

Gamuda Berhad

Springboard into Australia

FY19 INVESTORS' BRIEFING

27 Sept 2019

KEY HIGHLIGHTS



- **Awaiting Cabinet approval for toll roads disposal** – Cabinet decision expected soon; signing of the Definitive Agreement extended by 2 months to end Oct
- **Toll roads offer accepted** – MoF's offer of RM2.36b cash for stakes in 4 toll highways appears reasonable; Gamuda's Board and all concession boards have accepted the offers; Gamuda and Littrak shareholders will vote on the offer after Cabinet approval secured
- **Springboard into Australia** – HoA executed to acquire 50% equity stake in Martinus Rail (MR), Australia's largest independent, specialist rail constructor; the combined Gamuda/MR entity will bid for rail-based projects from next year onwards
- **Property presales hit RM3.1b** – came in below target, but still a commendable achievement amidst a sluggish domestic market
- **FY19 results within expectations** – core PBT and net profit fell 13% and 15% respectively following the disposal of Splash
- **PTMP gearing up for rollout** – PTMP to generate significant construction earnings and new recurring income streams; work on selected infra components to start late 2020, with tender calling targeted in 1HY2020

INCOME STATEMENT



(RMmil)	FYE July '19	FYE July '18 (Restated)	Change (%)
Revenue	4,565.1	4,216.6	+8
Profit from operations (EBIT)	689.3	705.6	-2
Finance Costs	(91.9)	(91.2)	+1
Share of JVs (net of tax)	184.8	228.6	-19
Share of associates (net of tax)	126.6	203.7*	-38
Core profit before tax	908.8	1054.0	-14
Tax	(150.7)	(166.0)	-9
Minority Interests	(52.1)	(50.5)	+3
Core net profit attributable to equity holders	706.1	834.7*	-15
Core fully diluted EPS (sen)	28.6	33.9	
Dividend per share (sen)	12.0	12.0	
EBIT margins (%)	15.1	16.7	
PBT margins (%)	19.9	25.0	

* before disposal of SPLASH

INCOME STATEMENT (before FRS 11)



(RMmil)	FYE July '19	FYE July '18 (Restated)	Change (%)
Revenue	7,181.2	7,152.6	-
Profit from operations (EBIT)	955.7	1,027.4	-7
Finance Costs	(108.7)	(118.1)	-
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	126.6	205.3	-33
Core profit before tax	973.7	1,114.3*	-13
Tax	(215.5)	(229.1)	-7
Minority Interests	(52.1)	(50.5)	+3
Core net profit attributable to equity holders	706.1	834.7*	-15
Core fully diluted EPS (sen)	28.6	33.9	
Dividend per share (sen)	12.0	12.0	
EBIT margins (%)	13.1	14.4	
PBT margins (%)	13.5	15.6	

* before disposal of SPLASH

BALANCE SHEET SUMMARY



(RMmil)	As at 31 July '19	As at 31 July '18 (Restated)
Current Assets	8,087.3	7,344.3
Current Liabilities	5,098.7	3,752.6
Current Ratio	1.6x	1.9x
Total borrowings	5,143.7	5,736.7
Cash and marketable securities	1,848.9	1,622.9
Net cash	(3,294.8)	(4,113.8)
Share capital	3,469.7	3,452.9
Reserves	4,601.6	4,143.7
Non-controlling interests	399.3	383.7
Total Equity	8,470.6	7,980.3
Net gearing (overall)	39%	52%
Net assets per share (RM)	3.26	3.08

QUARTERLY SEGMENTAL PROFITS

(RMmil)	Q418	Q119	Q219	Q319	Q4 `19	Q4 `18	%
Construction & Eng	61.7	98.4	93.2	89.3	48.0	61.7	-22
Properties	111.8	46.6	57.5	86.4	150.6	111.8	+35
Concessions	95.4	94.5	88.7	78.7	41.7	95.4	-56
Group Pretax Profit	268.9	239.5	239.4	254.4	240.4	268.9	-11
Group Net Profit	203.4	173.1	172.0	176.0	185.0	203.4	-9

YTD Segmental PBT

YTD PBT Margins

(RMmil)	12M19	12M18	%	%	12M19	12M18
Construction	328.9	393.6	-16	Construction	7.9	9.7
Properties	341.1	298.1	+14	Properties	13.3	11.5
Concessions	303.6	422.9	-28	Concessions	n.m	n.m
Group PBT	973.6	1,114.6	-13	Group PBT	13.5	15.6

CASH FLOW SUMMARY



(RM mil)	12 months ended July '19	12 months ended July '18 (Restated)
Net cash generated from operating activities	470.1	724.5
Net cash generated from investing activities	382.1	(542.2)
Net cash (used in) financing activities	(758.2)	316.6
Net increase in cash and cash equivalents	94.0	498.8
Effects of exchange rate changes	10.0	(21.3)
Cash and cash equivalents at beginning of the period	977.1	499.5
Cash and cash equivalents at end of the period	1,081.1	977.1

GROUP BORROWINGS AND DEBT SECURITIES



(RM mil)	As at 31 July '19	As at 31 July '18
Long Term Borrowings		
Medium Term Notes	1,975.0	2,465.0
Term Loans	919.5	1,703.3
Revolving Credits	63.3	81.6
	2,957.7	4,250.0
Short Term Borrowings		
Medium Term Notes	690.0	890.0
Commercial Papers	150.0	100.0
Term Loans	742.4	280.7
Revolving Credits	603.5	216.0
	2,185.9	1,486.7
Total Borrowings	5,143.7	5,736.7

KEY UPDATES – Construction



- **Martinus acquisition provides springboard into Australian rail market** – opens up opportunities to tap the massive infra spending planned over the next decade; most of planned spending is focused on transport infra - mainly road and railways
- **Addressable market of A\$20b for rail-based projects** – several major projects are planned to be rolled out over the next 2-3 years
- **Construction outlook likely to improve** – upcoming Budget will provide some clues on next pump priming cycle; expect selected high priority, high-impact projects to drive the new spending cycle
- **PTMP set to commence late next year** – positive indications from the Federal government suggest that key funding issues could soon be resolved; PDP agreement likely to be signed in Q4 this year; State targeting to start reclamation works in 2HY2020, with key infra components (LRT, PIL) following shortly thereafter
- **Weaker FY19 performance** – PBT fell 16% to RM329m, due to lower profitability of the ongoing MRT2 project, and other associated costs; PBT margin fell to 7.9%, but should normalise next year

CONSTRUCTION ORDER BOOK



- Current unbilled order book about **RM9.2 billion** (July 2019)

Major Projects	Balance works (RMbn)	Completion Status		Comments
		% now	completion date	
<u>Ongoing</u>				
KVMRT Line 2 (50% share)	7.7	49	Mid-2022	Restructured into a single turnkey contract
Pan Borneo Sarawak (65% share)	0.4	45	Early 2021	Work momentum steadily building up
Marine Bridge, Taiwan (70% share)	0.4	0	2022	Newly secured
Other projects	0.7	20	various	Building works

KEY UPDATES – Properties

- **FY19 presales declined 14% yoy** – Q4 presales topped RM1.1b, bringing full year presales to RM3.1b (-14% yoy); however, excluding GEMS (which was largely sold out last year), group presales were up 14% yoy; overseas presales continue to outpace domestic by 2 to 1
- **Vietnam projects continue to shine** – FY19 presales hit another record at RM1.9b (+35% yoy), well exceeding target of RM1.5b; Celadon City continues to drive outstanding Vietnam performance; management remains on the lookout for a new project to sustain sales
- **Focused on Gamuda Cove, Gardens, twentyfive.7** – combined sales at these 3 new signature projects rose 57% yoy to RM470m; all three projects recorded improved presales, with both Gamuda Gardens and Gamuda Cove achieving commendable growths
- **Initial works on Anchorvale have started** – official launch is planned for Q1 next year, and expectations are that it will be very well received like GEMS Residences previously
- **Strong FY19 performance** – PBT surged 14% to RM341m, whilst margin expanded to 13.3% from 11.5%; the strong performance was largely driven by Vietnam, where selling prices have recently started to trend up

KEY UPDATES – Concessions



- **MoF offers to buy all 4 toll highways** – the all-cash offer places a total EV of RM6.2b, and Equity Value of RM4.5b for all 4 highways (projected at end Dec '19, the targeted completion date); the Group's share of equity value works out to RM2.36b
- **Offers have been accepted** – the offers have been accepted by Gamuda's Board, as well as the respective concession boards; the deadline for concluding the Definitive Agreement has been extended to 31 Oct; Cabinet decision is imminent
- **Fears of expropriation or 'forced sale' unfounded** – negotiations were done professionally, on a 'willing-buyer, willing-seller' basis, and adhered to market norms and practices (DCF valuation methodology, fair discount rates, benchmark pricing, etc)
- **Shareholders approvals required for both Litrak and Gamuda** – Litrak requires minimum 75% approval, whilst Gamuda requires >50%; shareholder EGMs will likely be held in Nov/Dec, in time for the completion date of end Dec

Thank You