Gamuda Berhad

On the Road to Recovery

FY ‘20 INVESTORS’ BRIEFING

25 September 2020

KEY GROUP HIGHLIGHTS

- **Well on the road to recovery –** after a bruising Q3, Q4 staged an impressive recovery but still fell short of its optimum performance; FY21 should see the construction division return to normalcy, but a meaningful recovery in the properties sector may be delayed further; the concessions division posted the strongest rebound in Q4, and is already achieving optimum profitability

- **KVMRT3 decision expected soon –** this shovel-ready project may be implemented to deliver a quick and effective stimulus to revive a struggling economy

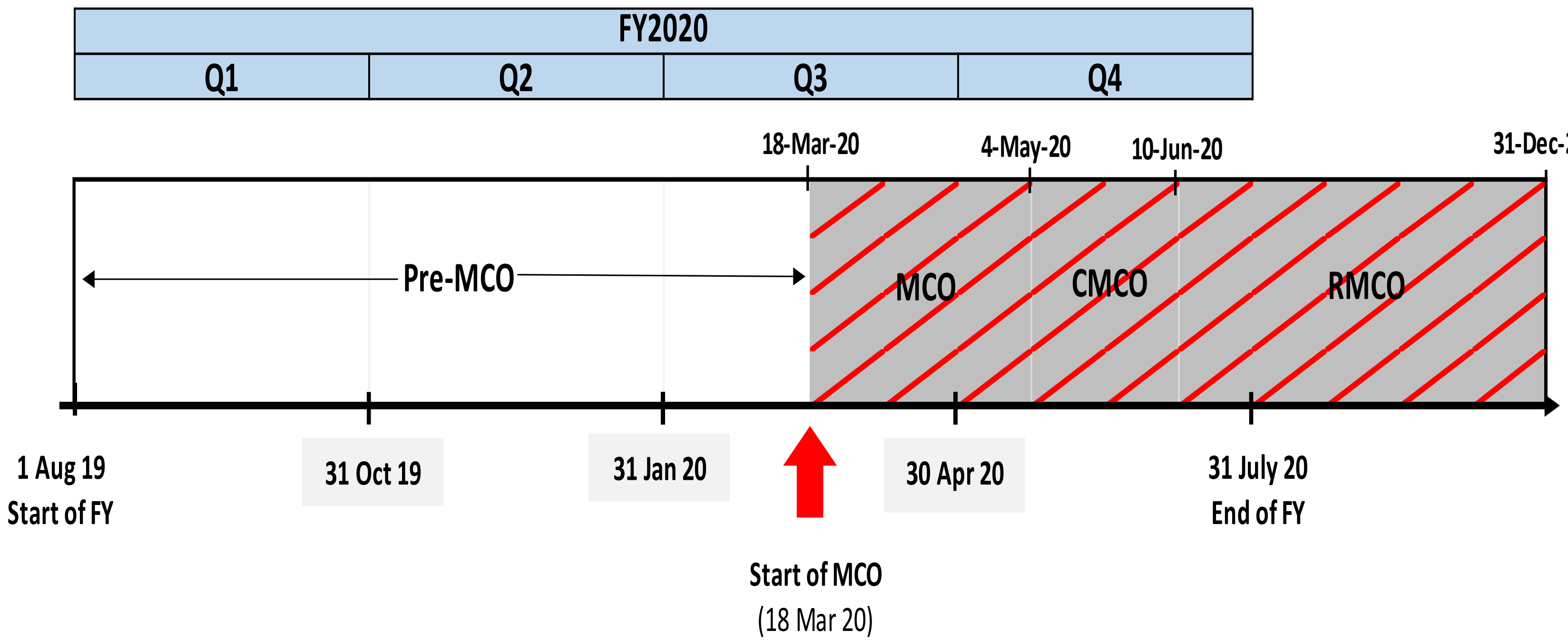
- **Initial phase of PSR targeted to kick off soon –** with our PDP role fully secured, discussions with the State are in high gear to resolve outstanding issues, with the aim of starting the reclamation works for Island A by mid-next year

- **Efforts to penetrate Australia progressing well –** being shortlisted to tender for two major multi-billion AUD projects underscores our strong credentials, a necessary prerequisite to penetrate this attractive new market

COVID-19 AND ITS IMPACT ON FY2020

GAMUDA

VARIOUS MCOS ECLIPSED ALMOST HALF OF THIS FINANCIAL YEAR



HIGHLIGHTS OF FY2020 FINANCIALS (1)

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- **Covid-19 impacted all divisions, but to varying degrees –** a near 8-week total lockdown impacted Q3 the most, but even Q4 was impacted by a slow and uneven recovery in operations following several weeks of gradual and cautious re-openings of various economic sectors

- **Weaker performance due to Covid-19 –** for the year, the Group posted a 17% fall in core PBT to RM797m, and a 26% fall in core net profit to RM520m; revenue fell a lesser 5% to RM6.8b

- **Construction recovered quickly post lockdown –** the full impact was mitigated by the MRT2 underground tunneling works continuing during the total lockdown, and the active planning and preparation works which paved the way for a quick resumption of project activities post lockdown; for the year, the division posted a modest 10% fall in core PBT to RM296m

- **Properties the worst impacted -** the properties division took the brunt of the impact, as property purchasers defer purchase decisions amidst economic uncertainties ahead; the domestic sector performed worse than the overseas sectors (Vietnam, Singapore), likely due to a less severe outbreak there in early weeks of the pandemic; for the year, the division posted a 46% fall in core PBT to RM180m

HIGHLIGHTS OF FY2020 FINANCIALS (2)

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- **Concessions managed to deliver a small growth –** traffic volumes rebounded very swiftly post lockdown, whilst lower operational costs at both the highway and water units helped support y-o-y growth; the water unit was also relatively unaffected by Covid-19 as water demand remained resilient throughout the year; for the year, the division posted a 6% increase in core PBT to RM322m

- **Impairment of IBS assets –** a RM148m one-off, non cash impairment of IBS assets was taken as the Group temporarily shuts down one of its two IBS plants due to the slower pace of building construction induced by the stringent Covid-19 SOPs; no further impairment is expected, and the Group expects to be able to restart the closed plant once demand for IBS products recover; as such, reported PBT and net profit fell 33% and 47% to RM649m and RM372m respectively

- **Dividends were halved –** given the current economic uncertainties and uncertain business prospects

- **Net gearing fell significantly -** net debt fell RM620m over FY20, bringing net gearing down to 30% at year end, compared to 39% at the start of the year

INCOME STATEMENT

GAMUDA

(RMmil)	FY ended 31 July '20	FY ended 31 July '19	Change (%)
Revenue	**3,663.0**	**4,565.1**	**-20**
Profit from operations before impairment losses	564.4	705.3	-20
Impairment of IBS assets	(148.1)	-	n.m.
Profit from operations (EBIT)	416.3	705.3	-41
Finance Costs	(139.3)	(117.3)	+19
Share of JVs (net of tax)	192.2	186.5	+3
Share of associates (net of tax)	116.2	126.6	-8
Profit before tax	**585.5**	**901.1**	**-35**
Core Profit before tax	***733.6***	***901.1***	***-19***
Tax	(161.3)	(148.8)	+9
Non-controlling interests	(52.5)	(52.1)	unch
Net profit attributable to equity holders	**371.7**	**700.2**	**-47**
Core Net profit attributable	***519.8***	***700.2***	***-26***
Core fully diluted EPS (sen)	20.9	28.4	
Dividend per share (sen)	**6.0**	**12.0**	
EBIT margins (%) – before impairment	**15.4**	**15.4**	
PBT margins (%) – before impairment	**20.0**	**19.7**	

INCOME STATEMENT (before FRS 11)

GAMUDA

(RMmil)	FY ended 31 July '20	FY ended 31 July '19	Change (%)
Revenue	**6,804.9**	**7,181.2**	**-5**
Profit from operations before impairment losses	843.5	973.3	-13
Impairment of IBS assets	(148.1)	-	n.m.
Profit from operations (EBIT)	695.4	973.3	-29
Finance Costs	(162.3)	(134.0)	+21
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	116.2	126.6	-8
Profit before tax	**649.3**	**965.9**	**-33**
Core Profit before tax	***797.4***	***965.9***	***-17***
Tax	(225.2)	(213.7)	+6
Non-controlling interests	(52.5)	(52.1)	unch
Net profit attributable to equity holders	**371.7**	**700.2**	**-47**
Core Net profit attributable	***519.8***	***700.2***	***-26***
Core fully diluted EPS (sen)	20.9	28.4	
Dividend per share (sen)	**6.0**	**12.0**	
EBIT margins (%) – before impairment	**12.4**	**13.6**	
PBT margins (%) – before impairment	**11.7**	**13.5**	

BALANCE SHEET SUMMARY

GAMUDA

(RMmil)	As at 31 July '20	As at 31 July '19
Current Assets	9,455.2	8,076.0
Current Liabilities	5,940.8	5,096.7
Current Ratio	1.6x	1.6x
Total borrowings	5,465.1	5,143.7
Cash and marketable securities	2,791.5	1,848.9
Net cash	**(2,673.6)**	**(3,294.8)**
Share capital	3,620.9	3,469.7
Reserves Non-controlling interests	4,920.1 426.2	4,592.9 399.3
Total Equity	**8,967.3**	**8,461.9**
Net gearing (overall)	**30%**	**39%**
Net assets per share (RM)	3.40	3.26

QUARTERLY SEGMENTAL PROFITS

(all figures shown are based on core earnings, before one-off impairment of RM148m)

(RMmil)	Q419	Q120	Q220	Q320	Q4 `20	Q4 `19	%
Construction & Eng	48.0	85.5	109.3	32.1	69.1	48.0	+44
Properties	150.6	63.9	51.0	19.6	45.3	150.6	-70
Concessions	41.7	81.7	83.3	34.1	122.3	41.7	+193
Group Pretax Profit	**240.4**	**231.2**	**243.6**	**85.8**	**236.7**	**240.4**	-2
Group Net Profit	**185.0**	**173.6**	**175.2**	**40.2**	**130.8**	**185.0**	-29

YTD Segmental PBT

(RMmil)	FY ’20	FY ’19	%
Construction	296.0	328.9	-10
Properties	179.9	333.4	-46
Concessions	321.5	303.6	+6
Group PBT	**797.4**	**965.9**	-17

YTD PBT Margins

%	FY ‘20	FY ’19
Construction	6.2	7.9
Properties	11.8	13.1
Concessions	n.m	n.m
Group PBT	11.7	13.5

CASH FLOW SUMMARY

GAMUDA

(RM mil)	FY ended July ’20	FY ended July ’19
Net cash generated from operating activities	666.2	484.7
Net cash (used in)/generated from investing activities	(586.2)	375.1
Net cash generated from/(used in) financing activities	291.8	(765.8)
Net increase in cash and cash equivalents	**371.8**	**94.0**
Effects of exchange rate changes	24.4	10.0
Cash and cash equivalents at beginning of the period	1,081.1	977.1
Cash and cash equivalents at end of the period	**1,477.4**	**1,081.1**

GROUP BORROWINGS AND DEBT SECURITIES

(RM mil)	As at 31 July '20	As at 31 July '19
Long Term Borrowings		
Medium Term Notes	2,135.0	1,975.0
Term Loans	774.0	919.5
Revolving Credits	43.2	63.3
	2,952.2	**2,957.7**
Short Term Borrowings		
Medium Term Notes	690.0	690.0
Commercial Papers	600.0	150.0
Term Loans	162.4	742.4
Revolving Credits	1,060.6	603.5
	2,513.0	**2,185.9**
Total Borrowings	**5,465.1**	**5,143.6**

KEY UPDATES – Construction

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- **KVMRT3 edging closer to a decision –** discussions with the government have been fruitful, and a final decision is expected soon; as highlighted previously, this project is ranked very highly as an effective means to pump prime, with its high multiplier effects, its shovel-ready status and its significant impact on rail-based public transport

- **PTMP PDP agreement signed** – this paves the way for the reclamation works for Island A to commence, likely in Q1'21; the PDP will provide funding to the State of up to RM1.3b, and manage and deliver all the components of the PTMP in return for a fee ranging between 5.0% - 5.75%

- **Shortlisted for 2 major projects in Australia –** both projects, the Sydney M6 motorway, and 2 tunnel packages under the Sydney Metro West project, require extensive tunneling capabilities; outcomes of the bidding for the projects are expected by mid-21 (M6), and late-21 (Metro West) respectively; targeting to be shortlisted for another major infra project in the next 6-9 months

- **Billings and earnings recover in Q4 –** Q4 billings and earnings have recovered sharply to near pre-Covid levels; full year core PBT fell 10% y-o-y to RM296m, on a 16% rise in revenue to RM4.8b; consequently core PBT margin fell to 6.2% from 7.9%

CONSTRUCTION ORDER BOOK

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- Current unbilled order book about **RM6.9 billion** (July 2020)

Major Projects	Balance works (RMb)	Completion Status		Comments
		% now	completion year	
1) KVMRT Line 2 (50% share)	4.6	70	2022	Tunnelling works nearing completion
2) Pan Borneo Sarawak (65% share)	0.3	60	2021	Work momentum steadily building up
3) Marine bridge, Taiwan (70% share)	0.3	6	2022	Newly secured
4) Bus depot, Singapore (45% share)	0.3	0	2023	Mobilization ongoing
5) Seawall project, Taiwan (70% share)	0.7	0	2025	Second Taiwan win within a year
6) Other local projects	0.7	various	various	Building works

KEY UPDATES – Properties

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- **Sector dealt a blow by the pandemic –** the already weak domestic market now faces even more challenges, as purchasers defer purchases and reprioritize spending, amidst economic uncertainties ahead; chances of a sector recovery in the coming year now look less likely
- **Presales totaled RM2.2b (-29%) in FY20 –** of this, RM1b was achieved in Q4 alone, sharply recovering from the RM0.2b achieved in Q3 amidst the lockdown; as before, overseas sales outpaced domestic sales by 2-to-1; top selling projects include Celadon City, the newly launched OLA Residences, Gamuda Cove and Horizon Hills; unbilled sales stand at RM3b
- **OLA sees 35% take up rate –** launched just before Singapore implemented its circuit breaker, this RM2b GDV executive condo project sold RM670m in under a week; sales remain steady post circuit breaker, although at slower rates than before
- **FY20 performance weakened significantly –** a near 8-week total lockdown, coupled with numerous disruptions post-lockdown saw the division record a 46% fall in core PBT to RM180m, whilst revenue fell 40% to RM1.5b; consequently, core PBT margin fell from 13.1% last year to 11.8%

KEY UPDATES – Concessions

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- **Traffic volumes have recovered to pre-Covid levels –** except for Smart Highway, all other highways are now achieving between 98% -100% of pre-Covid traffic volumes
- **The only division to achieve growth –** despite the near 8-week total lockdown, the rapid recovery in traffic volumes, coupled with lower operational costs, and a resilient water unit relatively unaffected by the pandemic, helped the division achieve a 6% PBT growth to RM322m
- **Toll highways disposal in limbo –** there is still no official decision on the disposal, but recent comments from the government suggest that alternative proposals to resolve the issue are being actively explored

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Thank You

COVID-19 – Impact and Challenges

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- **Domestic activities almost totally halted groupwide –** a near 8-week nationwide lockdown saw almost all construction and properties activities ceasing completely, and traffic volumes on toll roads dry up; only critical construction works were allowed to continue, namely the Underground Tunneling works and some critical long-span launching works above ground for MRT2; the lockdown spanned the second half of the Q3 period, and into early Q4

- **Lockdown period used to prepare for the new norm –** Covid testing of all workers, reconfiguring CLQs, restructuring project teams to mitigate risks, reinforcing safety protocols – these were planned and executed, to minimize the downtime post lockdown

- **Work from home (WFH) instituted for office staff –** all departments have instituted WFH programmes, reducing office headcount by up to 50%; health declarations and screenings are carried out daily, with full contact tracing procedures in place

- **New norm will see efficiency, productivity fall –** social distancing and other precautions will result in significantly slower work progress and reduced efficiency, and this will be reflected in construction and properties billings in the months ahead

- **Very weak 2HY in store –** with 2 months 'lost time', additional costs to comply with new SOPs, disruptions to the supply chains, adjustments to work procedures, and slow ramping up will translate to a dismal 2HY performance; Q3, however, will bear the brunt of it