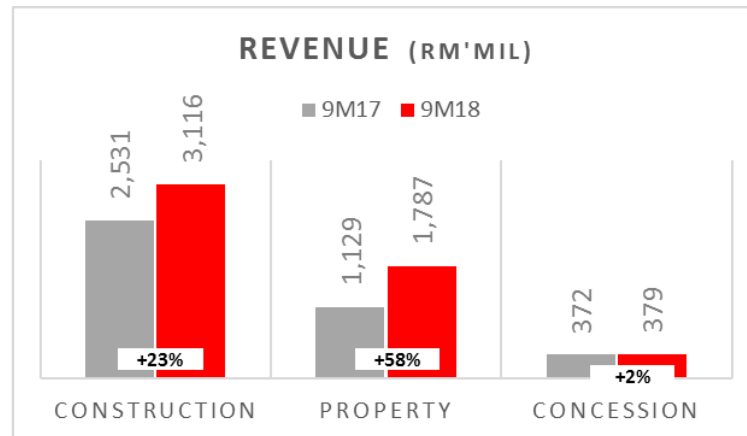
INDIVIDUAL QUARTERS

Post FRS11

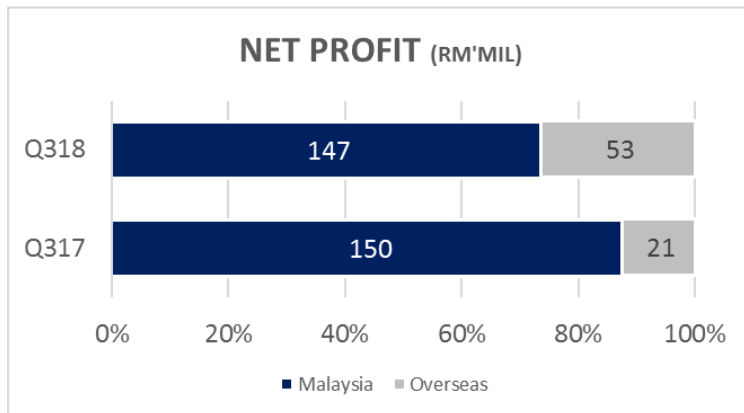
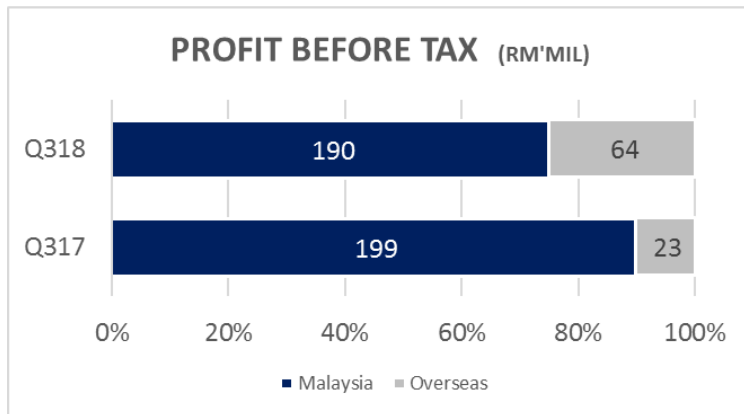
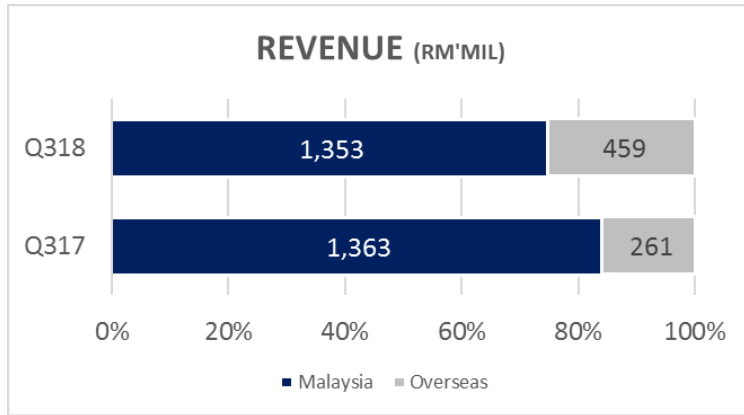


CUMMULATIVE QUARTERS

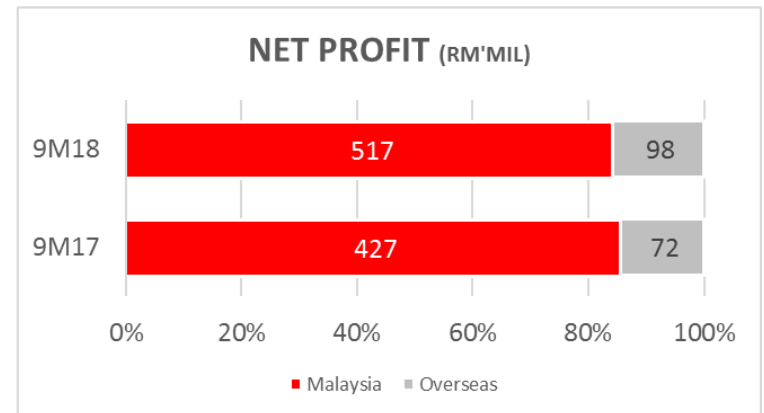
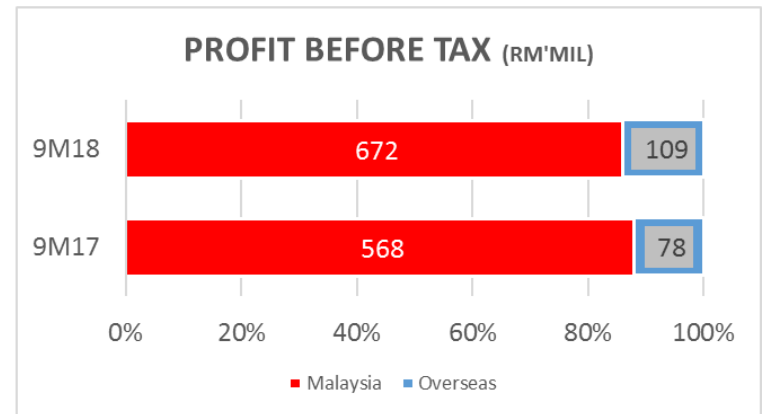
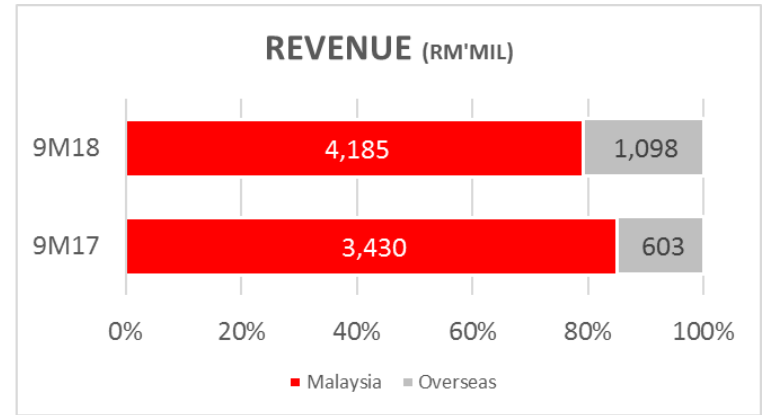
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INDIVIDUAL QUARTERS



CUMMULATIVE QUARTERS



KEY HIGHLIGHTS



- **GE14 changes construction landscape** – two key mega projects deferred (HSR, KVMRT3); KVMRT2 exploring project cost cuts; ECRL to be renegotiated; other ongoing projects unlikely to see major changes
- **Highlights of new landscape** – competitive bidding; smaller, affordable projects more likely; projects beneficial to M40, B40; minimize foreign contractors; future of PDP model unclear; more policy clarity in coming months
- **The positives** – greater Federal-State cooperation (Selangor, Penang); positive for PTMP, Splash; PTMP rollout, Splash conclusion high on Penang, Selangor priorities respectively; no more competition from foreign contractors, esp Chinese
- **Up to a year for new project rollouts** – targetting for PTMP to secure all Federal approvals (MoT, DoE) by Q4 this year; finalization of PDP agreement ongoing; exploring scaled-down project opportunities (HSR, MRT3)
- **Strong Q3 performance** – revenue expanded 31%, PBT grew 19%, net profit improved 23%; both construction, properties contributed to earnings growth
- **On track for record earnings this year and next** – KVMRT2 will achieve peak billings, whilst locked-in strong property presales will drive earnings

KEY UPDATES – Construction



- **Strong construction growth** – revenue growth of 23% to RM3.1b and PBT growth of 44% to RM332m compared to RM2.5b and RM231m respectively in 9M17, driven by higher work progress for KVMRT2
- **KVMRT2** – overall PDP and UG progress at 22% and 31% respectively at end May 2018; RM31b representing 98% of overall work packages have been awarded; the first two TBM drives, both launching from Bandar Malaysia North Station to Chan Sow Lin station commenced in March 2018 and May 2018 respectively
- **Pan Borneo Sarawak** – progress on track at 25%
- **Penang Transport Master Plan (PTMP)** – Railway Scheme for the LRT and EIA for the PIL1 and reclamation works have been submitted to the relevant Federal Government agencies; discussions with the relevant State and Federal Government agencies have intensified, targeting to obtain approvals by Q4 2018
- **Order book stands at RM6.4b** – to underpin earnings growth and visibility up to FY20

CONSTRUCTION ORDER BOOK

- Current unbilled order book about **RM6.4 billion** (Apr 2018)

Major Projects	Balance works (RMbn)	Completion Status		Comments
		% now	completion date	
<u>Ongoing</u>				
KVMRT Line 2 (SSP Line) Underground (50% share)	5.8	25	Mid-2022	Works in full swing; tunnel drives have commenced
Pan Borneo Sarawak (65% share)	0.6	25	Early 2021	Work momentum steadily building up

KEY UPDATES – Properties

- **On track to achieve full year RM3.5bn presales target** – Q3 presales totalled RM0.7b (Q317: RM0.6b) and ytd presales of RM2.6b (+86% y-o-y); this should translate into stronger property earnings in coming years; unbilled sales totalled RM2.2b at end Q3
- **Driven by overseas projects** – 9M presales were dominated by overseas projects, notably Vietnam and Singapore; two-thirds of group presales came from overseas projects, and one-third locally
- **Local sales underpinned by new project launches** – Gamuda Gardens and twentyfive.7 have seen healthy take-up rates since official launches; other local projects achieving satisfactory sales include Horizon Hills, Jade Hills and The Robertson
- **Margins still under pressure** – 9M margins of 9.5% (HY18:9.7%) vs 12.7% in 9M17 reflect sales mix (skewed towards less profitable overseas projects), and start-up margins of new local townships; margins expected to stabilize at current levels
- **Gamuda Cove launch planned for Q4 18** – Gamuda Cove, a future landmark township development with a GDV of RM20bn on 1,530 acres located opposite Cyberjaya/ Putrajaya interchange and 15 minutes from KLIA will be launched in Q4 2018