

Gamuda Berhad

ALR acquisition nears completion

Q322 INVESTORS' BRIEFING

29 June 2022

KEY HIGHLIGHTS



- **ALR acquisition nears completion** – EGMs to secure shareholders’ approvals likely around mid-July, with Sukuk raising to commence thereafter, subject to a conducive market; the deal will be deemed completed upon a successful Sukuk raising exercise, likely in August
- **Second Australia project win this year** – the AUD1.35b Coffs Harbour Bypass project was won by our 50:50 Ferrovial-Gamuda JV, raising our outstanding order book to a record high of RM12.4b; our JV beat the CBP and Acciona JVs, two of Australia’s construction giants
- **Q3 performance remained strong** – overseas properties was the star performer, driving Q3 earnings strongly, and tripling its net earnings in 9M; construction continued to be underpinned by cost savings from MRT2; in 9M, the group recorded a 47% surge in net profit, despite a modest 7% growth in revenue; a second interim dividend of 6 sen/share was declared, restoring dividend payouts to pre-Covid levels
- **String of project wins boosts order book to record high** – new wins from 4 projects in Australia, Singapore and Taiwan this year total RM9.7b; order book stands at a record RM12.4b from RM3.8b at the start of the year, boosting earnings visibility up to FY26
- **MRT3 tenders ongoing** – MMC-Gamuda will focus on winning Package CMC 303, which carries the largest tunneling component; the tender outcome is expected by early 2023
- **Property presales improve 23%, powered by a 71% rise in domestic sales** – 9M presales hit RM2.7b (+23% y-o-y), driven entirely by a surge in domestic sales to RM1.3b (+71%) whilst overseas sales remained flat; maintaining full year target of RM4.0b (+38%)
- **Q4 performance likely to be maintained** – FY22 likely to post a strong performance overall, with activity levels well surpassing pre-Covid levels, with growth expected to continue into FY23

INCOME STATEMENT



(RMmil)	9 mths ended 30 April '22	9 mths ended 30 April '21	Change (%)
Revenue	3,216.1	2,630.5	+22
Profit from operations (EBIT)	462.2	356.5	+30
Finance Costs	(77.0)	(79.3)	+3
Share of JVs (net of tax)	228.6	119.8	+91
Share of associates (net of tax)	74.7	101.4	-26
Profit before tax	688.5	498.5	+38
Tax	(106.8)	(94.7)	-13
Non-controlling interests	(30.7)	(28.3)	+8
Net profit attributable to equity holders	551.0	375.4	+47
Fully diluted EPS (sen)	21.7	14.9	
Dividend per share (sen)	12.0	0.0	
EBIT margins (%)	14.4	13.6	
PBT margins (%)	21.4	19.0	

INCOME STATEMENT (before FRS 11)



(RMmil)	9 mths ended 30 April '22	9 mths ended 30 April '21	Change (%)
Revenue	4,230.5	3,967.8	+7
Profit from operations (EBIT)	775.0	531.7	+46
Finance Costs	(89.2)	(91.8)	-3
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	74.7	101.4	-26
Profit before tax	760.5	541.4	+40
Tax	(178.9)	(137.6)	+30
Non-controlling interests	(30.7)	(28.3)	+8
Net profit attributable to equity holders	551.0	375.4	+47
Fully diluted EPS (sen)	21.7	14.9	
Dividend per share (sen)	12.0	0.0	
EBIT margins (%)	18.3	13.4	
PBT margins (%)	18.0	13.6	

BALANCE SHEET SUMMARY



(RMmil)	As at 30 April '22	As at 31 July '21
Current Assets	10,466.6	9,895.1
Current Liabilities	4,308.5	4,480.9
Current Ratio	2.4x	2.2x
Total borrowings	4,982.7	5,227.8
Cash and marketable securities	3,874.9	3,538.0
Net cash (borrowings)	(1,107.8)	(1,689.8)
Share capital	3,723.2	3,620.9
Reserves	6,045.1	5,542.6
Non-controlling interests	362.5	352.1
Total Equity	10,130.8	9,515.7
Net gearing (overall)	11%	18%
Net assets per share (RM)	3.82	3.65

QUARTERLY SEGMENTAL PROFITS



(RMmil)	Q321	Q421	Q122	Q222	Q322	Q321	%
Construction & Eng	90.6	154.3	125.1	124.2	81.8	90.6	-10
Properties	74.0	126.9	29.0	68.7	159.8	74.0	+116
Concessions	48.1	30.8	65.5	61.6	44.9	48.1	-7
Group Pretax Profit	212.7	312.0	219.6	254.4	286.5	212.7	+35
Group Net Profit	141.8	214.1	152.4	177.1	221.5	141.8	+56

YTD Segmental PBT

YTD PBT Margins

(RMmil)	9M22	9M21	%	%	9M22	9M21
Construction	331.1	244.2	+36	Construction	14.7	9.5
Properties	257.4	97.3	+165	Properties	15.4	9.2
Concessions	172.0	199.8	-14	Concessions	n.m	n.m
Group PBT	760.5	541.4	+40	Group PBT	18.0	13.6

CASH FLOW SUMMARY



(RM mil)	9 mths ended 30 April '22	9 mths ended 30 April '21
Net cash (used in)/ generated from operating activities	268.4	838.7
Net cash (used in)/generated from investing activities	596.5	(861.4)
Net cash generated from/(used in) financing activities	(292.8)	2.9
Net (decrease) increase in cash and cash equivalents	572.1	(19.8)
Effects of exchange rate changes	37.1	(29.3)
Cash and cash equivalents at beginning of the period	1,310.3	1,518.8
Cash and cash equivalents at end of the period	1,919.6	1,469.6

GROUP BORROWINGS AND DEBT SECURITIES



(RM mil)	As at 30 April '22	As at 30 April '21
Long Term Borrowings		
Medium Term Notes	2,955.0	2,645.0
Term Loans	1,202.0	1,118.8
Revolving Credits	8.2	29.9
	4,165.1	3,793.7
Short Term Borrowings		
Medium Term Notes	90.0	190.0
Commercial Papers	0	800.0
Term Loans	118.8	336.9
Revolving Credits	608.8	470.8
	817.6	1,797.6
Total Borrowings	4,982.7	5,591.3

KEY UPDATES – Construction

- **Coffs Harbour marks our second Australian breakthrough this year** – this AUD1.35b highway project was won by our 50:50 JV with Spain’s Ferrovial, a Tier 1 global contractor with significant presence in Australia; the project adds RM2.1b to our order book, bringing our ytd wins to RM9.7b
- **Order book stands at a record RM12.4b** – largely dominated by projects in Australia (RM8.5b), Singapore (RM1.2b) and Taiwan (RM1.0b), our overseas portfolio now accounts for 86% of total order book; current order book will last 3 to 4 years, and provide earnings visibility up to FY26; targeted RM20b new wins by end FY23 is well on track
- **New overseas projects will be government-funded, paid progressively** – as such, these projects will require only minimal capital, mainly to fund works-in-progress; advance payments for mobilization will also ease project cashflow considerably
- **Recently shortlisted to bid for North-East Link project in Melbourne** – the recent successes will position the group to participate in the strong pipeline of upcoming metro, rail and road projects in key overseas markets like Australia, Singapore and Taiwan; tenders for Melbourne’s N-E Link project are expected to be called by year end, with outcomes in Q1 next year
- **MRT3 and PSI making good progress** – MRT3 tenders are ongoing, whilst PSI is completing its public feedback stage; tender outcomes for MRT3 packages are expected by year end, whilst EIA approval for PSI is expected in Q4 this year

CONSTRUCTION ORDER BOOK (Malaysia)



- Current unbilled order book about **RM12.4 billion** (April 2022)

Remaining Projects	Balance works (RMb)	Completion Status		Comments
		% now	Award/ Completion year	
<u>MALAYSIA (TOTAL RM1.7b/14%)</u>				
1) KVMRT Line 2 (50% share)	1.1	93	2016/2022	Approaching completion
2) Pan Borneo Sarawak (65% share)	0.1	88	2020/2022	Approaching completion
3) Second trunk road Sarawak	0.1	17	2020/2024	Steady progress
4) Residential building works	0.1	60	various	Steady progress
5) Other civil works	0.2	46	various	Steady progress

CONSTRUCTION ORDER BOOK (Overseas)



Remaining Projects	Balance works (RMb)	Completion Status		Comments
		% now	Award/ Completion year	
<u>OVERSEAS (TOTAL RM10.7b/86%)</u>				
<u>Taiwan</u>				
1) Marine bridge (70% share)	0.1	65	2019/2023	1 st Taiwan win; on schedule
2) Seawall reclamation (70% share)	0.4	33	2020/2025	2 nd Taiwan win; on schedule
3) Transmission line (50% share)	0.2	0	2021/2025	3 rd Taiwan win; initial works
4) Marine bridge ext (70% share)	0.2	0	2022/2024	4 th Taiwan win; mobilizing
Total Taiwan	1.0			
<u>Singapore</u>				
1) Bus depot (45% share)	0.3	20	2019/2023	Novation of contract in progress
2) Defu station, tunnels (60% share)	0.9	0	2022/2030	1 st tunnel project in Singapore
Total Singapore	1.2			
<u>Australia</u>				
1) SMW-WTP	6.4	1	2022/2026	Significant breakthrough project
2) Coffs Harbour Bypass (50% share)	2.1	0	2022/2027	Second Australia win
Total Australia	8.5			

KEY UPDATES – Properties

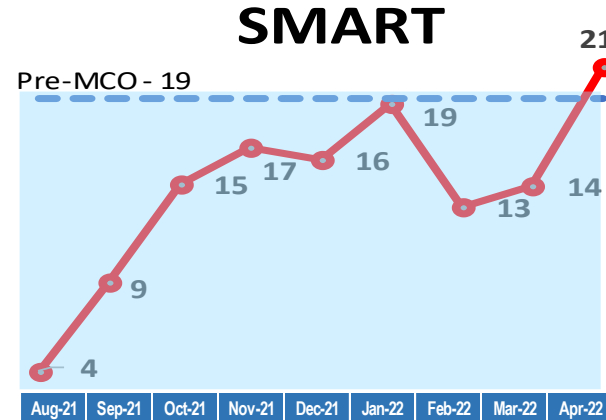
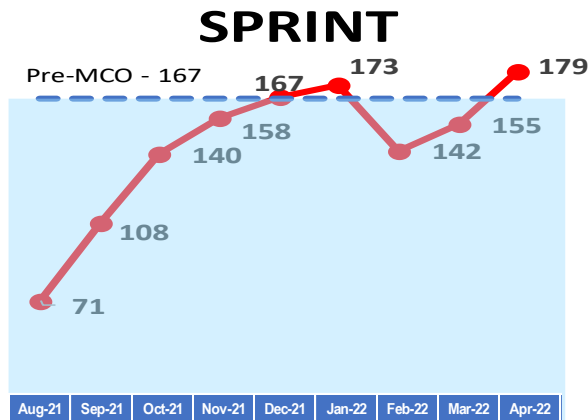
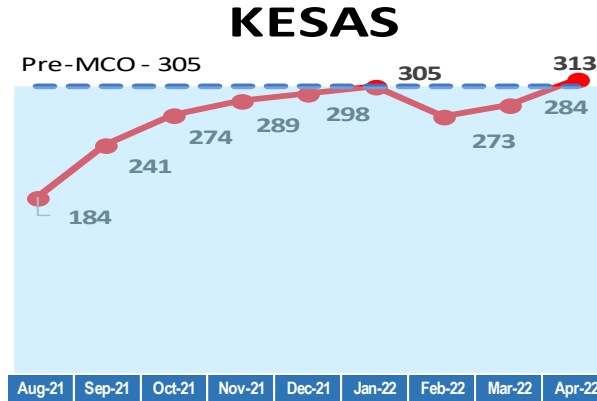
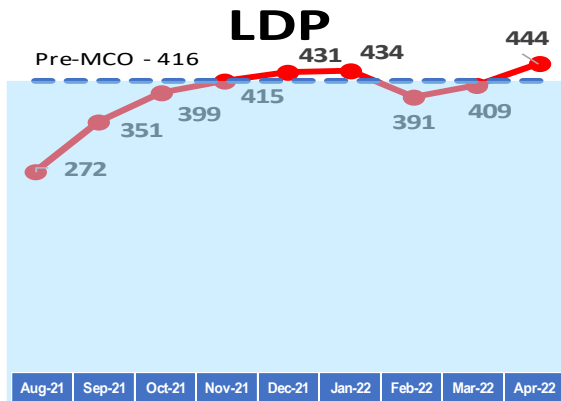
- **Star performer in Q3** – after being impacted by lockdowns in Q1, Celadon City recovered strongly from Q2 onwards and into Q3, accounting for almost all of Q3’s earnings growth; the division doubled its pretax earnings to RM160m in Q3 from RM74m in Q3 last year, and RM69m in Q2 this year
- **Revenues and earnings both surged in 9M** – ytd, revenues surged 58% to RM1.6b from RM1.1b last year, whilst the division’s net profit more than tripled to RM200m, powered by Celadon City; likewise, PBT margins expanded to 15.4% from 9.2%
- **Presales met expectations, full year target maintained** – 9M presales topped RM2.7b (+23%), and is on track to meet our targeted RM4b for FY22; unbilled sales edged up to another record RM5.4b
- **Domestic sales drove presales, overseas sales flat** – domestic:overseas sales maintained a 47:53 split; domestic presales expanded to RM1.3b (+71%), and were mainly driven by Gamuda Cove (+356%), twentyfive.7 (+162%), Jade Hills (+80%) and Gamuda Gardens (+37%)
- **OLA’s growth compensated for Vietnam’s decline** – presales at Singapore’s OLA almost doubled to RM851m (+91%), whilst both Hanoi and HCMC projects combined fell to RM544m, primarily due to declining sales at Celadon City as the township nears full completion
- **Aggressive growth strategies being implemented** – two growth drivers will be critical to attaining targets - fast maturing local townships, and a rapid expansion in ‘Quick Turnaround Projects’ portfolio

KEY UPDATES – Concessions

- **ALR acquisition nearing completion** – EGMs to secure shareholders’ approvals likely around mid-July, with Sukuk raising to commence thereafter, subject to a conducive market; the deal will be deemed completed upon a successful Sukuk raising exercise, likely in August
- **RM1b Special Dividend planned for Gamuda shareholders** – this will represent a payout of 43% of the RM2.3b proceeds, translates to approx 38 sen/share, offering a 11% yield at prevailing price
- **PNB allowed to vote at both EGMs** – as a substantial shareholder in both Gamuda and Litrak, PNB’s vote is expected to significantly influence the final voting outcomes
- **Approx RM1b one-off gain upon completion of deal** – this will boost the group’s net assets per share by about 39 sen to an estimated RM4.21
- **Balance sheet will revert to net cash position** – the Group’s balance sheet will be significantly strengthened, with its existing RM1.1b net debt turning into a net cash position exceeding RM1b

6 Traffic on all 4 highways back to pre-MCO levels

Traffic vol ('000) per day



Traffic At End Apr'22

LDP
Traffic is **107%** of pre-MCO levels

KESAS
Traffic is **103%** of pre-MCO levels

SPRINT
Traffic is **107%** of pre-MCO levels

SMART
Traffic is **109%** of pre-MCO

Thank You