

Gamuda (GAM MK)

Normalising in the new normal

Maintain BUY with an unchanged TP

Workforce capacity at all Gamuda's construction and property projects in Malaysia are back to almost full capacity, after being impacted by two plus months. Traffic recovery at its tolled highways are however slower but we expect the pace to pick up as more economic activities reopen. Our earnings estimates are marginally tweaked, having earlier incorporated a weak 4QFY21. Our RNAV-TP is unchanged at MYR4.05.

Back to almost full operating capacity

MCO 3.0 had lowered the operating capacity at Gamuda's construction and property projects (from 25 May), while FMCO (from 1 Jun) led to the halting of works at all its property projects in Malaysia. KVMRT2 works stopped during the Klang Valley EMCO (3-16 Jul). Works at its Malaysia property projects have resumed since early-August while workforce capacity at all its construction and property projects are now back to almost full capacity as vaccination rate of its entire workforce has crossed the 80% mark; they should be fully inoculated by end-September.

Some set-backs still at the highways and in Vietnam

MCO 3.0 and FMCO had led to tolled traffic volume at LDP and SPRINT down by an average 55% compared to pre-MCO levels, per LITRAK in its latest results release [\[link\]](#). Traffic has however recovered slightly after more economic activities are allowed in the Klang Valley (from 16 Aug); traffic as of early-Sept at both LDP and KESAS were at 30-35% below pre-MCO levels, SPRINT at 50%, and SMART at 75% (vs. 80% in end-Jun 2021). Over at Vietnam, works at both Gamuda's property projects have been suspended since mid-July due to the lockdown there.

Major projects roll-out pushed back

Tender call for the KVMRT3 may be deferred a bit more to potentially early-2022; the last indication was a delay by 2-3 months from Aug 2021. Up north, the PSI EMP approval may be delayed longer [\[link\]](#), while outcome dates for the tender of Sydney Metro West 2nd tunnel project and Western Sydney Airport Link (tunnel & station boxes) are expected by end-4QCY21 (timeline unchanged).

FYE Jul (MYR m)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue	4,565	3,663	4,057	5,211	5,458
EBITDA	765	641	615	895	944
Core net profit	714	520	435	637	703
Core EPS (sen)	28.9	20.9	17.3	25.3	28.0
Core EPS growth (%)	(14.7)	(27.8)	(17.2)	46.4	10.4
Net DPS (sen)	12.0	6.0	0.0	12.0	12.0
Core P/E (x)	12.8	17.0	18.5	12.6	11.4
P/BV (x)	1.1	1.0	0.9	0.9	0.8
Net dividend yield (%)	3.2	1.7	0.0	3.8	3.8
ROAE (%)	8.9	4.5	5.0	7.0	7.4
ROAA (%)	4.2	2.9	2.3	3.3	3.5
EV/EBITDA (x)	17.3	19.7	18.9	13.4	12.4
Net gearing (%) (incl perps)	43.6	37.0	32.8	35.4	30.0
Consensus net profit	-	-	472	595	645
MKE vs. Consensus (%)	-	-	(7.8)	7.0	9.0

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BUY

Share Price	MYR 3.20
12m Price Target	MYR 4.05 (+30%)
Previous Price Target	MYR 4.05

Company Description

Gamuda Bhd engages in engineering and construction, property development and water and expressway concessions.

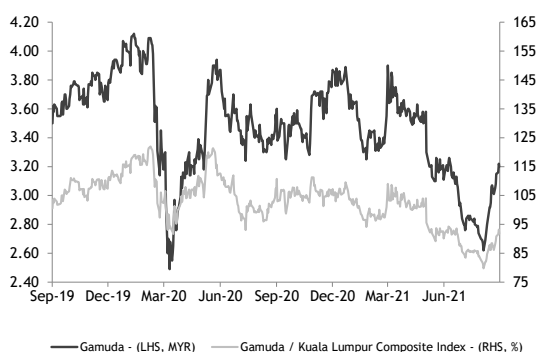
Statistics

52w high/low (MYR)	3.90/2.62
3m avg turnover (USDm)	2.0
Free float (%)	69.3
Issued shares (m)	2,514
Market capitalisation	MYR8.0B
	USD1.9B

Major shareholders:

Permodalan Nasional Bhd.	14.8%
Employees Provident Fund	14.7%
Kumpulan Wang Persaraan	8.2%

Price Performance



	-1M	-3M	-12M
Absolute (%)	17	(0)	(10)
Relative to index (%)	10	(0)	(14)

Source: FactSet

Abbreviation

MCO = Movement Control Order
 FMCO = Full MCO; EMCO = Enhanced MCO
 KVMRT = Klang Valley Mass Rapid Transit
 PSI = Penang South Island
 EMP = Environmental Management Plan

Stock mentioned in this report

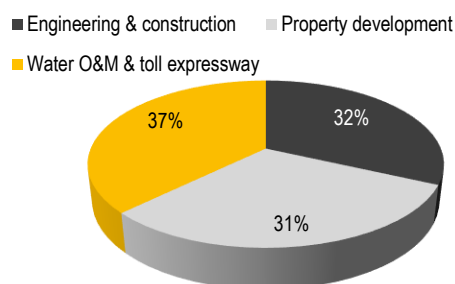
LITRAK (LTK MK, CP: MYR3.83, BUY, TP: MYR4.90)

ESG@MKE
 Tear Sheet Insert

Value Proposition

- Leading engineering & construction player that has carved a niche in highly technical tunnelling works.
- Experienced Project Delivery Partner (PDP) for major rail infrastructure in Malaysia such as KVMRT 1 and 2.
- These capabilities have enabled Gamuda to clinch key infrastructure projects and gain above-industry average construction margins.
- It has also accumulated strategic property landbank in the Klang Valley that would benefit from urbanisation and upcoming rail and highway developments.

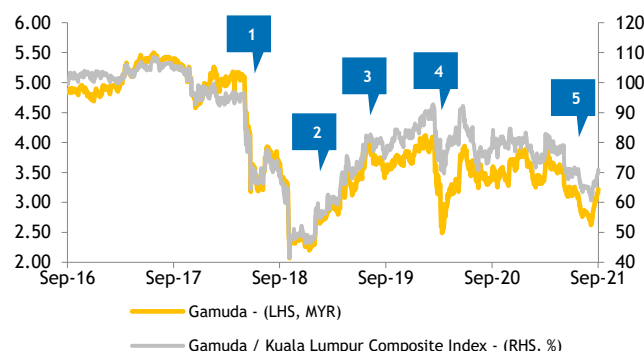
PBT breakdown in FY20 (ex-impairment of IBS assets)



Source: Company

Price Drivers

Historical share price trend



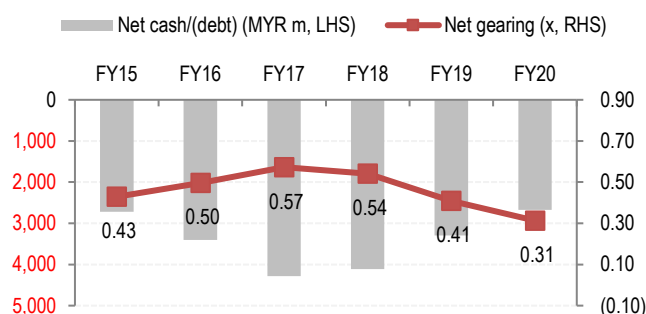
Source: Company, Maybank Kim Eng

1. Post GE14 overhang on Malaysia construction stemming from i) review and cancellation of major infrastructure projects and ii) potential abolition of tolled highways.
2. Potential revival of ECRL and sale of its tolled highways.
3. News on revival of Bandar Malaysia project (May 2019), followed by Minister of Finance (Inc.)'s proposed take-over of Gamuda's four tolled highways (Jun 2019).
4. Start of Movement Control Order (MCO) (18 Mar 2020).
5. Announcement (on 11 May 2021) of Gamuda's exclusion from MSCI Global Standard Index.

Financial Metrics

- FY20-21E earnings impacted by Malaysia's MCO and COVID-19 induced Standard Operating Procedures at work sites.
- FY22E earnings to rebound; outstanding engineering & construction (E&C) orderbook was MYR4.9b and unbilled property sales was MYR4.0b as of end-Apr 2021.
- Targeting job replenishment from KVMRT3 and PSI; intends to make Australia its 2nd E&C base.
- Net gearing stood at 0.22x as of end-Apr 2021.

Net debt and gearing



Source: Company

Swing Factors

Upside

- Substantial orderbook replenishment, including from major domestic rail projects such as KVMRT3.
- Recovery in Malaysia property sales and/or stronger-than-expected overseas property sales.
- PSI Island A reclamation work pace proceeds ahead of expectations.

Downside

- Delay in implementation of key infrastructure projects.
- More tighter Standard Operating Procedures at work sites due to COVID-19, impacting their work pace.
- PSI Island A reclamation work pace falls short of the targeted timeline.

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Risk Rating & Score ¹	39.1 (High)
Score Momentum ²	-2.9
Last Updated	15 Apr 2021
Controversy Score ³ (Updated: 24 Aug 2019)	1 - Customer quality & safety, comm. relations & business ethics incidents

Business Model & Industry Issues

- As a leading engineering, infrastructure and property group, Gamuda acknowledges its heavy ESG responsibility including that of the environment. Positive strides in CY21 YTD include the launch of 'Gamuda Green Plan', which is the Group's sustainability framework with defined carbon reduction targets and which chart its plans/commitments for the next 5 years, extending into 2030.
- Gamuda's efforts during the current COVID-19 pandemic is lauded. To mitigate infection risk, it has set up a RT-PCR testing lab in 2020 (believed to be the 1st private company in Malaysia to do so) for fortnightly screening of its workforce and that of its subcontractors. The lab has the capacity for 4,000 samples per day [link 1] [link 2], with c.16,000 workers tested each week.
- Gamuda is at the forefront in managing its ESG risks, in our view. This enhanced resume will lend support in the future tender of major engineering & infrastructure projects in Malaysia and overseas.

Material E issues

- Group-wide: Scope 1 GHG emission down 86% over FY18-20 at 5 main sites (Scope 2: +2%). 'Gamuda Green Plan' commits the Group to 'circular construction' with specific steps to reduce GHG emission intensity by 30% by 2025, 45% by 2030.
- Engineering: Recycled water met 50% of daily water demand at the KVMRT2 tunnelling sites in FY20, as discharged effluent was treated at onsite water treatment plants.
- Property: Gamuda Parks, set up in 2018 to formalise the Group's efforts in land and biodiversity conservation in its development projects, jointly manages (with the Govt) the Paya Indah Discovery Wetlands (1,114 acres), located next to the Gamuda Cove property development. Plans in 2021 include an arboretum to regenerate flora and fauna species, and address carbon storage value.
- Penang South Islands: To be a low carbon development - smart industrial park will be powered by renewable energy; low carbon mobility has been incorporated into the masterplan.

Material S issues

- Gamuda's staff force is diversified in age (<30 yrs old: 33%, 30-50: 56%, >50: 12%) and gender (women made up 31% in FY20). Gamuda Women Empowerment Network provides support to women employees to advance on their careers.
- Gamuda Plant Operator School (since 1997) and Tunnelling Training Academy (2011) have trained >45,000 and ~1,000 people respectively. BIM Academy (set up in 2018) aims to train >1,000 employees and subcontractors over 2020-22, in Building Information Modelling digital construction.
- Enabling Academy, under Yayasan Gamuda (YG), has trained 63 autism disorder adults and assisted them in securing jobs with >30 partner companies since 2017. YG has awarded 444 scholarships since 1996; the Star Golden Hearts Award is YG's annual recurring anchor projects, now into its 4th year (2021).
- To mitigate COVID-19 infection risk among its workforce, Gamuda has reactivated two Centralised Labour Quarters (CLQ; total 4), set up Centralised Quarantine Quarters at every CLQ, set up a RT-PCR testing laboratory (up to 4,000 samples daily), complemented by an in-house ambulance.

Key G metrics and issues

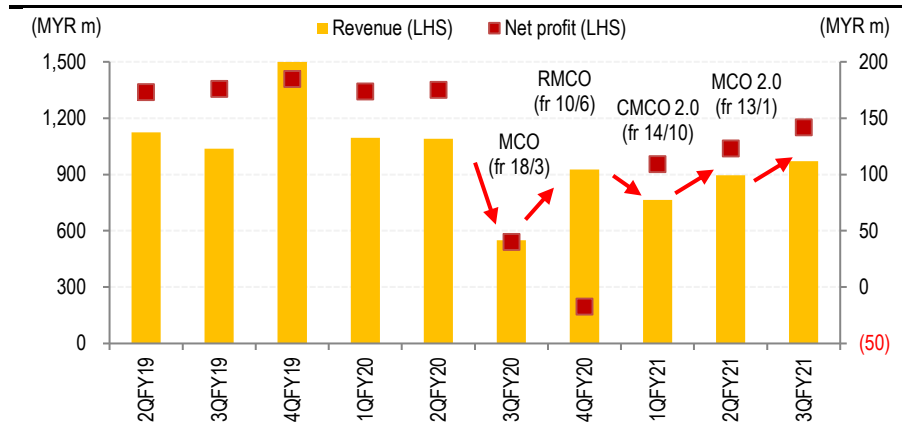
- Gamuda's Board comprises 7 Directors: 4 Independent Non-Executive (incl. Chairman) + 1 Non-Independent Executive + 2 Executive. Independent directors make up 57% of its board composition. Its Independent Non-Executive Directors have also not served a cumulative term exceeding 9 years each, per recommendation of the Malaysian Code on Corporate Governance.
- There are presently 3 women on Gamuda's Board (43% representation).
- Gamuda provides detailed disclosure on remuneration of directors and group senior management. In FY20, remuneration to executive directors (incl. to alternate directors) was 2.3% of pretax profit, non-executive directors 0.2%, and top 5 senior management 0.9%.
- Gamuda has been audited by Ernst & Young for 19 years since FY02 (and Arthur Andersen, prior to that).
- Gamuda's Integrity and Governance Unit (IGU) was set up on 13 Dec 2019, in line with the Malaysian Anti-Corruption Commission's (MACC) Strategic Plan of IGU 2019-21. In FY20, Gamuda's IGU had submitted two bi-annual reports to the MACC. On 28 Jul 2020, the Group adopted the Anti-Bribery & Corruption Policy and revised its Whistleblowing Policy (adopted since 2011). Moving forward, Gamuda's IGU is the Secretariat as the Group develops its 3-yr Organisational Anti-Corruption Plan for implementation in early-2021.
- In areas of procurement and supply chain management, the Group Digital Procurement Platform was rolled out in FY18 to make procurement more transparent and effective, leveraging on the SAP Ariba e-platform, to improve value and for sustainable savings.
- Transactions with related parties include fees for professional services rendered by a law firm of which a director has an interest. The amount is small, at up to MYR1.3m p.a. over FY16-FY20. There were no other material contracts involving directors and major shareholders during our period of review (FY16-FY20).

¹**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. ²**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. ³**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

Earnings estimates

We have earlier incorporated a weak 4QFY21 in our earnings estimates. Our earnings forecasts are now just marginally tweaked ($<1\%$) as a result of our -7% FY22E (FYE Mar) net profit downgrade for LITRAK on 25 Aug, following its 1QFY22 results release [\[link\]](#). Our FY21 core net profit forecast of MYR435m for Gamuda implies MYR61m in 4Q vs. MYR142m in 3Q (9MFY21: MYR374m, -4% YoY).

Fig 1: Gamuda's quarterly revenue and profit at various MCO phases



Source: Company data, Maybank KE

Fig 2: Pandemic induced movement restrictions

2020	2021
18 Mar - 3 May → MCO	14 Oct 2020 - 12 Jan → CMCO 2.0
4 May - 9 Jun → Conditional MCO (CMCO)	13 Jan - 4 Mar → MCO 2.0
10 Jun - 13 Oct → Recovery MCO (RMCO)	5 Mar - 5 May → CMCO 3.0
14 Oct - 12 Jan 2021 → CMCO 2.0	6 May - 31 May → MCO 3.0 #
	1 Jun - current → Full MCO (FMCO) cum National Recovery Plan (NRP) Phase 1
	3 Jul - 16 Jul → Enhanced MCO in Selangor and certain areas in KL

Note: The dates above refer to MCO phases in the Klang Valley due to variation in MCO phases nationwide; Source: Compiled by Maybank KE

Fig 3: Key Standard Operating Procedures (SOP) for Construction Industry in 2021

	MCO 2.0 (fr 13 Jan)	CMCO 3.0 (fr 5 Mar)	MCO 3.0 (fr 6 May)	FMCO (fr 1 Jun)	NRP Phs 1 (fr 1 Jun)	NRP Phs 2	Sttmt on 15 Aug (fr 16 Aug)
Workers capacity at site	100%	100%	60% (fr 25 May)	60%	60%	80%	<ul style="list-style-type: none"> 100%, when 80-100% of workforce are fully vaccinated 80%, when 60-79% are fully vaccinated 60%, when 40-59% are fully vaccinated
Permitted works	<ul style="list-style-type: none"> Critical R&M Major public infra Building const # 	ALL	ALL	<ul style="list-style-type: none"> Critical R&M Major public infra Building const ## 	<ul style="list-style-type: none"> Critical R&M Public infra Other const ### 	<ul style="list-style-type: none"> R&M Public infra Other const ### 	Critical and non-critical works (Details are pending)
Movement of workers from one site to another	NO	YES (s.t. COVID-19 test)	NO	NO	NO	NO	(Pending)
Testing of workers before the start of works	YES (foreign)	YES (foreign)	YES (foreign + local)	YES (foreign + local)	YES (foreign + local)	YES (foreign + local)	RTK Antigen tests to be conducted every 2 weeks

R&M = repairs & maintenance

Building construction works (with workers' accommodation on-site/CLQ)

Building construction works (with approved workers' accommodation on-site)

Other construction works (with approved workers' accommodation on-site/approved CLQ)

Note: The dates for the various MCO phases above refer to MCO phases in the Klang Valley due to variation in MCO phases nationwide

Source: SOPs issued by Construction Industry Development Board; PM's statement [\[link\]](#); Translated & summarised by Maybank KE

Fig 4: Gamuda's construction orderbook @ end-Apr 2021

	Outstanding (MYR m)	Status
KVMRT 2 (Underground and elevated works) (50% share)	3,000	Work progress at 95% for the elevated work package and 87% for the underground work package. Targeted completion: 2022.
Pan Borneo Sarawak - WPC-04 (Pantu Junction to Btg Skrang) (65% share)	300	Work progress at 63% (vs. 63% @ end-Jan 2021). Targeted completion: 2021.
Marine Bridge (Taiwan) (70% share)	200	Work progress at 44% (vs. 41% @ end-Jan 2021). Targeted completion: 2022.
Bus Depot (Singapore) (45% share)	300	Work progress at 6% (vs. negligible @ end-Jan 2021). Targeted completion: 2023.
Seawall project (Taiwan) (70% share)	600	Work progress at 12% (vs. 9% @ end-Jan 2021). Targeted completion: 2025.
Various others	500	Building works from i) Rumah Selangorku project, ii) a private developer, iii) PNB 118 Tower. Also, iv) a trunk road in Sri Aman, Sarawak valued at MYR224m secured in a JV with Naim Engineering (work progress at 5% @ end-Apr 2021). Targeted completion in 2020/2021.
Total	4,900	

Source: Company

Fig 5: Gamuda's property landbank and GDVs

Projects	Remaining land area (acres)	Remaining GDV (MYR m)	FY18A sales (MYR m)	FY19A sales (MYR m)	FY20A sales (MYR m)	FY21F sales (MYR m)
Malaysia						
K Kemuning, Klang Valley	10	40	0	0	40	30
Valencia, Klang Valley	0	0	0	0	0	0
Botanic, Klang Valley	30	1,530	30	60	30	60
Jade Hills, Klang Valley	80	1,020	180	130	60	100
Horizon Hills, Iskandar M'sia	290	2,590	350	280	150	150
Madge, Klang Valley	0	30	0	0	20	20
Robertson, Klang Valley	0	100	200	20	10	60
Highpark Suites, Klang Valley	0	430	40	10	10	100
Bkt Bantayan, Kota Kinabalu	10	690	40	20	0	20
Kundang Estates, Klang Valley	20	270	30	30	30	60
Gamuda Gardens, Klang Valley	620	10,610	150	200	110	300
Twentyfive.7, Klang Valley	150	4,530	150	170	70	100
Gamuda Cove, Klang Valley	1,450	23,410	-	100	190	300
Sub-total (1)	2,660	45,250	1,170	1,020	720	1,300
Overseas						
Gamuda City (Hanoi)	270	10,300	600	730	100	650
Celadon City (HCMC)	25	1,480	820	1,190	910	750
Chapel Street (Melbourne)	0	130	60	30	70	50
GEM Residences (Singapore)	0	0	940	100	20	0
Anchorvale Crescent / OLA (Singapore)	4	1,610	0	0	360	750
Sub-total (2)	299	13,520	2,420	2,050	1,460	2,200
Total (1) + (2)	2,959	58,770	3,590	3,070	2,180	3,500
YoY growth (%)			+51%	-14%	-29%	+61%

Source: Company

Fig 6: Traffic at Gamuda's tolled highways (compared against pre-MCO levels)

Highways	Mid-Mar to mid-Apr '20 (1 st mth of MCO 1.0)	Jun 2020 (during CMCO 1.0)	Sep 2020 (during RMCO)	Mid-Oct to Dec 2020 (during CMCO 2.0)	End-Feb 2021 (during MCO 2.0)	End-Apr 2021 (during CMCO 3.0)	End-May 2021 (during MCO 3.0)
KESAS	10-20%	90%	100%	71%	85%	95%	65%
LDP	10-20%	90%	100%	88%	90%	97%	69%
SPRINT	10-20%	90%	98%	61%	70%	90%	52%
SMART	10-20%	80%	88%	38%	50%	81%	37%

Source: Gamuda's results announcements

Valuations

Fig 7: RNAV

<u>Concessions</u>					
	<u>DCF / BV (MYR'm)</u>	<u>Shareholding (%)</u>	<u>Gamuda's share (MYR'm)</u>	<u>Total (MYR'm)</u>	
<u>Expressways</u>					
Lebu Raya Damansara-Puchong	2,259	43.6%	985		
Shah Alam Expressway	1,154	70.0%	808		
Western Traffic Dispersal Scheme (SPRINT)	674	51.8%	349		
KL Flood Mitigation Programme	81	50.0%	40		
				2,182	

<u>Water</u>					
Sale of SPLASH (balance of proceeds - monetised in Sep 2020)	578	40.0%	231		
Settlement sum for GW receivables	437	80.0%	350		
				581	

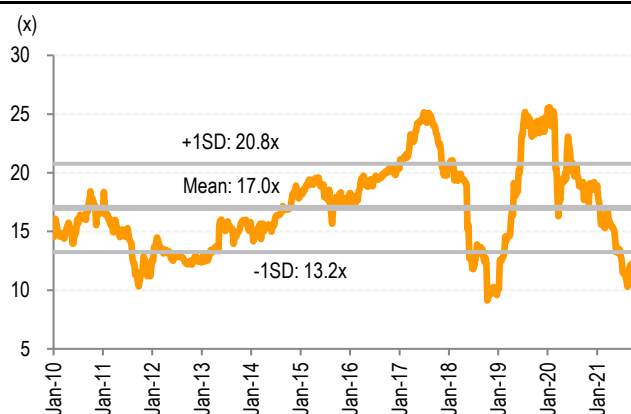
Total concessions				2,763	
 <u>Property</u>					
	<u>Unsold areas (acres)</u>	<u>Bal. GDV (MYR'm)</u>	<u>Shareholding (%)</u>	<u>NPV of future profits (MYR'm)</u>	<u>Gamuda's share (MYR'm)</u>
Kota Kemuning (Klang Valley)	10	40	50.0%	6	3
Valencia (Klang Valley)	0	0	98.8%	0	0
Bandar Botanic (Klang Valley)	30	1,530	100.0%	122	122
Jade Hills (Klang Valley)	80	1,020	100.0%	79	79
Horizon Hills (Iskandar Malaysia)	290	2,590	50.0%	226	113
Madge (Klang Valley)	0	30	100.0%	7	7
Robertson (Klang Valley)	0	100	100.0%	14	14
Highpark Suites (Klang Valley)	0	430	100.0%	40	40
Gamuda Gardens (Klang Valley)	620	10,610	100.0%	524	524
Kundang Estates (Klang Valley)	20	270	100.0%	33	33
Gamuda Cove (Klang Valley)	1,450	23,410	100.0%	853	853
Twentyfive.7 (Klang Valley)	150	4,530	100.0%	281	281
Bukit Bantayan (Sabah)	10	690	100.0%	41	41
Gamuda City (Hanoi)	270	10,300	100.0%	709	709
Celadon City (HCMC)	25	1,480	100.0%	150	150
Chapel Street (Melbourne)	0	130	100.0%	10	10
GEM Residences (Singapore)	0	0	50.0%	0	0
Anchorvale Crescent / OLA (Singapore)	4	1,610	50.0%	129	65
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	2,959	58,770			3,044
<i>Property NBV @ 31 Jul 2020</i>					5,485
Total properties RNAV					8,528
<i>(-) 45% discount</i>					<i>(3,838)</i>

Discounted properties					4,691
 <u>Engg & Construction</u>					
			<u>Est. net profit (MYR'm)</u>	<u>Target PER (x)</u>	<u>Gamuda's share (MYR'm)</u>
FY22E E&C profit			174	13	2,258
Holding company NBV @ 31 Jul 2020 (ex- invts in subsid, assocs, JVs)					461

TOTAL RNAV					10,173
					=====
RNAV per share (MYR)					4.05

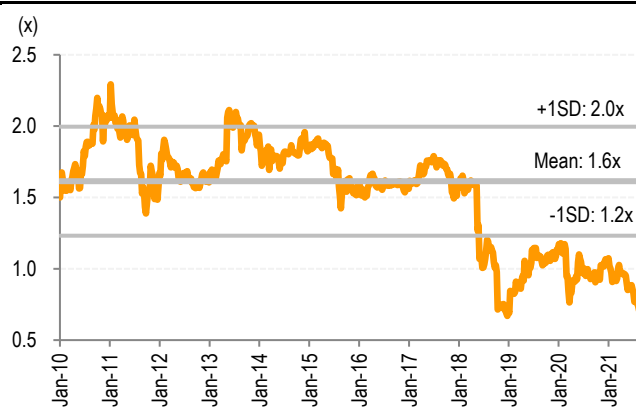
Source: Maybank KE

Fig 8: 12M forward PER



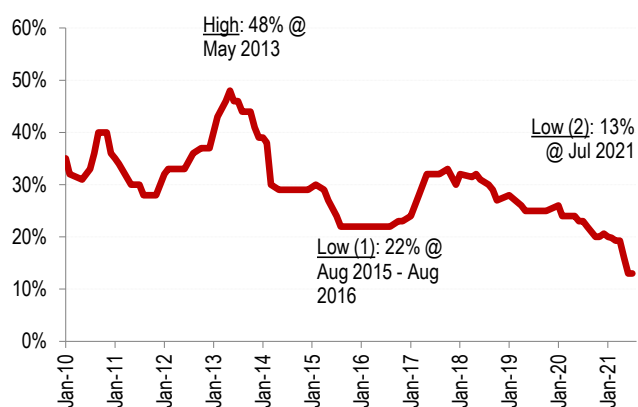
Source: Bloomberg, Maybank KE

Fig 9: 12M forward P/B



Source: Bloomberg, Maybank KE

Fig 10: Foreign holding



Source: Company

FYE 31 Jul	FY19A	FY20A	FY21E	FY22E	FY23E
Key Metrics					
P/E (reported) (x)	10.8	24.1	18.5	12.6	11.4
Core P/E (x)	12.8	17.0	18.5	12.6	11.4
P/BV (x)	1.1	1.0	0.9	0.9	0.8
P/NTA (x)	1.1	1.0	0.9	0.9	0.8
Net dividend yield (%)	3.2	1.7	0.0	3.8	3.8
FCF yield (%)	nm	2.1	2.8	nm	8.6
EV/EBITDA (x)	17.3	19.7	18.9	13.4	12.4
EV/EBIT (x)	23.1	30.1	30.5	18.6	17.1

INCOME STATEMENT (MYR m)

Revenue	4,565.1	3,663.0	4,057.0	5,211.1	5,457.8
EBITDA	765.2	641.2	615.1	895.3	944.0
Depreciation	(192.1)	(223.1)	(234.7)	(246.9)	(259.7)
EBIT	573.1	418.1	380.4	648.5	684.4
Net interest income / (exp)	29.1	7.1	0.1	(7.2)	(14.9)
Associates & JV	313.2	308.4	195.4	216.5	262.8
Exceptionals	(14.3)	(148.1)	0.0	0.0	0.0
Pretax profit	901.1	585.5	576.0	857.8	932.3
Income tax	(148.8)	(161.3)	(102.7)	(173.1)	(180.8)
Minorities	(52.1)	(52.5)	(38.2)	(47.9)	(48.3)
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	700.2	371.7	435.0	636.8	703.2
Core net profit	714.4	519.8	435.0	636.8	703.2

BALANCE SHEET (MYR m)

Cash & Short Term Investments	1,452.3	2,147.2	2,351.3	1,958.3	2,359.6
Accounts receivable	1,938.0	2,223.7	2,113.5	2,714.8	2,843.3
Inventory	765.2	917.7	1,045.3	1,310.7	1,370.9
Property, Plant & Equip (net)	1,155.5	1,063.1	1,093.1	1,112.1	1,119.5
Intangible assets	0.0	0.0	0.0	0.0	0.0
Investment in Associates & JVs	2,172.1	2,010.1	2,205.6	2,422.1	2,684.9
Other assets	9,697.3	10,165.7	10,165.7	10,165.7	10,165.7
Total assets	17,180.4	18,527.5	18,974.5	19,683.7	20,543.9
ST interest bearing debt	2,185.9	2,513.0	2,638.6	2,770.5	2,909.1
Accounts payable	1,844.4	1,760.5	1,804.4	2,137.1	2,530.5
LT interest bearing debt	2,957.7	2,952.2	2,804.6	2,664.3	2,531.1
Other liabilities	1,730.0	2,334.0	2,286.0	2,288.0	2,300.0
Total Liabilities	8,718.5	9,560.0	9,533.6	9,859.8	10,270.2
Shareholders Equity	8,062.6	8,541.1	8,976.1	9,311.3	9,712.9
Minority Interest	399.3	426.5	464.7	512.6	560.9
Total shareholder equity	8,461.9	8,967.6	9,440.8	9,823.9	10,273.8
Total liabilities and equity	17,180.4	18,527.5	18,974.5	19,683.7	20,543.9

CASH FLOW (MYR m)

Pretax profit	901.1	585.5	576.0	857.8	932.3
Depreciation & amortisation	192.1	223.1	234.7	246.9	259.7
Adj net interest (income)/exp	(29.1)	(7.1)	(0.1)	7.2	14.9
Change in working capital	(117.4)	264.5	(36.3)	(555.2)	182.4
Cash taxes paid	(148.8)	(161.3)	(102.7)	(173.1)	(180.8)
Other operating cash flow	(313.2)	(308.4)	(195.4)	(216.5)	(262.8)
Cash flow from operations	484.7	596.3	476.0	167.0	945.7
Capex	(571.5)	(408.8)	(250.0)	(250.0)	(250.0)
Free cash flow	(86.8)	187.5	226.0	(83.0)	695.7
Dividends paid	(148.1)	(225.8)	0.0	(301.6)	(301.6)
Equity raised / (purchased)	13.3	72.9	0.0	0.0	1.0
Change in Debt	(594.4)	320.0	(22.0)	(8.3)	5.3
Other invest/financing cash flow	910.0	58.5	0.0	0.0	1.0
Effect of exch rate changes	10.0	24.4	0.0	0.0	0.0
Net cash flow	94.0	413.2	204.1	(393.0)	401.4

FYE 31 Jul	FY19A	FY20A	FY21E	FY22E	FY23E
Key Ratios					
Growth ratios (%)					
Revenue growth	8.3	(19.8)	10.8	28.4	4.7
EBITDA growth	(27.5)	(16.2)	(4.1)	45.6	5.4
EBIT growth	(34.8)	(27.1)	(9.0)	70.5	5.5
Pretax growth	20.7	(35.0)	(1.6)	48.9	8.7
Reported net profit growth	32.1	(46.9)	17.0	46.4	10.4
Core net profit growth	(14.4)	(27.2)	(16.3)	46.4	10.4
Profitability ratios (%)					
EBITDA margin	16.8	17.5	15.2	17.2	17.3
EBIT margin	12.6	11.4	9.4	12.4	12.5
Pretax profit margin	19.7	16.0	14.2	16.5	17.1
Payout ratio	42.3	40.2	0.0	47.4	42.9
DuPont analysis					
Net profit margin (%)	15.3	10.1	10.7	12.2	12.9
Revenue/Assets (x)	0.3	0.2	0.2	0.3	0.3
Assets/Equity (x)	2.1	2.2	2.1	2.1	2.1
ROAE (%)	8.9	4.5	5.0	7.0	7.4
ROAA (%)	4.2	2.9	2.3	3.3	3.5
Liquidity & Efficiency					
Cash conversion cycle	38.4	80.9	102.5	96.6	99.3
Days receivable outstanding	149.1	204.5	192.4	166.8	183.3
Days inventory outstanding	62.7	108.2	110.2	104.2	113.5
Days payables outstanding	173.3	231.9	200.1	174.4	197.5
Dividend cover (x)	2.4	2.5	nm	2.1	2.3
Current ratio (x)	1.6	1.6	1.6	1.6	1.5
Leverage & Expense Analysis					
Asset/Liability (x)	2.0	1.9	2.0	2.0	2.0
Net gearing (%) (incl perps)	43.6	37.0	32.8	35.4	30.0
Net gearing (%) (excl. perps)	43.6	37.0	32.8	35.4	30.0
Net interest cover (x)	na	na	na	90.1	46.0
Debt/EBITDA (x)	6.7	8.5	8.8	6.1	5.8
Capex/revenue (%)	12.5	11.2	6.2	4.8	4.6
Net debt/ (net cash)	3,691.4	3,317.9	3,091.9	3,476.6	3,080.5

Source: Company; Maybank

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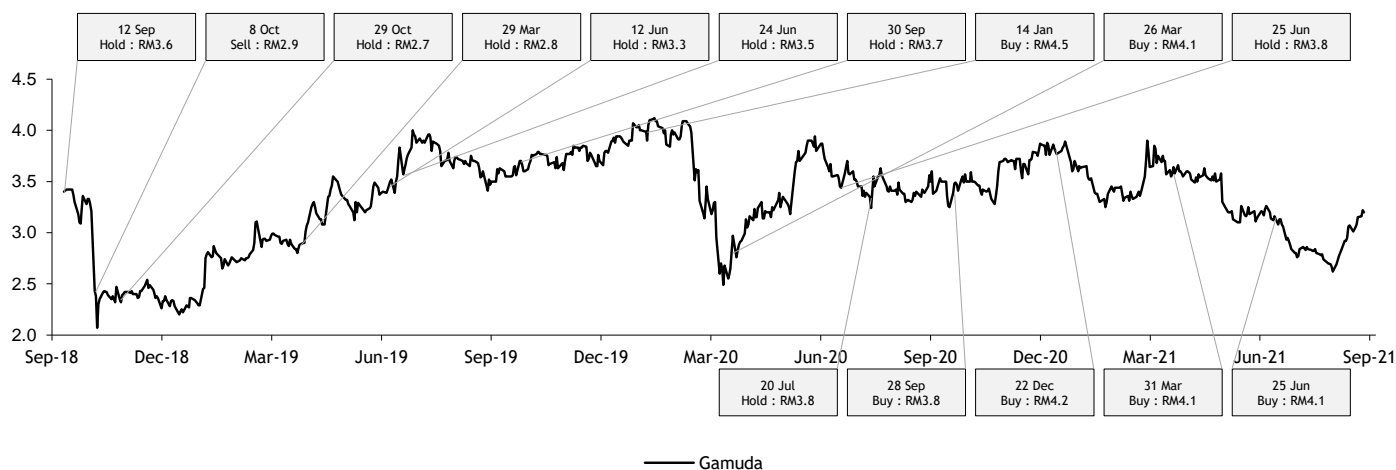
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Historical recommendations and target price: Gamuda (GAM MK)



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