

# **Gamuda Berhad**

***4<sup>th</sup> Consecutive Record-Breaking Year***

**Q4 2014 INVESTORS' BRIEFING**

*29 September 2014*

# INCOME STATEMENT SUMMARY (headline) GAMUDA

(RMmil)	FYE July '14	FYE July '13	Change (%)
<b>Revenue</b>	<b>2,229.6</b>	<b>2,235.4</b>	<b>-1</b>
Profit from operations (EBIT)	481.2	456.3	+5
One-offs	7.1	(110.7)	n.m.
Finance Costs	(66.4)	(51.4)	+29
Share of JVs (net of tax)	186.1	121.0	+54
Share of associates (net of tax)	243.7	241.2	+1
<b>Profit before tax</b>	<b>851.6</b>	<b>656.4</b>	<b>+30</b>
Tax	(116.6)	(106.9)	+9
Minority Interests	(15.7)	(8.7)	+81
<b>Net profit attributable to equity holders</b>	<b>719.4</b>	<b>540.9</b>	<b>+33</b>
Fully diluted EPS (sen)	30.8	24.8	
<b>Dividend per share (sen)</b>	<b>12.0</b>	<b>12.0</b>	
<b>EBIT margins (%)</b>	<b>21.6</b>	<b>20.4</b>	
<b>PBT margins (%)</b>	<b>38.2</b>	<b>29.4</b>	

# INCOME STATEMENT (before FRS 11, one-offs)

(RMmil)	FYE July '14	FYE July '13	Change (%)
<b>Revenue</b>	<b>4,636.4</b>	<b>3,883.1</b>	<b>+19</b>
Profit from operations (EBIT)	748.6	622.9	+20
<b>One-offs</b>	<b>7.1</b>	<b>(110.7)</b>	n.m.
Finance Costs	(77.2)	(60.8)	+27
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	243.7	241.2	+1
<b>Profit before tax</b>	<b>922.3</b>	<b>692.6</b>	<b>+33</b>
<b>Profit before tax (before one-offs)</b>	<b>915.2</b>	<b>803.3</b>	<b>+14</b>
Tax	(187.2)	(142.6)	+31
Minority Interests	(15.7)	(8.7)	+80
<b>Net profit attributable to equity holders</b>	<b>719.4</b>	<b>541.4</b>	<b>+33</b>
<b>Net profit attributable to equity holders (before one-offs)</b>	<b>712.3</b>	<b>630.1</b>	<b>+13</b>
Fully diluted EPS (sen)	30.8	24.8	
<b>Dividend per share (sen)</b>	<b>12.0</b>	<b>12.0</b>	
<b>EBIT margins (%)</b>	<b>16.1</b>	<b>16.0</b>	
<b>PBT margins (%)</b>	<b>19.7</b>	<b>20.7</b>	

# BALANCE SHEET SUMMARY



(RMmil)	As at 31 July '14	As at 31 July '13
Current Assets	4,715.4	4,399.3
Current Liabilities	1,799.4	1,589.1
Current Ratio	2.6x	2.8x
Total borrowings	2,530.7	1,972.8
Cash and marketable securities	919.8	1,306.1
<b>Net cash</b>	<b>(1,610.9)</b>	<b>(666.7)</b>
Share capital	2,323.4	2,276.6
Reserves	3,150.9	2,601.4
<b>Equity attributable to equity holders</b>	<b>5,474.3</b>	<b>4,878.0</b>
<b>Net gearing (overall)</b>	<b>29%</b>	<b>14%</b>
Net assets per share (RM)	2.36	2.14

# QUARTERLY SEGMENTAL PROFITS (before FRS 11, one-offs)



(RMmil)	Q413	Q114	Q214	Q314	Q4`14	Q4`13	+/-
Construction & Eng	67.4	68.3	77.4	89.5	53.3	67.4	-21
Properties	61.1	78.6	71.3	83.6	75.0	61.1	+23
Concessions	70.3	64.3	72.1	67.2	114.6	70.3	+63
Group Pretax Profit	198.8	211.2	220.8	240.3	242.9	198.8	+22
Group Net Profit	165.4	165.5	170.1	177.9	198.8	165.4	+20

## YTD Segmentals

## Pretax Margins (YTD)

(RMmil)	FY14	FY13	+/-	%	FY14	FY13
Construction	288.5	273.4	+6	Construction	8.7	9.9
Properties	308.5	258.5	+19	Properties	23.6	25.5
Concessions	318.2	271.4	+17	Concessions	n.m.	n.m.
Group PBT	915.2	803.3	+14	Group PBT	19.1	20.7

# KEY HIGHLIGHTS

- **Fourth consecutive record-breaking year** – core net earnings grow 13%, pretax profit expands 14% on a revenue surge of 19%, FY revenue closing in on RM5bn
- **Properties drive growth, supported by construction, Keras acquisition** – stellar performance underpinned by record unbilled sales and stable margins, modest construction growth underpinned by strong MRT activity
- **Awaiting formal KVMRT2 announcement** – current timeline suggests tender-calling in late 2015 with major awards from mid-2016 onwards
- **Selangor MB issue resolved** – could herald in a satisfactory resolution for Splash in coming months, negotiations with State expected to resume soon
- **Subdued property outlook** – likely to persist through 2015, focus on further build-up of landbank, negotiations for a few smaller parcels of land ongoing
- **Another record-breaking year ahead?** – underpinned by further progress on KVMRT1, locked-in property presales, full year consolidation of Keras

# KEY CORPORATE UPDATES

- **Water** – Change of MB may see satisfactory resolution for Splash; Feds heavily involved in final stages of resolution; threat of S114 invocation subsides
- **KVMRT1** - cumulative financial progress on underground works and PDP scope at 52% (+7% in Q4) and 35% (+5% in Q4) respectively at end Q4;
- **UG** - 14km (75%) of tunnels mined; risky karstic limestone tunnelling successfully completed; entire tunnelling work to be completed Q2 next year; several more breakthroughs achieved; 5 TBMs tunneling, 5 decommissioned
- **PDP progress** – foundations 95%, pier construction 75%; elevated guideways 45%; SBG production (80%) systems handovers to commence starting Q4
- Kesas now a 70%-subsidiary following acquisition of PNB's 20% stake; project debt of RM208m fully consolidated; additional 40% stake costed RM570m
- Property presales slow down to RM300m in Q4 (-55%); FY sales RM1.8bn (+3% y-o-y), 5% below projections; RM1.7bn unbilled sales at end Q4; FY15 presales projections revised downwards by 8%

# ONE-OFF ITEMS

## FY14 (RM)

1) Kesas revaluation gain	+194.2m
2) Write-off for water concessions premium	-145.7m
3) Write-off for Celadon City premium	-41.4m
<b>Net impact for FY14</b>	<b>+7.1m</b>

## FY13 (RM)

4) Provision for Arbitral Awards (FY13)	-110.7m
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# CONSTRUCTION ORDER BOOK



- Current unbilled order book about **RM2.0 billion** (end FY14)

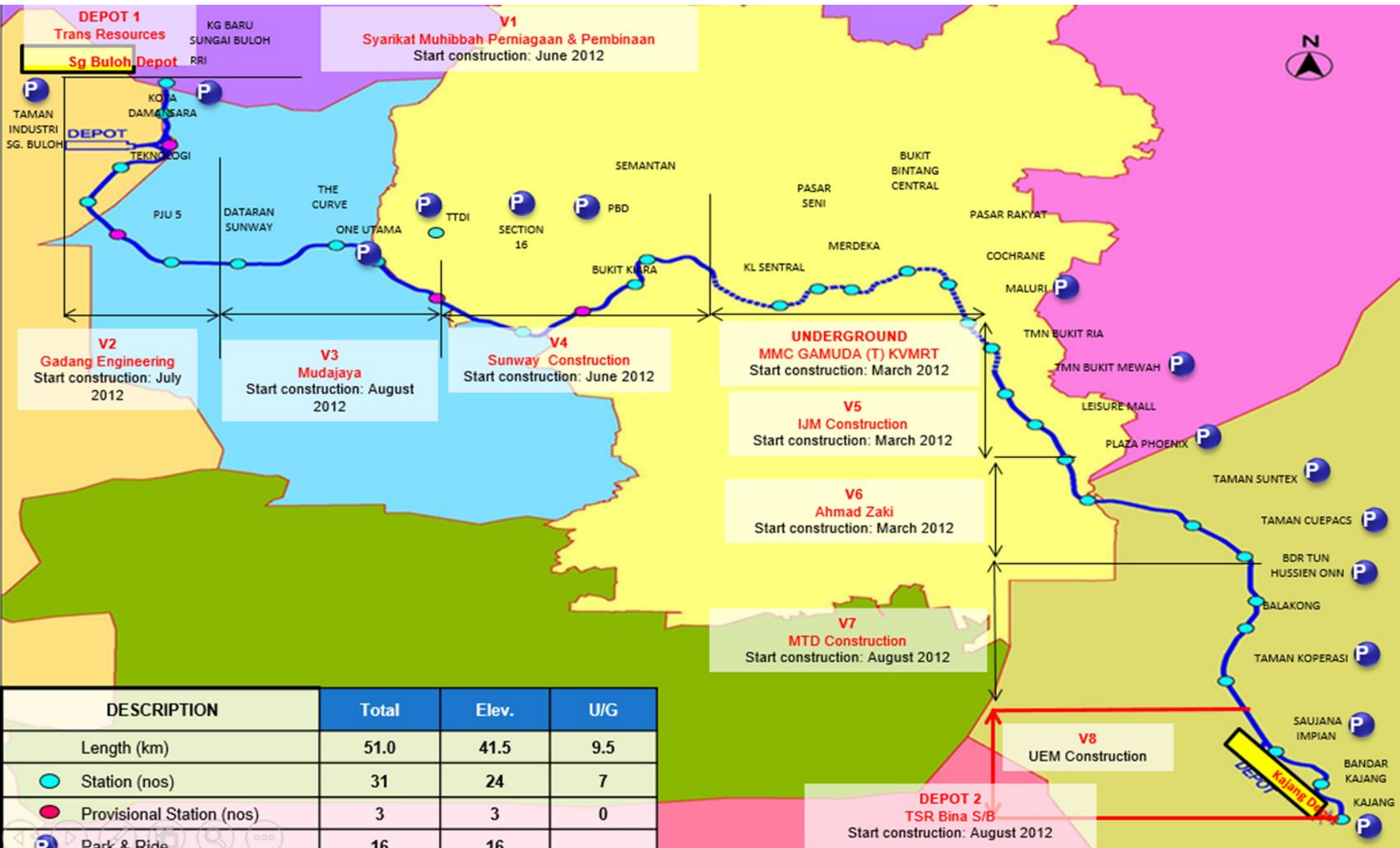
Major Projects	Balance works (RMbn)	Completion Status		Comments
		% now	completion date	
<u>Major Ongoing</u> KVMRT Line 1 (SBK Line) Tunneling (50% share)	2.0	52	2017	14km (75%) tunnels mined, 5 TBMs tunneling, 5 decommissioned; several breakthroughs achieved, work ongoing at all 7 UG stations
<u>Substantial Completion</u> Northern Electrified Double Track Railway (50% share)	-	100	2014	Main spine line handed over; Spur line to be completed by Nov 2014

# CONSTRUCTION OUTLOOK



- Modest FY performance; revenues surged 15% from strong KVMRT1 progress whilst PBT rose 6% to RM289m; slower Q4 billings after strong 9M resulted in earnings declining 21% to RM53m y-o-y; unbilled order book at RM2.0bn
- PBT margin improves to 11.6% in Q4 and averaged 8.7% for FY14
- KVMRT1 – major upcoming milestones – completion of entire tunneling (~5 months); initial handover to systems specialists (~4 weeks)
- KVMRT2 – preliminary works have commenced; target to call tenders in late 2015 and start initial awards by mid-2016
- Double Track – main spine line (Ipoh-Padang Besar) handed over; spur line (BM-Butterworth) handover by Nov 2014

# SBK LINE – SUMMARY OF CIVIL PACKAGES



**DEPOT 1**  
Trans Resources  
**Sg Buloh Depot**

KG BARU SUNGAI BULOH  
RRI

**V1**  
Syarikat Muhibbah Pemiagaan & Pembinaan  
Start construction: June 2012

TAMAN INDUSTRI SG. BULOH  
DEPOT  
KOTA DAMANSARA  
TEKNOLOGI  
PJU 5  
DATARAN SUNWAY  
THE CURVE  
ONE UTAMA  
TTDI  
SECTION 16  
PBD  
SEMANTAN  
BUKIT KEMARA

**V2**  
Gadang Engineering  
Start construction: July 2012

**V3**  
Mudajaya  
Start construction: August 2012

**V4**  
Sunway Construction  
Start construction: June 2012

**UNDERGROUND**  
MMC GAMUDA (T) KVMRT  
Start construction: March 2012

**V5**  
IJM Construction  
Start construction: March 2012

**V6**  
Ahmad Zaki  
Start construction: March 2012

**V7**  
MTD Construction  
Start construction: August 2012

PASAR SENI  
BUKIT BINTANG CENTRAL  
PASAR RAKYAT  
MERDEKA  
KL SENTRAL  
COCHRANE  
MALURI  
TMN BUKIT RIA  
TMN BUKIT MEWAH  
LEISURE MALL  
PLAZA PHOENIX  
TAMAN SUNTEX  
TAMAN CUEPACS  
BDR TUN HUSSIEN ONN  
BALAKONG  
TAMAN KOPERASI

**V8**  
UEM Construction

**DEPOT 2**  
TSR Bina S/B  
Start construction: August 2012

Kajang Depot

SAUJANA IMPIAN  
BANDAR KAJANG  
KAJANG

DESCRIPTION	Total	Elev.	U/G
Length (km)	51.0	41.5	9.5
Station (nos)	31	24	7
Provisional Station (nos)	3	3	0
Park & Ride	16	16	

# PROPERTIES OUTLOOK

- Strong FY14 performance reflects the record presales over last 2 years; FY revenues rose 29% to a record RM1.3bn, PBT rose 19% to RM309m (before one-offs); Q4 PBT up 23% y-o-y; full year PBT margin just under 24%
- Group achieved new presales of RM300m (-55%) in Q4 bringing FY presales to RM1.8bn (+3%); unbilled sales at RM1.7bn;
- Market continues to be subdued, more so in Iskandar; key selling projects are Horizon Hills (44%), Bandar Botanic (28%), Robertson (11%)
- Subdued market expected to persist through FY15; FY15 presales projections revised down 8% to RM1.84bn (+2% y-o-y);
- Vietnam sales expected to improve slightly in FY15 although recovery has been less robust than initially expected
- Recently acquired 1530-acre land parcel along ELITE highway near Cyberjaya for RM784 cash or RM11.80psf; in Mukim Tanjong Duabelas in District of Kuala Langat; earmarked for township development with RM19bn GDV

# TANJONG 12 – KEY HIGHLIGHTS

- Size: 1530 acres
- Purchase price: RM784m or RM11.80psf
- GDV: RM19bn over 15-20 years
- Tenure: Leasehold expiring 2093
- Land status: Agricultural land
- Location: Mukim Tanjong 12, Kuala Langat district, 8km SW of Cyberjaya/Putrajaya
- Highway access: ELITE (via new interchange)
- Highways nearby: Putrajaya Link, Maju Expressway, KESAS
- Key catchment areas: Cyberjaya (12km), Putrajaya (15km), Puchong, Kota Kemuning (25km), Subang Jaya (21km)
- Distances: KL City Centre (37km), PJ Town (34km)

# CONCESSIONS OUTLOOK



- Stable concession earnings in FY14
- Acquisition of additional 20% of Kesas from PNB for RM290m cash completed; Kesas now a 70%-subsidiary and fully consolidated
- Total cost of increasing Kesas stake from 30% to 70% is RM570m
- Resolution of Selangor MB issue will see resumption of negotiations with State for Splash disposal; Feds now heavily involved in resolving Splash impasse
- Premiums for water concessions fully written off – Splash now carried in books at book value

# FRS – 11 JOINT ARRANGEMENTS

- FRS 11 adopted since Q114 statements
- Joint ventures (incorporated) now treated using equity method (share of JVs), reported net of tax
- Joint ventures (unincorporated) treated as previously, using proportionate consolidation, reported gross of tax
- Share of associates reported as previously, net of tax
- Key impacts
  - substantial group revenue is 'lost' as significant amount of activities are carried out by incorporated JVs
  - group and divisional margins are distorted by the mixing up of pretax and net profits above the 'Group PBT' line
  - no impact on net profit, but generally understates PBT
  - performance analyses' becomes more difficult and tricky

# Thank You