

Gamuda Berhad

Recovery ongoing, but Q4 outlook uncertain

Q3 '21 INVESTORS' BRIEFING

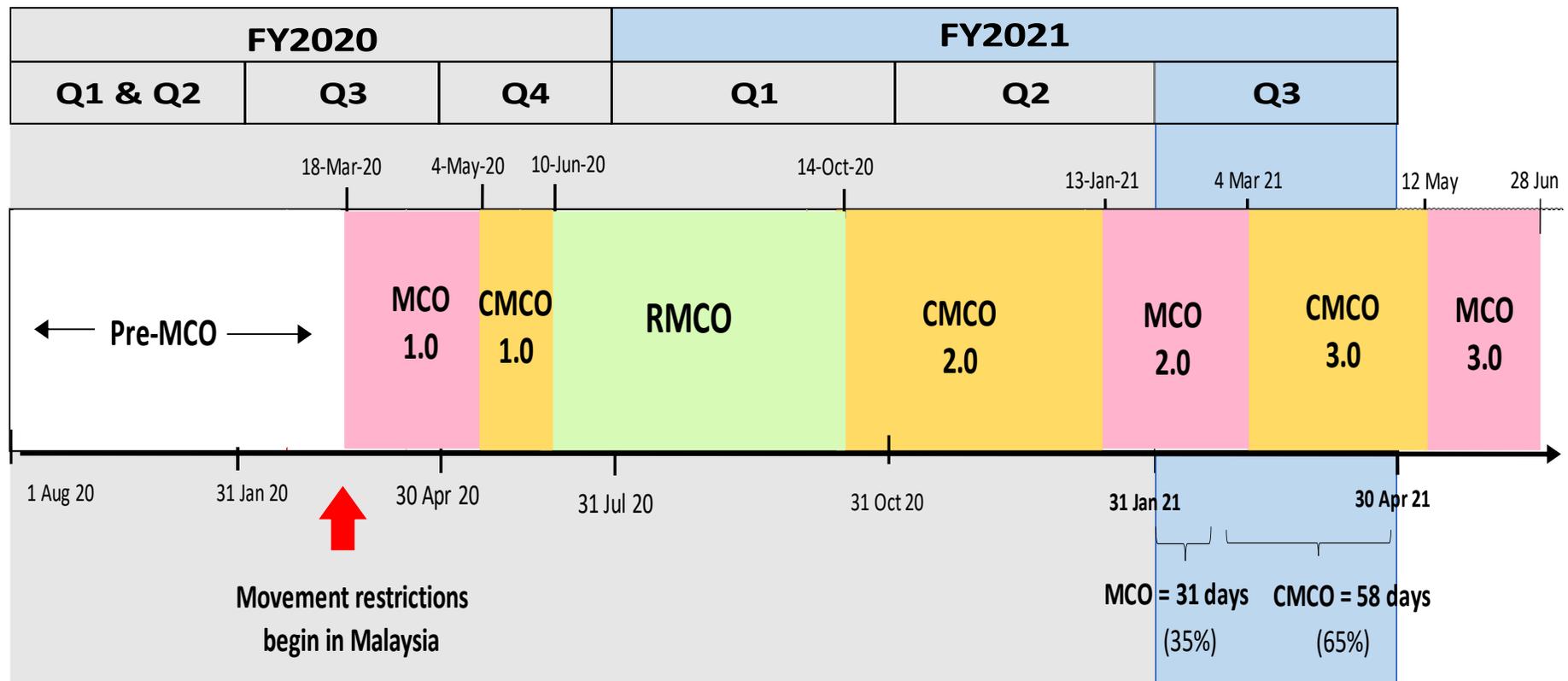
24 June 2021

KEY HIGHLIGHTS



- **A Q3 recovery but Q4 clouded by full lockdown** – construction and properties performed strongly in Q3, but ongoing full lockdown in Q4 will adversely impact properties and concession earnings in final quarter
- **Full lockdown to hinder full earnings recovery** – the ongoing full lockdown will delay earnings recovery as progress on projects slows, and property billings and highway traffic are adversely impacted; a stronger, sustainable recovery is contingent on rapid vaccination
- **Australia and KVMRT3 prospects appear promising** – despite an unsuccessful bid for Sydney M6, we remain optimistic on another 2 upcoming tenders in Sydney; KVMRT3 roll-out plans making steady progress, but likely that some changes underway may delay roll-out by a few months; PSI expected to commence in August upon securing EMP approval
- **Balance sheet strengthens significantly** – net gearing fell by 9% to 21% over the last 9 months; based on a self-imposed net gearing limit of 70%, the Group now has additional borrowing capacity well in excess of RM4b
- **Gamuda Green Plan launched** – framework for the Group’s sustainability plans and commitments for the next 5 years and beyond; it commits the Group to circular construction with specific steps to reduce corporate greenhouse gas emissions intensity by 30% and 45% by 2025 and 2030 respectively

1) Beginning one-third of Q3 under MCO; Last two-thirds of Q3 under less stringent CMCO



Govt imposed a nationwide “total lockdown” beginning 1/6 to 28/6/21. Some essential economic and social services were allowed to operate.

INCOME STATEMENT



(RMmil)	9 mths ended 30 Apr '21	9 mths ended 30 Apr '20	Change (%)
Revenue	2,630.5	2,736.4	-4
Profit from operations (EBIT)	355.3	330.6	+7
Finance Costs	(79.3)	(76.3)	+4
Share of JVs (net of tax)	119.8	157.0	-24
Share of associates (net of tax)	101.4	91.4	+11
Profit before tax	497.3	502.8	-1
Tax	(94.7)	(83.9)	+13
Non-controlling interests	(28.3)	(29.9)	-5
Net profit attributable to equity holders	374.2	389.0	-4
Fully diluted EPS (sen)	14.9	15.6	
Dividend per share (sen)	-	6.0	
EBIT margins (%)	13.5	12.1	
PBT margins (%)	18.9	18.4	

INCOME STATEMENT (before FRS 11)



(RMmil)	9 mths ended 30 Apr '21	9 mths ended 30 Apr '20	Change (%)
Revenue	3,967.8	5,015.3	-21
Profit from operations (EBIT)	530.5	562.0	-6
Finance Costs	(91.8)	(92.8)	-1
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	101.4	91.4	+11
Profit before tax	540.1	560.6	-4
Tax	(137.6)	(141.7)	-5
Non-controlling interests	(28.3)	(29.9)	-5
Net profit attributable to equity holders	374.2	389.0	-4
Fully diluted EPS (sen)	14.9	15.6	
Dividend per share (sen)	-	6.0	
EBIT margins (%)	13.4	11.2	
PBT margins (%)	13.6	11.1	

BALANCE SHEET SUMMARY



(RMmil)	As at 30 Apr '21	As at 31 July '20
Current Assets	10,326.8	9,526.0
Current Liabilities	5,167.3	5,886.6
Current Ratio	2.0x	1.6x
Total borrowings	5,591.3	5,465.1
Cash and marketable securities	3,688.8	2,791.7
Net cash (borrowings)	(1,902.5)	(2,673.4)
Share capital	3,620.9	3,620.9
Reserves	5,222.2	4,920.1
Non-controlling interests	335.1	426.5
Total Equity	9,178.2	8,967.6
Net gearing (overall)	21%	30%
Net assets per share (RM)	3.52	3.40

CASH FLOW SUMMARY



(RM mil)	9 months ended Apr '21	9 months ended Apr '20
Net cash generated from operating activities	838.7	184.3
Net cash (used in)/generated from investing activities	(861.4)	(306.0)
Net cash generated from/(used in) financing activities	2.9	541.8
Net (decrease) increase in cash and cash equivalents	(19.8)	420.2
Effects of exchange rate changes	(29.3)	35.0
Cash and cash equivalents at beginning of the period	1,518.8	1081.1
Cash and cash equivalents at end of the period	1,469.6	1,536.3

QUARTERLY SEGMENTAL PROFITS



(RMmil)	Q320	Q420	Q121	Q221	Q3 `21	Q3 `20	%
Construction & Eng	32.1	69.1	76.7	77.0	90.5	32.1	+182
Properties	19.6	45.3	13.4	9.9	74.0	19.6	+278
Concessions	34.1	122.3	63.0	87.4	48.2	34.1	+41
Group Pretax Profit	85.8	236.7	153.1	174.3	212.7	85.8	+148
Group Net Profit	40.2	130.8	109.3	123.1	141.8	40.2	+253

YTD Segmental PBT

YTD PBT Margins

(RMmil)	9M '21	9M '20	%	%	9M '21	9M '20
Construction	244.2	226.9	+8	Construction	9.5	6.7
Properties	97.3	134.5	-28	Properties	9.2	10.3
Concessions	198.6	199.2	unch	Concessions	n.m	n.m
Group PBT	540.1	560.6	-4	Group PBT	13.6	11.2

GROUP BORROWINGS AND DEBT SECURITIES



(RM mil)	As at 30 Apr '21	As at 30 Apr '20
Long Term Borrowings		
Medium Term Notes	2,645.0	1,885.0
Term Loans	1,118.8	826.8
Revolving Credits	29.9	49.9
	3,793.7	2,761.7
Short Term Borrowings		
Medium Term Notes	190.0	590.0
Commercial Papers	800.0	600.0
Term Loans	336.9	795.6
Revolving Credits	470.8	974.4
	1,797.6	2,960.1
Total Borrowings	5,591.3	5,721.7

KEY UPDATES – Construction

- **Construction performed strongly in Q3** – profitability was driven by the advanced progress of MRT2, where civil works have been substantially completed, and is now in the systems, testing and commissioning phases, ahead of its targeted Phase I opening next month
- **Modest growth despite various movement restrictions** – the division achieved a 8% pretax growth to RM244m ytd, despite facing various movement restrictions and manpower caps over the entire period; pbt margins improved significantly to 9.5% from 6.7% previously; however, Q4 performance is likely to be adversely impacted by the ongoing full lockdown
- **Unsuccessful outcome on the Sydney M6 tender** – despite this setback, we remain optimistic on our chances of success on the upcoming two tunnel packages, the Sydney Metro West (SMW) tunnel, and the Western Sydney Airport Link (tunnel and station boxes), the outcomes of which will be known within the next 6 months
- **KVMRT3 roll-out plans making steady progress** – helmed by a new Chairman at MRT Corp, steady progress is being made on the roll-out of MRT3; likely that there will be some changes to the original plan, and possibly a slight delay to accommodate these changes
- **PSI works expected to commence in August** – approval for the Environmental Management Plan (EMP) is expected soon, after which initial works will commence

CONSTRUCTION ORDER BOOK

- Current unbilled order book about **RM4.9 billion** (Apr 2021)

Major Projects	Balance works (RMb)	Completion Status		Comments
		% now	completion year	
1) KVMRT Line 2 (50% share)	3.0	80	2022	Nearing completion
2) Pan Borneo Sarawak (65% share)	0.3	63	2021	Steady progress
3) Marine bridge, Taiwan (70% share)	0.2	44	2022	Progressing on schedule
4) Bus depot, Singapore (45% share)	0.3	6	2023	Steady progress
5) Seawall project, Taiwan (70% share)	0.6	12	2025	Second Taiwan win
6) Other local projects	0.5	Various	various	Building works

KEY UPDATES – Properties

- **Normalised Q3 as Celadon City's permit issues have been resolved** – the delayed building permit issues have been resolved, and operations have normalized; this has resulted in a strong surge in Q3 earnings to RM74m from RM10m in the preceding quarter; ytd, pretax was down 28% to RM97m whilst margins came in at 9.2% from 10.3% in the previous year
- **Q3 presales totalled RM0.7b** – 9-month presales have already matched last year's full year presales of RM2.2b (+83%); top five best sellers are Celadon City, OLA, Gamuda Gardens, Gamuda City, Horizon Hills, accounting for 80% of presales; unbilled sales stand at RM4.0b
- **OLA's take up rate improves further to 58%** – despite being launched at the onset of the pandemic, and a slow start initially, take-up rates have improved over the last few months
- **FY21 presales target maintained at RM3.5b** – despite the ongoing full lockdown, Q4 presales is expected to be strong; the rapid rate of vaccination, and expectations of an economic recovery in the months ahead are underpinning improved consumer confidence
- **Q4 earnings clouded by ongoing full lockdown** – building works have been suspended during the full lockdown, so likely property billings and earnings will be adversely impacted

KEY UPDATES – Concessions



- **MCO3.0 has significantly reduced highway traffic volumes** – after recovering to within 3% of normalized pre-Covid volumes, the reimposition of the third lockdown in May has brought traffic volumes down to between 40%-70% of normalized volumes; the ongoing full lockdown in June has reduced traffic even further to between 20%-50% of normalized volumes, the impact of which will be reflected in Q4
- **Q3 earnings were dragged down by weak highway earnings** – as a result, concession earnings fell 45% to RM48m when compared to Q2, when traffic volumes were almost at normalized levels; however, ytd, concession earnings remained flat at RM199m, as traffic volumes were also similarly affected in the previous year under MCO1.0
- **Monetization of water receivables completed** – receivables arising from the disposal of Splash as well as the settlement of Gamuda Water debts have been monetized (100% for Splash and 90% for Gamuda Water); these exercises have helped reduced the Group's net borrowings by RM770m, and reduced the net gearing level from 30% to 21%

Thank You