Gamuda Berhad

Political Continuity, Economic Recovery to drive FY22 performance

Q4 '21 INVESTORS' BRIEFING

29 September 2021

KEY HIGHLIGHTS

GAMUDA

- **Bumper Q4 earnings reversed year long declines –** Q4 earnings were powered by both construction and properties, offsetting lower concession earnings, to drive group net earnings to a modest 12% y-o-y expansion

- **MRT2 drove construction, Vietnam drove properties –** despite pandemic disruptions, MRT2 Phase 1 achieved substantial completion, whilst Vietnam was spared lockdown until post Q4; domestic properties activities were shutdown for much of Q4

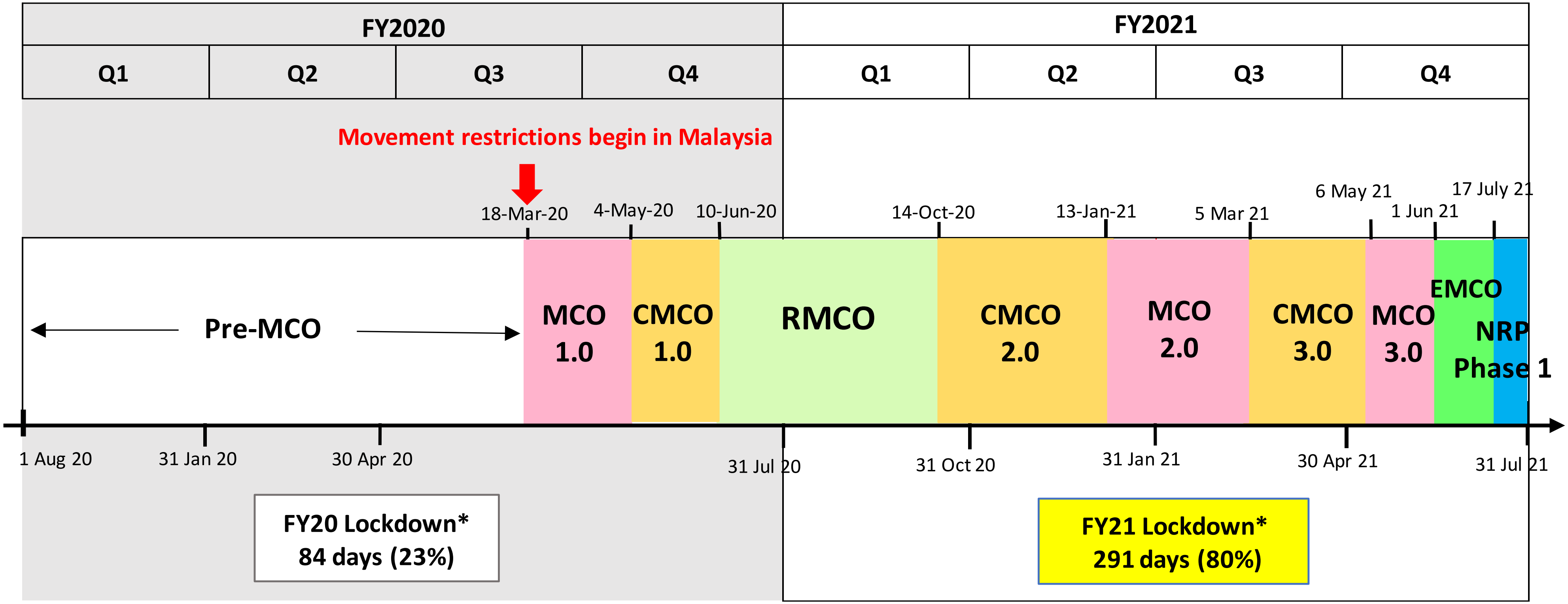
- **PSI project dealt a setback –** an unfavourable court ruling on a legal challenge mounted by several disgruntled fishermen will result in the delay of the project by up to 8 months; a judicial review is being pursued, whilst a fresh EIA submission will be made concurrently

- **Gamuda Land diversifies into UK properties –** with a strategic objective of boosting RoEs, GL plans to build up a portfolio of high-return, quick-turnaround projects; to date, 2 investments have been made in London-based properties in JVs with proven Development Managers to oversee and execute the projects

- **Australia still holds promise, KVMRT3 may require a fresh approach –** despite unsuccessful bids for Sydney M6 and SMW (Central Tunnel), we remain optimistic on another 2 upcoming tenders in Sydney; despite a lack of mention in 12MP, KVMRT3 remains on the cards, but may require a fresh approach to take it forward

- **Political stability returns, policy continuity likely –** new government formed with new PM, but new Cabinet comprises mainly old ministers, with key portfolios helmed by the same ministers; this suggests continuity in economic and fiscal policies, management and direction

Our Malaysian businesses faced more lockdowns this year as Covid cases surged



*Lockdown = EMCO + MCO + CMCO (exclude RMCO)

- **Except for critical projects like MRT2 and Pan Borneo which continued operations, sales galleries, building works and IBS factories were not allowed to operate when EMCO was imposed at tail end of this year.**

INCOME STATEMENT

GAMUDA

(RMmil)	FY ended 31 July '21	FY ended 31 July '20	Change (%)
Revenue	**3,517.2**	**3,663.0**	**-4**
Profit from operations before impairment losses	586.1	569.3	+3
Impairment of IBS assets	-	(148.1)	n.m.
Profit from operations (EBIT)	586.1	421.2	+39
Finance Costs	(114.5)	(139.3)	-18
Share of JVs (net of tax)	216.8	192.2	+13
Share of associates (net of tax)	97.9	116.2	-16
Profit before tax	**786.3**	**590.3**	**+33**
Core Profit before tax	***786.3***	***738.4***	***+6***
Tax	(154.1)	(161.3)	-4
Non-controlling interests	(43.9)	(52.5)	-16
Net profit attributable to equity holders	**588.3**	**376.5**	**+56**
Core Net profit attributable	***588.3***	***524.6***	***+12***
Core fully diluted EPS (sen)	23.4	21.1	
Dividend per share (sen)	**-**	**6.0**	
EBIT margins (%) – before impairment	**16.7**	**15.5**	
PBT margins (%) – before impairment	**22.4**	**20.2**	

INCOME STATEMENT (before FRS 11)

GAMUDA

(RMmil)	FY ended 31 July '21	FY ended 31 July '20	Change (%)
Revenue	**5,016.0**	**6,804.9**	**-26**
Profit from operations before impairment losses	885.4	841.9	+5
Impairment of IBS assets	-	(148.1)	n.m.
Profit from operations (EBIT)	885.4	693.8	+28
Finance Costs	(131.2)	(155.9)	-16
Share of JVs (net of tax)	-	-	-
Share of associates (net of tax)	97.9	116.2	-16
Profit before tax	**852.1**	**654.1**	**+30**
Core Profit before tax	***852.1***	***802.2***	***+6***
Tax	(219.9)	(225.1)	-2
Non-controlling interests	(43.9)	(52.5)	-16
Net profit attributable to equity holders	**588.3**	**376.5**	**+56**
Core Net profit attributable	***588.3***	***524.6***	***+12***
Core fully diluted EPS (sen)	23.4	21.1	
Dividend per share (sen)	**-**	**6.0**	
EBIT margins (%) – before impairment	**17.7**	**12.4**	
PBT margins (%) – before impairment	**17.0**	**11.8**	

BALANCE SHEET SUMMARY

(RMmil)	As at 31 July '21	As at 31 July '20
Current Assets	9,897.1	9,526.0
Current Liabilities	4,509.2	5,886.6
Current Ratio	2.2x	1.6x
Total Borrowings	5,227.8	5,465.1
Cash and marketable securities	3,538.0	2,791.7
Net cash (borrowings)	**(1,689.8)**	**(2,673.4)**
Share capital	3,620.9	3,620.9
Reserves	5,542.6	4,920.1
Non-controlling interests	352.1	426.5
Total Equity	**9,515.7**	**8,967.6**
Net gearing (overall)	**18%**	**30%**
Net assets per share (RM)	3.65	3.40

CASH FLOW SUMMARY

(RM mil)	FY ended 31 July '21	FY ended 31 July '20
Net cash generated from operating activities	1,057.4	592.5
Net cash (used in)/generated from investing activities	(924.2)	(317.1)
Net cash (used in)/generated from financing activities	(428.2)	137.8
Net (decrease) increase in cash and cash equivalents	**(295.0)**	**413.2**
Effects of exchange rate changes	9.3	24.4
Cash and cash equivalents at beginning of the year	1,518.8	1081.1
Cash and cash equivalents at end of the year	**1,233.1**	**1,518.8**

QUARTERLY SEGMENTAL PROFITS

**** before impairment of RM148.1m***

(RMmil)	Q420	Q121	Q221	Q321	Q4 `21	Q4 `20	%
Construction & Eng	65.1*	76.7	77.0	90.6	154.3	65.1*	+137
Properties	49.4	13.4	9.9	74.0	126.9	49.4	+157
Concessions	127.1	63.0	87.4	48.1	30.8	127.1	-76
Group Pretax Profit	**241.6***	**153.1**	**174.3**	**212.7**	**312.0**	**241.6***	+29
Group Net Profit	**135.6***	**109.3**	**123.1**	**141.8**	**214.1**	**135.6***	+58

YTD Segmental PBT

(RMmil)	FY21	FY20	%
Construction	398.6	296.1*	+35
Properties	224.2	179.9	+25
Concessions	229.3	326.3	-30
Group PBT	**852.1**	**802.2***	+6

YTD PBT Margins

%	FY21	FY20
Construction	12.1	6.2*
Properties	17.3	11.8
Concessions	n.m	n.m
Group PBT	17.0	11.8*

GROUP BORROWINGS AND DEBT SECURITIES

GAMUDA

(RM mil)	As at 31 July '21	As at 31 July '20
Long Term Borrowings		
Medium Term Notes	2,645.0	2,135.0
Term Loans	1,107.5	774.0
Revolving Credits	23.2	43.2
	3,775.6	**2,952.2**
Short Term Borrowings		
Medium Term Notes	90.0	690.0
Commercial Papers	700.0	600.0
Term Loans	340.7	162.4
Revolving Credits	321.5	1,060.6
	1,452.2	**2,513.0**
Total Borrowings	**5,227.8**	**5,465.1**

KEY UPDATES – Construction

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- **Construction performed strongly in Q4 –** profitability was driven by the substantial completion of MRT2 Phase 1, where the completed line is scheduled to be open for service soon; despite a 31% fall in full year revenue to RM3.3b, pretax surged 35% to RM399m; consequently, pretax margins for the FY doubled to 12.1% from 6.2% last year

- **PSI commencement delayed by up to 8 months –** an unfavourable court ruling based on a 'technicality' invalidated the project's EIA approval from the DoE; the State is now seeking a judicial review to reverse the ruling, whilst resubmitting a fresh application for EIA approval concurrently; the project will be on hold pending fresh developments or outcomes from these efforts

- **Unsuccessful bids for Sydney M6, SMW (Central Tunnel) tenders –** despite these setbacks, we remain optimistic on our chances of success on the upcoming two tunnel packages, the SMW (Western Tunnel), and Western Sydney Airport Link (tunnel and station boxes), the outcomes of which will be known within the next 6 months

- **KVMRT3 may require a fresh approach –** despite not being specifically mentioned in the 12MP, the project is still being seriously considered to anchor a much-needed economic revival strategy; various funding options are still being evaluated

- **Order book stands at RM4.5b –** a small project win in Taiwan recently adds on RM230m to the order book, whilst the ongoing liquidation of Greatearth (our 55% partner in the Singapore bus depot project) could add on another RM0.2b in order book, if Gamuda takes over their share of the project

CONSTRUCTION ORDER BOOK

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- Current unbilled order book about **RM4.5 billion** (July 2021)

Major Projects	Balance works (RMb)	Completion Status		Comments
		% now	completion year	
1) KVMRT Line 2 (50% share)	2.5	83	2022	Nearing completion
2) Pan Borneo Sarawak (65% share)	0.3	67	2021	Steady progress
3) Marine bridge, Taiwan (70% share)	0.2	53	2022	Progressing on schedule
4) Bus depot, Singapore (45% share)	0.3	14	2023	Steady progress
5) Seawall project, Taiwan (70% share)	0.5	19	2025	Second Taiwan win
6) Other local projects	0.5	Various	Various	Building works
7) Transmission line, Taiwan (50% share)	0.2	0	2024	Third Taiwan win

KEY UPDATES – Properties

GAMUDA

- **Bumper Q4 earnings powered by Vietnam –** as Vietnam only imposed its lockdown in Aug, the division, particularly Celadon City, was able to ramp up the clearing of its backlog of building works which built up following the delay in its permit approvals

- **Strong 2HY compensated for weak 1HY –** this resulted in annual earnings expanding 25% to RM224m, despite a 15% fall in revenue to RM1.3b; pretax margins also surged to 17.3% from 11.8% previously

- **Presales have recovered to near pre-pandemic levels –** group presales totalled RM2.9b (+32%), just 6% shy of FY19's RM3.1b presales; locally, presales topped RM1.12b (+55%), whilst overseas presales totalled RM1.75b (+20%); domestic presales surpassed its pre-pandemic presales of RM1.0b, and is almost on par with its FY18's record RM1.17b; unbilled sales totalled RM4.6b

- **Maturing townships drive domestic presales –** Gamuda Gardens performed particularly well, with presales almost tripling to RM320m to become the best selling domestic property; matured townships like Horizon Hills and Jade Hills took the second and third spots respectively

- **OLA's take up rate on track to hit 80% –** sales continue to gather momentum, and SPAs and bookings being processed will translate to a 80% take up rate upon completion

- **FY22 presales target at RM3.5b –** economic reopenings, coupled with maturing townships, are expected to underpin a 22% presales growth next year

GAMUDA'S UK REAL ESTATE STRATEGY

GAMUDA

- **Strategic objective is to boost return on invested capital –** this will be pursued via a portfolio of small-ticket investments in UK properties to generate double-digit IRRs in a relatively short timeframe of 3-5 years per property
- **To further diversify our properties earnings base –** UK will be our 4th overseas market after Vietnam, Singapore and Australia, and the first outside of Asia-Pacific; this significant geographic diversification will further increase the resilience of our property earnings
- **Investments via JVs with proven Development Managers –** these will be structured similarly as our Singapore projects GEMS and OLA; proven Development Managers (DM) will lead the design, construction and marketing efforts in return for a fixed fee, and sometimes with a success fee as an added incentive, if pre-agreed targets are surpassed
- **Small-sized deals with quick turnaround –** preference is for relatively small-sized deals (where equity investments are less than GBP40mil), and allows exit within 3-5 years
- **Retain Board control –** key issues, targets and KPIs are agreed upfront with the respective DMs, including development costs and project budgets

UK PROPERTY PORTFOLIO – ALDGATE

GAMUDA

- **Location:** Aldgate, London E1 (Zone 1)
- **Business Model:** Buy, Rebuild, Sell (en-bloc)
- **Sector:** Residential, Co-Living
- **Property Description:** Demolish and rebuild 20-storey block with 210 rooms
- **Development Manager:** Yoo Development
- **JV structure:** Gamuda (90%): Yoo Development (10%)
- **Investment Duration:** 4.5 years; mid-2020 to end-2024
- **Projected GDV:** GBP75m
- **Equity Investment:** GBP20m (Gamuda's share)

UK PROPERTY PORTFOLIO – WEST HAMPSTEAD

GAMUDA

- **Location:** West End Lane, West Hampstead, London NW6 (Zone 2)
- **Business Model:** Buy, Develop, Sell
- **Sector:** Residential, 1 to 2 bedroom flats
- **Property Description:** Development of 7-storey residential building with 101 units
- **Development Manager:** Astir Investment Partnership LLP
- **JV structure:** Gamuda (85%): Astir (15%)
- **Investment Duration:** 2-3 years; mid-2021 to mid-2023/24
- **Projected GDV:** GBP66m
- **Equity Investment:** GBP13.5m (Gamuda's share)

KEY UPDATES – Concessions

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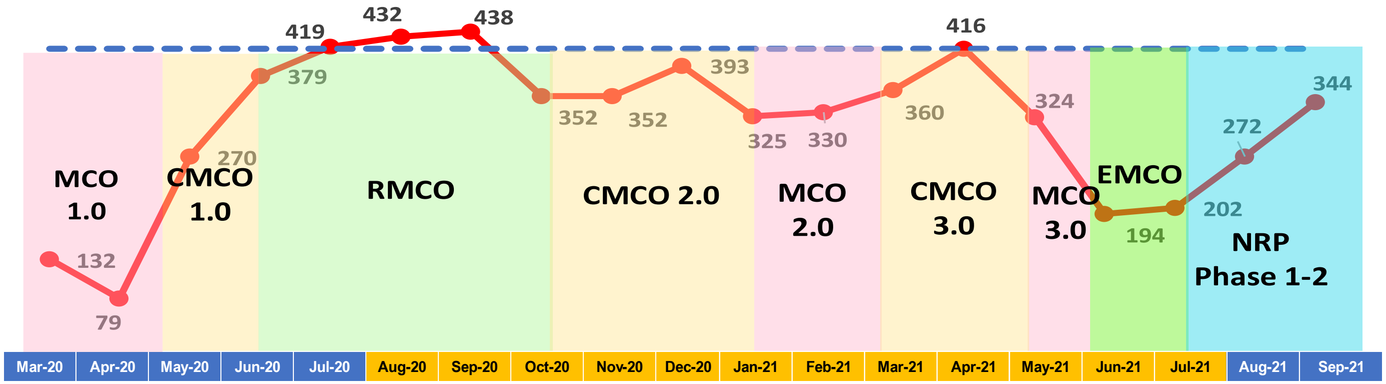
- **Roller coaster year with repeated lockdowns –** after starting FY21 on a strong note during the RMCO in Aug last year, traffic volumes swung wildly over the course of the year, which saw the imposition of 2 CMCOs, 2 MCOs, and 1 EMCO/FMCO
- **Earnings were dragged down 30% –** weak and inconsistent traffic volumes resulted in concession earnings falling 30% to RM229m y-o-y, with Q4 coming in as the weakest quarter as it coincided with the EMCO/FMCO; earnings from the water division remained steady and unaffected by the lockdowns
- **Strong volume recovery seen post Q4 –** traffic volumes at end of FY21 (end July) stood at about 60% of pre-pandemic volumes for both LDP and Kesas; over the last 2 months, with the gradual reopening of the economy, volumes have increased to between 80-85% of pre-pandemic levels at end September; likewise, Sprint has seen volumes rise from 25% to 65% over the same period, and SMART from 10% to 50%

LDP & KESAS traffic drop to 60% of pre-MCO at financial year end but recovering strongly post EMCO

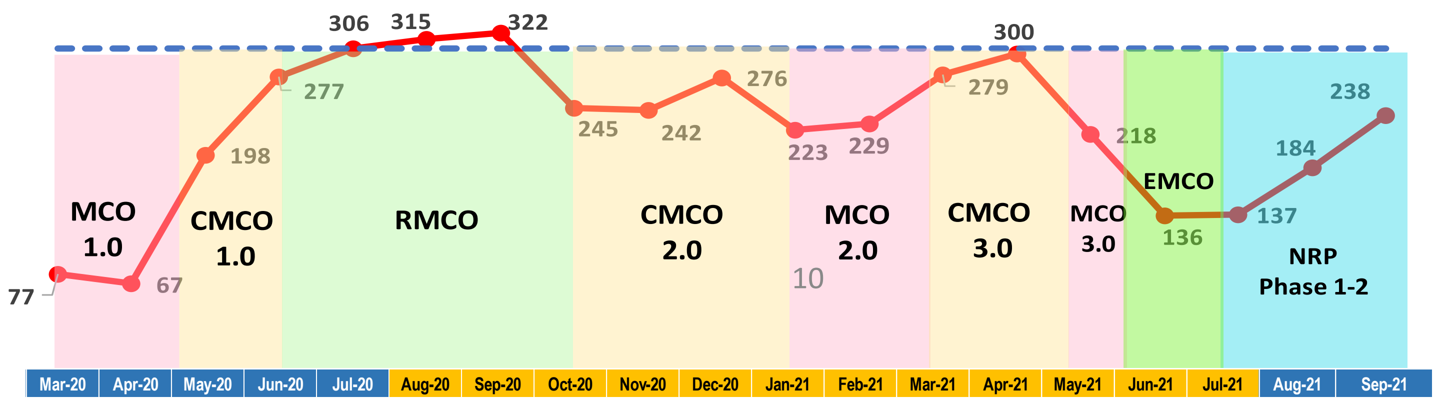
LDP



At end Jul'21
Traffic is 60% of pre-MCO levels

At 25/9/21
Traffic is 88% of pre-MCO levels

KESAS



At end Jul'21
Traffic is 58% of pre-MCO levels

At 22/9/21
Traffic is 78% of pre-MCO levels

Thank You