

# Gamuda Berhad

## *Order Book Build-Up To Continue*

**Q4 2016 INVESTORS' BRIEFING**

*28 September 2016*

# INCOME STATEMENT SUMMARY



(RMmil)	FYE July 2016	FYE July 2015	Change (%)
<b>Revenue</b>	<b>2,121.9</b>	<b>2,399.9</b>	<b>-12</b>
Profit from operations (EBIT)	494.1	602.0	-18
Finance Costs	(126.0)	(123.7)	+2
Share of JVs (net of tax)	201.8	180.9	+12
Share of associates (net of tax)	210.7	199.0	+6
<b>Profit before tax</b>	<b>780.7</b>	<b>858.2</b>	<b>-9</b>
Tax	(111.9)	(132.7)	-16
Minority Interests	(42.6)	(43.3)	-2
<b>Net profit attributable to equity holders</b>	<b>626.1</b>	<b>682.1</b>	<b>-8</b>
Fully diluted EPS (sen)	25.3	28.9	
<b>Dividend per share (sen)</b>	<b>12.0</b>	<b>12.0</b>	
<b>EBIT margins (%)</b>	<b>23.3</b>	<b>25.1</b>	
<b>PBT margins (%)</b>	<b>36.8</b>	<b>35.8</b>	

# INCOME STATEMENT (before FRS 11)



(RMmil)	FYE July 2016	FYE July 2015	Change (%)
<b>Revenue</b>	<b>4,170.9</b>	<b>4,760.1</b>	<b>-12</b>
Profit from operations (EBIT)	782.1	847.7	-8
Finance Costs	(140.8)	(133.1)	+6
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	210.7	199.0	+6
<b>Profit before tax</b>	<b>852.0</b>	<b>913.7</b>	<b>-7</b>
Tax	(183.2)	(188.2)	-3
Minority Interests	(42.6)	(43.3)	-2
<b>Net profit attributable to equity holders</b>	<b>626.1</b>	<b>682.1</b>	<b>-8</b>
Fully diluted EPS (sen)	25.3	28.9	
<b>Dividend per share (sen)</b>	<b>12.0</b>	<b>12.0</b>	
<b>EBIT margins (%)</b>	<b>18.8</b>	<b>17.8</b>	
<b>PBT margins (%)</b>	<b>20.4</b>	<b>19.2</b>	

# BALANCE SHEET SUMMARY



(RMmil)	As at 31 July '16	As at 31 July '15
Current Assets	5,327.5	5,234.0
Current Liabilities	2,098.9	2,459.3
Current Ratio	2.5x	2.1x
Total borrowings	4,808.3	4,135.4
Cash and marketable securities	1,472.9	1,437.7
<b>Net cash</b>	<b>(3,335.4)</b>	<b>(2,697.7)</b>
Share capital	2,419.0	2,405.9
Reserves	4,459.2	3,931.3
Non-controlling interests	336.0	356.0
<b>Equity attributable to equity holders</b>	<b>7,214.2</b>	<b>6,693.2</b>
<b>Net gearing (overall)</b>	<b>46%</b>	<b>40%</b>
Net assets per share (RM)	2.84	2.63

# QUARTERLY SEGMENTAL PROFITS



(RMmil)	Q415	Q116	Q216	Q316	Q4 `16	Q4 `15	+/-
<b>Construction &amp; Eng</b>	48.3	51.0	47.1	42.2	78.4	48.3	+62
<b>Properties</b>	67.1	66.8	59.0	49.1	45.7	67.1	-32
<b>Concessions</b>	91.3	98.4	105.4	109.1	99.8	91.3	+9
<b>Group Pretax Profit</b>	<b>206.7</b>	<b>216.1</b>	<b>211.5</b>	<b>200.4</b>	<b>223.9</b>	<b>206.7</b>	<b>+8</b>
<b>Group Net Profit</b>	<b>153.7</b>	<b>161.2</b>	<b>160.1</b>	<b>152.7</b>	<b>152.1</b>	<b>153.7</b>	<b>-1</b>

## YTD Segmental PBT

## YTD PBT Margins

(RMmil)	FY16	FY15	+/-	%	FY16	FY15
<b>Construction</b>	217.3	240.2	-10	<b>Construction</b>	8.5	7.6
<b>Properties</b>	221.3	295.4	-25	<b>Properties</b>	19.7	25.4
<b>Concessions</b>	413.4	378.1	+9	<b>Concessions</b>	n.m.	n.m.
<b>Group PBT</b>	<b>852.0</b>	<b>913.7</b>	<b>-7</b>	<b>Group PBT</b>	<b>20.4</b>	<b>19.2</b>

# KEY HIGHLIGHTS



- **FY16 a year of decline** – earnings from both construction and properties decline, amidst the near completion of KVMRT1 and sluggish property sector; overall, group revenue fell 12%, whilst pretax and net profits declined 7% and 8% respectively
- **Order book hits new record of RM9.0bn** – excluding the PDP role for KVMRT2 valued at RM16bn; contract wins total RM8.7bn ytd; aggressive order book build-up strategy being pursued amidst strong sector prospects in coming years
- **KVMRT1** – 92% completed (UG), and 90% completed (elevated), giving an overall project completion of 91%; progressing on schedule with no significant cost overruns; on track for timely completion with Phase 1 opening scheduled for Dec '16 and entire Line 1 opening in July '17
- **Penang Transport Master Plan (PTMP)** – achieving significant progress on several fronts; securing Federal approvals still remains the key risk; Railway Scheme submitted to SPAD, DoE submission expected by year end; approvals expected from 2HY2017 onwards
- **Strong construction sector prospects** – several large infrastructure projects expected to be rolled-out over the next 2/3 years; projects particularly suited to Group's core strengths; prospects for further order book build-up are excellent
- **Strong property presales in Q4** – full-year presales surpass RM2bn (+69%), boosted by strong take-up rates in newly-launched GEM residences in Singapore and sustained strength in projects in Vietnam
- **A new growth cycle likely** – with KVMRT2 kick-off, record order book, strong overseas property sales, FY17 should mark start of a new multi-year earnings growth cycle

# KEY CORPORATE UPDATES



- **Pan Borneo Highway Sarawak** – recent award to Gamuda-Naim JV takes order book to a new all-time record of RM9.0bn; effective additional order book from project is RM1bn or 65% of contract value
- **KVMRT2** – total of 22 works packages valued at over RM24bn awarded to date, comprising 1 Underground, 4 Viaduct and 6 Systems packages, 2 supply packages; Gamuda JV bags the coveted Underground Contract worth RM15.47bn; remaining 6 Viaduct packages expected to be awarded over the next 6 to 9 months
- **KVMRT2 - SSP (Sg Buloh-Serdang-Putrajaya)** line to be 52km long (13.5km underground) with 37 stations (11 underground); 15 stations will have Park and Ride facilities; UG scope of works about 40% more than Line 1 (both in length and number of stations); estimated total project cost of around RM32bn
- **KVMRT3** – preliminary studies have started; consultant appointed; planned as a circle line to provide seamless connections between the several radial public transport train lines; running largely underground; project rollout targeted for late 2018
- **Penang Transport Master Plan (PTMP)** – environmental and social impact studies being conducted; submissions to DoE expected by year end; Railway Scheme submitted to SPAD; intensive discussions and negotiations with State ongoing; Validity of LoA for PDP agreement extended to February 2017
- **KVMRT1** - cumulative progress on underground works at 92% (+5%) and PDP scope 90% (+8%) respectively at end Q4 FY16; on track to meeting cost and time KPIs; Phase 1 (Northern section) is scheduled for operations by Dec '16, whilst the entire Line 1 is scheduled for operations by July '17
- **PDP progress** – trackworks (100%), systems works (92%), 44 electric trains delivered and undergoing testing; work on all UG and elevated stations moving into final Architectural and Building Services fit-out phases
- **Property presales** – very strong Q4, with RM1475m achieved; RM1.2bn unbilled sales at end Q4; FY16 presales totalled RM2050m (+69% y-o-y); strong Q4 came primarily from new Singapore project, and sustained strength in both Vietnam projects

# CONSTRUCTION ORDER BOOK

- Current unbilled order book about **RM9.0 billion** (July 2016)

Major Projects	Balance works (RMbn)	Completion Status		Comments
		% now	completion date	
<u>Recently Secured</u>				
KVMRT Line 2 (SSP Line) Underground (50% share)	7.7	0	Mid-2022	Works to commence by mid-2016
Pan Borneo Sarawak (65% share)	1.0	0	Early 2021	Additional order book of RM1bn
<u>Nearing Completion</u>				
KVMRT Line 1 (SBK Line) Underground (50% share)	0.3	90	Mid-2017	Testing and commissioning in progress, Phase 1 opening scheduled for year end



# CONSTRUCTION OUTLOOK



- Weaker earnings in FY16 as KVMRT1 works approach tail-end phase; revenue fell 19% to RM2.6bn whilst PBT fell 10% to RM217m
- Unbilled order book stands at a record RM9.0bn following 2 major contract wins totalling RM8.7bn this year – KVMRT2 Underground and Pan Borneo Sarawak Highway projects
- PBT margin improved to 8.5% for FY16 compared to 7.6% previously; Q4 margin came in at 4.8%
- KVMRT1 – stations works move into final Architectural and Building Services fit-out stages; testing and commissioning works also in full swing; on schedule for Phase 1 opening by year end, and full service opening by July 2017
- KVMRT2 – 22 Works Packages worth over RM24bn awarded to date; for civil works, remaining 6 Viaduct packages expected to be awarded over next 6-9 months; site clearing, site establishments, utilities relocations, TBM refurbishments ongoing
- Penang Transport Master Plan (PTMP) – PDP agreement deadline extended to Feb 2017; Railway Scheme submitted to SPAD for approval; land reclamation (DEIA) submissions will be made by year end; approvals expected in 2HY2017
- Other projects – several large infrastructure projects expected to be implemented over next 2 years; these will provide opportunities to further build up order book

# PROPERTIES OUTLOOK



- Weak property earnings in FY16 amidst a sluggish domestic market; FY16 revenue slipped 4% to RM1.1bn whilst PBT fell 25% to RM221m; PBT margin also slipped to 19.7% from 25.4% previously
- However, Group achieved new presales of RM1475m for Q4, whilst FY16 presales surged to RM2050m (+69%); unbilled sales stands at RM1.2bn
- Q4 presales strength was primarily due to strong take-up rates in the newly-launched GEM Residences (Singapore) which sold 56% of total available units; Vietnam projects also performed well with both projects there achieving record RM630m sales (+19% y-o-y)
- Domestic presales expected to improve in FY17, following 2 imminent new launches - Kundang Estates (Dec '16) and Gamuda Gardens (Mar '17); expect strong response as both projects have good MRT accessibility
- Group presales projections raised for FY17 following encouraging take up rates for GEM Residences, sustained strength in Vietnam and new domestic launches for next year

# CONCESSIONS OUTLOOK

- Traffic volumes on highways are gradually recovering following steep toll hikes late last year; generally, traffic volumes have recovered about half of their initial falls
- Splash disposal negotiations between Federal and State are at an advanced stage

# 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