

Gamuda (GAM MK)

3QFY22: Strong!

Beat expectations; maintain BUY

Earnings positively surprised for the 4th consecutive quarter; the beat this time came largely from its property op. 9MFY22 net profit (+47% YoY) was 83%/89% of house/street's FY22E. We raise FY22E net profit by 14% in anticipation for the strong 3Q to sustain. We also raise FY23/ FY24E net profit by 11%/4%. Our RNAV-TP is tweaked to MYR4.20 (-8sen) on rolling forward valuations. We continue to like Gamuda for its delivery track record, strong balance sheet and ESG initiatives.

Property did the heavy lifting

3QFY22 net profit was up 56% YoY/25% QoQ, contributed by the property op, as construction progress at its VN property projects picked up further after 1Q's lockdown and property pre-tax margin rose to 21.6% (+5.8ppts YoY/+10.9ppts QoQ) contributed by *Celadon City* which is at the tail end of its development life. E&C profit (before FRS11) was down 10% YoY/ 34% QoQ as KVMRT2 was nearing completion, but buffered by the release of contingency provision (4th sequential quarter). Concession profit was also down 7% YoY/27% QoQ due to higher amortisation of highway development expenditure (HDE) at LDP and SPRINT based on latest toll traffic volume projection by the independent traffic consultant [\[link\]](#).

Record E&C orderbook & unbilled property sales

Outstanding E&C orderbook now stands at MYR12.4b (14% domestic, 86% overseas), a new record, after MYR9.7b of job wins in FY22-YTD. This provides visibility into FY26. 9MFY22 property pre-sales was a strong MYR2.7b (+23% YoY; 47% domestic, 53% overseas); the MYR4b internal pre-sales target for FY22 is unchanged. Unbilled property sales also reached a new high of MYR5.4b as of end-Apr 2022.

Revising earnings forecasts

Our earnings revisions take into consideration: (i) the newly secured Coffs Harbour Bypass project (MYR2.1b, Gamuda's 50% share) which will start to contribute in FY23, (ii) continued release of contingency provision for the KVMRT2 into 1HFY23, and (iii) higher margin assumption for *Celadon City*, offsetting (iv) downward revision in earnings estimates for LDP and SPRINT on higher amortisation of HDE. We roll forward PER valuation for E&C, equity DCF for LDP and SPRINT to FY23E (from FY22E).

FYE Jul (MYR m)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	3,663	3,517	4,446	5,966	6,323
EBITDA	646	692	1,001	982	1,024
Core net profit	525	588	753	764	630
Core EPS (sen)	21.1	23.4	29.5	29.9	24.7
Core EPS growth (%)	(27.1)	11.0	25.9	1.5	(17.5)
Net DPS (sen)	6.0	0.0	12.0	12.0	12.0
Core P/E (x)	16.9	12.0	11.6	11.4	13.9
P/BV (x)	1.0	0.8	0.9	0.9	0.8
Net dividend yield (%)	1.7	0.0	3.5	3.5	3.5
ROAE (%)	4.5	6.6	8.0	7.8	6.2
ROAA (%)	2.9	3.2	4.0	4.0	3.1
EV/EBITDA (x)	19.5	14.4	12.3	13.2	12.0
Net gearing (%) (incl perps)	37.0	27.0	31.6	35.5	28.4
Consensus net profit	-	-	646	686	635
MKE vs. Consensus (%)	-	-	16.5	11.4	(0.7)

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BUY

Share Price	MYR 3.42
12m Price Target	MYR 4.20 (+26%)
Previous Price Target	MYR 4.28

Company Description

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

Statistics

52w high/low (MYR)	3.75/2.62
3m avg turnover (USDm)	1.9
Free float (%)	69.5
Issued shares (m)	2,554
Market capitalisation	MYR8.7B USD2.0B

Major shareholders:

Employees Provident Fund	14.7%
Permodalan Nasional Bhd.	14.6%
Kumpulan Wang Persaraan	8.1%

Price Performance



— Gamuda - (LHS, MYR) — Gamuda / Kuala Lumpur Composite Index - (RHS, %)

	-1M	-3M	-12M
Absolute (%)	(4)	0	9
Relative to index (%)	2	9	16

Source: FactSet

Abbreviation

VN = Vietnam
SG = Singapore
E&C = Engineering & Construction
MCO = Movement Control Order
EMCO = Enhanced MCO; FMCO = Full MCO
KVMRT = Klang Valley Mass Rapid Transit
PPP = Public-private partnership
TBM = Tunnel boring machine
PSI = Penang South Island
EIA = Environmental Impact Assessment

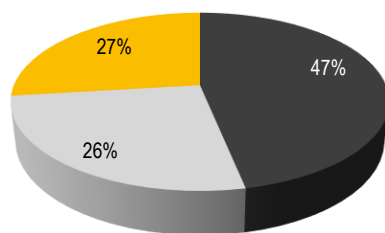
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Tear Sheet Insert

Value Proposition

- Leading engineering & construction (E&C) player that has carved a niche in highly technical tunnelling works.
- Its capabilities have enabled it to clinch key infra projects and gain above-industry average E&C margins.
- Completed infra projects include SMART, Ipoh-Padang Besar EDT, KVMRT1, LDP, SAE, SPRINT, SSP3 and Sg S'gor Dam.
- Has also accumulated strategic property landbank in MY (Klang Valley mainly), VN (HCMC and Hanoi) and SG worth MYR56b in remaining GDV.
- Four urban and matured tolled highways in the Klang Valley provide a recurring income base.

Pretax profit breakdown in FY21 (before FRS11)

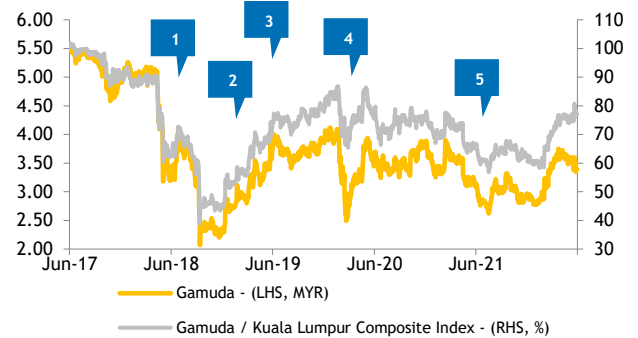
■ Engineering & construction ■ Property development ■ Concessions



Source: Company

Price Drivers

Historical share price trend



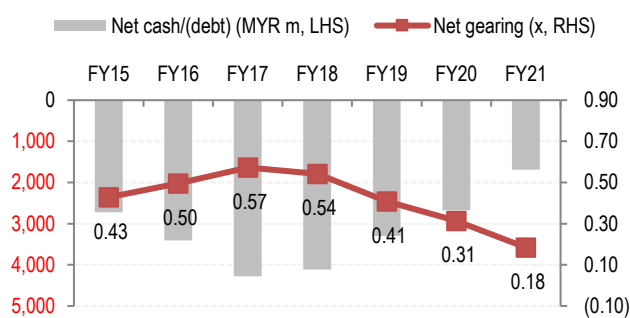
Source: Company, Maybank IBG Research

1. Post GE14 (May 2018) overhang on Malaysia construction stemming from i) review and cancellation of major infra 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

- FY20-21 earnings impacted by Malaysia's MCO and COVID-19 induced Standard Operating Procedures at work sites.
- Medium-term earnings to be supported by an outstanding E&C orderbook of MYR12.4b and unbilled property sales of MYR5.4b as of end-Apr 2022.
- Targeting E&C job replenishment from PSI and KVMRT3; intends to make Australia its 2nd E&C base.
- Targeting MYR4b property pre-sales in FY22 (+39% YoY); have ventured into UK recently as its 4th property base.
- Net gearing stood at 0.11x end-Apr 2022, below its internal cap of 0.7x.

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	35.3 (High)
Score Momentum ²	-3.8
Last Updated	24 Jan 2022
Controversy Score ³ (Updated: 4 Dec 2021)	1 - Society incidents (community 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. Milestones in 2021 included the launch of 'Gamuda Green Plan 2025' (GGP), the Group's ESG framework, anchored on 4 pillars: (1) sustainable planning & design for construction; (2) community & business; (3) environmental & biodiversity conservation; (4) enhancing sustainability via digitalisation. GGP commits to reduce corporate GHG emission intensity by 30% in 2025, 45% in 2030.
- With the view that ESG and digital will be central to Gamuda's operations moving forward, young leaders in their 30s fill at least half the board seats and executive positions in Gamuda Engineering & Gamuda Land since Jan 2021. Gamuda is at the forefront in managing its ESG risks, in our view. Its enhanced resume will lend support in the future tender of major engineering & infrastructure projects in Malaysia and overseas.

Material E issues

- Besides GHG reduction commitment, GGP's other strategic priorities are (i) a 40% reduction in CO₂e emission by 2030, (ii) planting of 1m trees/saplings by 2023 (302k planted as of end-FY21), (iii) developing 2,000 acres of green/waterscapes over 12 urban forest clusters within its property projects by 2023.
- E&C:** GGP commits to a 'circular construction' approach by maximising efficiency of raw materials/resources & reducing wastages (20% reduction of construction waste to landfill, 50% recycling of water at construction sites - both by 2025).
- Property:** Gamuda Parks (GP), 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* development. GP's agendas include (i) a wetland arboretum to regenerate flora and fauna species, and address carbon storage value, and (ii) biodiversity audits in Gamuda's developments in collaboration with local experts.
- 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 (3,615 end-FY21) is diversified in age (<30 yrs old: 26%, 30-50: 61%, >50: 13%) and gender (women made up 35% end-FY21 vs. 31% end-FY20).
- 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.
- To minimise COVID-19 infection within its workforce, Gamuda set up (i) a RT-PCR testing laboratory in 2020, with capacity to test 20,000 employees fortnightly; and (ii) Centralised Quarantine Quarters at every CLQ. It will soon launch Gamuda Clinics at 2 locations, serving also the community.
- The Group allocates 2% of its profits p.a. to Yayasan Gamuda (YG), set up in 2016. Enabling Academy, under YG, has trained 66 autism disorder adults and assisted them in securing jobs with >30 partner companies since 2017. YG has awarded 471 scholarships since 1996; the *Star Golden Hearts Award* is YG's annual recurring anchor project, now into its 5th year (2022).

Key G metrics and issues

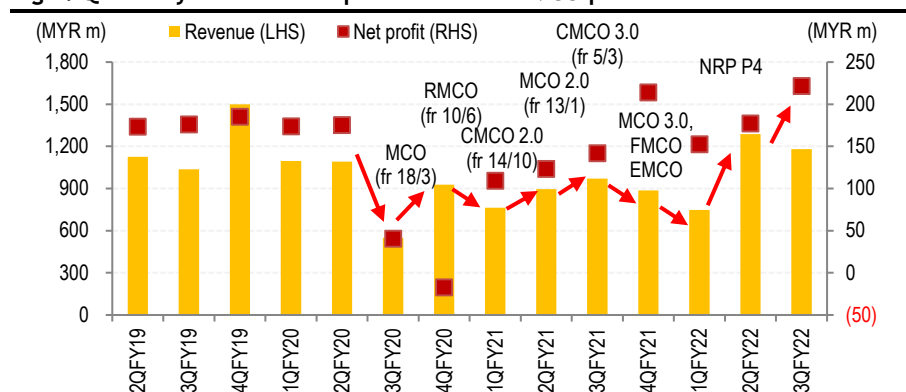
- Gamuda's Board comprises 7 Directors: 4 Independent Non-Executive (incl. Chairman) + 1 Non-Independent Non-Executive + 2 Executive. Independent directors make up 57% of its Board. Its Independent Non-Executive Directors have not served a cumulative term >9 years each as recommended by the Malaysian Code on Corporate Governance.
- There are presently 3 women on Gamuda's Board or 43% representation, above the 30% requirement.
- Gamuda provides detailed disclosure on remuneration of directors and top 5 Group senior management. In FY21, remuneration to executive directors (including to alternate directors) was 1.3% of pretax profit, non-executive directors 0.1%, and top 5 senior management 0.5%.
- Gamuda has been audited by Ernst & Young for 20 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 Strategic Plan of IGU 2019-21. Two policies were adopted in FY21: (i) Anti-Bribery and Corruption Policy; (ii) Whistleblowing Policy and Procedures (which superseded the 2011 whistleblowing policy). Integrity Pledges for directors and staff were also implemented in FY21.
- Since 2018, the Group has digitalised procurement to raise transparency and efficiency. The Group's Digital Procurement Platform leverages on the SAP Ariba e-platform. >MYR300m has been saved since the digitalisation of procurement and supply chain processes, via supply chain collaboration.
- 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-FY21. There were no other material contracts involving directors and major shareholders during our period of review (FY16-FY21).

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).

Fig 1: Results summary

FY Jul (MYR m)	Quarterly					Cumulative			Comments
	3QFY22	3QFY21	% YoY	2QFY22	% QoQ	9MFY22	9MFY21	% YoY	
Turnover	1,180.6	971.2	21.6	1,288.3	(8.4)	3,216.1	2,630.5	22.3	
EBIT	214.0	165.3	29.5	145.0	47.6	462.2	356.5	29.6	
Interest expense	(20.2)	(24.7)	(18.3)	(47.0)	(57.0)	(77.0)	(79.3)	(2.9)	
Joint ventures profit	62.5	28.2	121.8	96.4	(35.2)	228.6	119.8	90.8	
Associates profit	13.4	32.3	(58.4)	32.7	(58.9)	74.7	101.4	(26.4)	
Pretax profit	269.8	201.1	34.2	227.2	18.7	688.5	498.5	38.1	
Tax	(40.3)	(54.2)	(25.7)	(39.3)	2.6	(106.8)	(94.7)	12.8	
Minorities	(8.0)	(4.9)	62.0	(10.8)	(25.8)	(30.7)	(28.3)	8.4	
Net profit	221.5	141.9	56.1	177.1	25.0	551.0	375.4	46.8	
Core net profit	221.5	141.9	56.1	177.1	25.0	551.0	375.4	46.8	9MFY22 was 83% of our FY22E, 89% of consensus.
EPS (sen)	8.7	5.7	54.5	7.1	23.8	21.8	14.9	46.2	
DPS (sen)	6.0	-	NM	-	NM	12.0	-	NM	12sen p.a. pre-FY20 DPS restored.
	3QFY22	3QFY21	+/- ppt	2QFY22	+/- ppt	9MFY22	9MFY21	+/-ppt	
EBIT margin (%)	18.1	17.0	1.1	11.3	6.9	14.4	13.6	0.8	
Pretax margin (%)	22.8	20.7	2.1	17.6	5.2	21.4	18.9	2.5	
Tax rate (%)	14.9	27.0	(12.0)	17.3	(2.4)	27.7	34.2	(6.4)	
SEGMENTAL									
Revenue:	3QFY22	3QFY21	% YoY	2QFY22	% QoQ	9MFY22	9MFY21	% YoY	
Engg & construction	476.6	507.3	(6.0)	915.4	(47.9)	2,247.3	2,569.3	(12.5)	Works on KVMRT2 tailing-off (at 93% financial completion).
Property development	739.5	468.4	57.9	641.5	15.3	1,672.1	1,060.6	57.6	Driven by <i>Celadon City</i> after the lockdown (2 months) in 1QFY22.
Water O&M & toll exp	87.2	99.0	(11.9)	117.8	(26.0)	311.2	337.9	(7.9)	
Less: JV & Asso	(122.7)	(103.5)	18.5	(386.3)	(68.2)	(1,014.4)	(1,337.3)	(24.1)	
Engg & construction	(84.7)	(54.9)	54.3	(342.5)	(75.3)	(904.7)	(1,200.3)	(24.6)	
Property devt	(34.8)	(46.0)	(24.3)	(40.4)	(13.8)	(101.3)	(129.0)	(21.5)	
Water O&M & toll	(3.2)	(2.6)	22.1	(3.4)	(7.1)	(8.4)	(8.0)	5.3	
Total	1,180.6	971.2	21.6	1,288.3	(8.4)	3,216.1	2,630.5	22.3	
Pretax profit	3QFY22	3QFY21	% YoY	2QFY22	% QoQ	9MFY22	9MFY21	% YoY	
Engg & construction	2.2	53.4	(95.9)	3.2	(32.0)	30.2	87.9	(65.6)	
Property development	158.6	70.0	126.6	64.0	147.6	250.8	85.3	194.1	
Water O&M & toll exp	33.0	17.2	92.0	30.8	7.4	104.1	104.0	0.1	
Share of JV & Asso	76.0	60.5	25.6	129.1	(41.2)	303.3	221.3	37.1	
Engg & construction	64.6	27.3	136.1	96.6	(33.2)	234.3	119.6	95.9	
Property devt	(0.4)	2.1	NM	1.7	NM	1.2	5.9	(80.2)	
Water O&M & toll	11.8	31.0	(61.8)	30.8	(61.5)	67.9	95.8	(29.1)	
Total	269.8	201.1	34.2	227.2	18.7	688.5	498.5	38.1	
Pretax profit (bf FRS 11)	3QFY22	3QFY21	% YoY	2QFY22	% QoQ	9MFY22	9MFY21	% YoY	
Engineering & construction	81.8	90.5	(9.6)	124.2	(34.1)	331.1	244.2	35.6	
Property development	159.8	74.0	115.9	68.6	132.9	257.4	97.3	164.5	
Concessions	44.9	48.2	(6.8)	61.6	(27.1)	172.0	199.8	(13.9)	
Total	286.5	212.7	34.7	254.4	12.6	760.5	541.3	40.5	
Pretax margin (bf.FRS 11)	3QFY22	3QFY21	+/-ppt	2QFY22	+/-ppt	9MFY22	9MFY21	3QFY22	
Engg & construction	17.2%	17.8%	(0.7)	13.6%	3.6	14.7%	9.5%	17.2%	Releasing of cost buffers/ contingency provision as KVMRT2 works near completion.
Property development	21.6%	15.8%	5.8	10.7%	10.9	15.4%	9.2%	21.6%	Driven by <i>Celadon City</i> which is at the tail end of its development life.
Overall	22.0%	19.8%	2.2	15.2%	6.8	18.0%	13.6%	22.0%	

Sources: Company, Maybank IBG Research

Fig 2: Quarterly revenue and profit at various MCO phases


Source: Company data, Maybank IBG Research

Fig 3: Pandemic induced movement restrictions

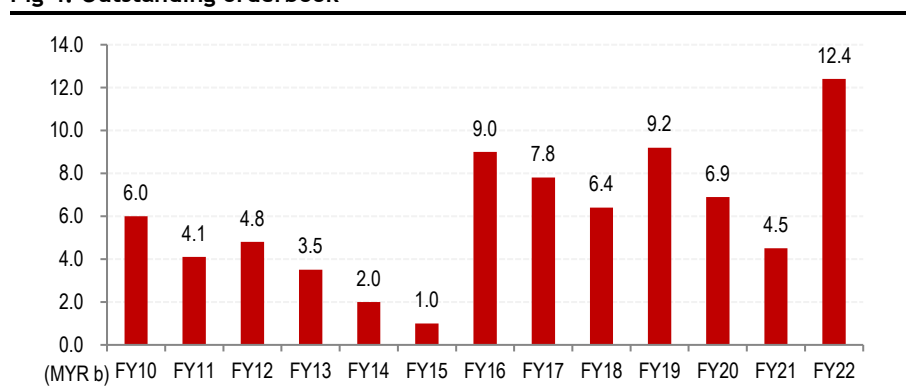
2020	2021	2022
18 Mar - 3 May → MCO	14 Oct 2020 - 12 Jan → CMCO 2.0	18 Oct 2021 - 30 Apr → NRP Phase 4
4 May - 9 Jun → Conditional MCO (CMCO)	13 Jan - 4 Mar → MCO 2.0	1 May → Transition into endemic phase
10 Jun - 13 Oct → Recovery MCO (RMCO)	5 Mar - 5 May → CMCO 3.0	
14 Oct - 12 Jan 2021 → CMCO 2.0	6 May - 31 May → MCO 3.0	
	1 Jun - 9 Sep → Full MCO (FMCO) cum National Recovery Plan (NRP) Phase 1	
	3 Jul - 16 Jul → Enhanced MCO in Selangor and certain areas in KL	
	10 Sep - 30 Sep → NRP Phase 2	
	1 Oct - 17 Oct → NRP Phase 3	
	18 Oct - 30 Apr 2022 → NRP Phase 4	

Note: The dates refer to movement control phases in the Klang Valley

Source: Compiled by Maybank IBG Research

Engineering & Construction

- MYR9.7b wins in FY22-YTD lifted the outstanding orderbook to MYR12.4b**, providing visibility into FY26. Projects in Australia dominated (at MYR8.5b or 69% of the orderbook), followed by Malaysia (MYR1.6b, 13%), Singapore (MYR1.2b, 10%) and Taiwan (MYR1b, 8%). The internal target of MYR20b orderbook size by end-FY23 is on track. Beyond FY23, the target is MYR8b-MYR10b of job wins p.a. The orderbook of MYR12.4b is a new record.

Fig 4: Outstanding orderbook


Note: Latest for FY22; Source: Company data, Maybank IBG Research

Fig 5: E&C orderbook - MYR10.3b outstanding @ end-Apr 2022 + MYR2.1b win in Jun 2022

Project	Outstanding (MYR m)	Status
MALAYSIA		
KVMRT2 (Underground and elevated works) (50% share)	1,100 (vs. 1,300 @ end-Jan 2022)	Work progress at 93% (vs. 92% @ end-Jan 2022). Targeted completion: 2022.
Pan Borneo Sarawak - WPC-04 (Pantu Junction to Btg Skrang) (65% share)	100	Work progress at 88% (vs. 83% @ end-Jan 2022). Targeted completion: 2022.
Various others	400	2 nd trunk road Sarawak valued at MYR224m secured in a JV with Naim Engineering (work progress at 17% @ end-Jan 2022). Targeted completion: 2024. Residential building & other civil works in M'sia.
TAIWAN		
Marine bridge (70% share)	100	Work progress at 65% (vs. 62% @ end-Jan 2022). Targeted completion: 2023.
Seawall reclamation (70% share)	400	Work progress at 33% (vs. 29% @ end-Jan 2022). Targeted completion: 2025.
Transmission line (50% share)	200	Newly secured in 4QFY21. Targeted completion: 2025.
Marine bridge extension (70% share)	200	Newly secured in 2022. Targeted completion: 2024.
SINGAPORE		
Bus depot (45% share)	300	Work progress at 20% (vs. 16% @ end-Jan 2022). Targeted completion: 2023.
Defu Station & Tunnel (60% share)	900	A design-and-construct contract with Gamuda as the Lead Member. Defu Station (along Tampines Road) is part of the 29km Cross Island Line Phase 1. Commencement: 2Q 2022 Targeted completion: 2030
AUSTRALIA		
Sydney Metro West - Western Tunnel (100% share)	6,400	A design-and-construct contract with Gamuda as the Head Contractor, and Laing O'Rourke Australia as project delivery partner. 9 kilometres of twin, metro rail tunnel utilising two, hard-rock twin shield Tunnel Boring Machines. Commencement: Apr 2022 Targeted completion: 2025
Coffs Harbour Bypass (50% share)	2,100	A design-and-construct contract. 14km of new & upgraded 4-lane divided highway + 3 short tunnels (total 1km) + 3 grade-separated interchanges + etc. Commencement: Early-2023. Targeted completion: Late-2027.
Total	12,400	

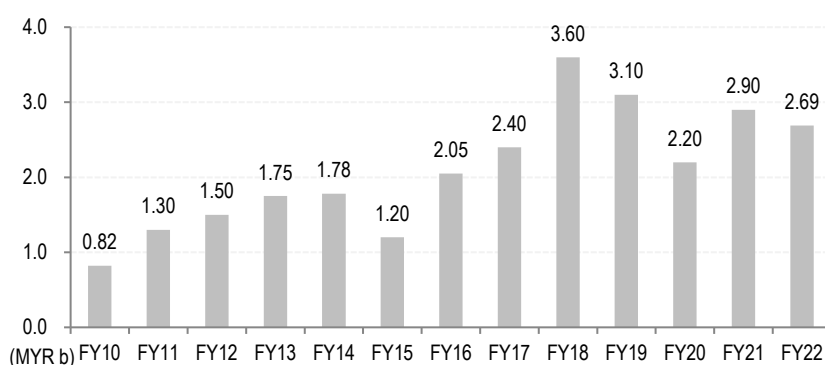
Source: Company

- **KVMRT3: Focusing on Package CMC 303**, which has the largest tunnelling component. Tender submission deadline is 2 Aug 2022, and Gamuda expects the tender outcome by early-2023. It will be teaming up with MMC. The winning contractor/consortium needs to finance the initial 2 years of construction works worth at least 10% of the contract value. We remain optimistic on MMC-Gamuda securing the package based on their delivery track record and cost advantage position with a fully depreciated TBM fleet.
- **North East Link, PSI and SMART2.** In addition to winning the Sydney Metro West - Western Tunnel (SMW-WT) and Coffs Harbour Bypass work packages, Gamuda has also been recently shortlisted to bid for Melbourne's North East Link project with tender expected to be called by end-2022 and the outcome to be known by 1Q23. Elsewhere, the PSI project is completing its public feedback with EIA approval expected in 4Q22. Government's decision on SMART2 is still pending.

Property development

- **Strong MYR2.7b pre-sales in 9MFY22 (+23% YoY)**, with MYR0.8b locked-in in 3QFY22 (2Q: MYR1.1b, 1Q: MYR0.8b). Of the MYR2.7b, MYR1.3b (or 47%) came from its domestic projects (+71% YoY), mainly from *Gamuda Cove*, *twentyfive.7*, *Jade Hills* and *Gamuda Gardens*. Overseas, 9MFY22 pre-sales in SG almost doubled YoY to MYR0.9b (+91% YoY) while that in VN fell to MYR0.5b as the *Celadon City* township neared full completion.
- **On track to meet its internal pre-sales target of MYR4b for FY22**, which is 39% higher than FY21's MYR2.87b achieved pre-sales. Of the MYR4b, half is expected to come from its domestic projects, the remaining from its overseas projects in VN and SG.
- **Unbilled sales stood at a new record MYR5.4b end-Apr 2022** (vs. MYR5.2b end-Apr 2022).
- **Aggressive pre-sales target of MYR5b for FY23.** Expected drivers are (i) its maturing townships - *Gamuda Cove*, *twentyfive.7*, *Gamuda Gardens* - and (ii) several quick turnaround projects/developments which would be launched in VN, London and Australia.

Fig 6: Property pre-sales



Note: 9M for FY22; Source: Company data, Maybank IBG Research

Fig 7: 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)	FY21A sales (MYR m)	FY22F sales (MYR m)
<u>Malaysia</u>							
K Kemuning, Klang Valley	10	30	0	0	40	10	10
Valencia, Klang Valley	0	0	0	0	0	0	0
Botanic, Klang Valley	30	1,370	30	60	30	50	60
Jade Hills, Klang Valley	80	860	180	130	60	170	200
Horizon Hills, Iskandar M'sia	310	2,380	350	280	150	180	170
Madge, Klang Valley	0	20	0	0	20	0	0
Robertson, Klang Valley	0	70	200	20	10	20	40
Highpark Suites, Klang Valley	0	350	40	10	10	70	100
Bkt Bantayan, Kota Kinabalu	10	680	40	20	0	10	30
Kundang Estates, Klang Valley	20	240	30	30	30	40	60
Gamuda Gardens, Klang Valley	620	10,300	150	200	110	320	490
twentyfive.7, Klang Valley	150	4,420	150	170	70	90	310
Gamuda Cove, Klang Valley	1,450	23,250	-	100	190	160	530
Sub-total (1)	2,680	43,970	1,170	1,020	720	1,120	2,000
<u>Overseas</u>							
Gamuda City (Hanoi)	270	10,090	600	730	100	240	400
Celadon City (HCMC)	20	750	820	1,190	910	890	580
Chapel Street (Melbourne)	0	120	60	30	70	30	20
GEM Residences (Singapore)	0	0	940	100	20	0	0
Anchorvale Crescent / OLA (Singapore)	4	1,060	0	0	360	590	1,000
Sub-total (2)	294	12,020	2,420	2,050	1,460	1,750	2,000
Total (1) + (2)	2,974	55,990	3,590	3,070	2,180	2,870	4,000
YoY growth (%)			+51%	-14%	-29%	+32%	+39%

Source: Company

Concessions

- **ALR acquisition of KESAS, LDP, SPRINT and SMART is nearing completion.** Pending now is Bursa's go-ahead for the shareholders' circular to be issued to approve the sale, to be followed by Gamuda and LITRAK shareholders' EGMs likely in mid-Jul 2022. The deal is deemed to complete after a successful SUKUK raising exercise, potentially in Aug 2022.
- **MYR1b planned special dividend (38sen/Gamuda shr) on deal completion.** This is the entire allocation for "capital management activities" announced on 8 Jun 2022 which is 39% of the gross proceeds of MYR2.35b to Gamuda.
- **Traffic at the tolled highways continued to recover, to >100% of pre-MCO levels as of end-Apr 2022.**

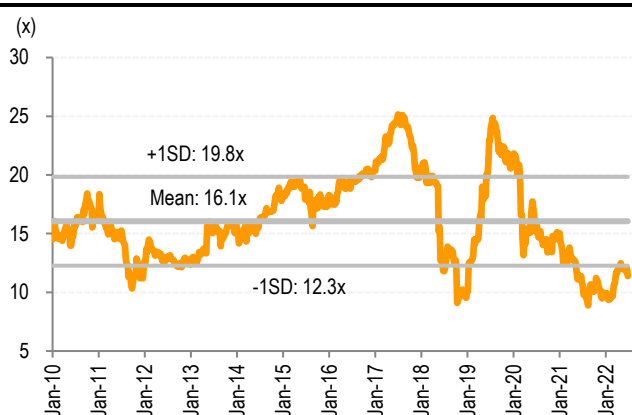
Fig 8: Traffic at tolled highways (compared against pre-MCO levels)

Highways	Mid-Mar to mid-Apr '20	Jun 2020	Sep 2020	Mid-Oct to Dec 2020	End-Feb 2021	End-Apr 2021	End-May 2021	End-Jul 2021	End-Aug 2021	End-Oct 2021	End-Nov 2021	End-Jan 2022	End-Apr 2022
	MCO 1.0	CMCO 1.0	RMCO	CMCO 2.0	MCO 2.0	CMCO 3.0	MCO 3.0	FMCO	NRP P1	NRP P4	NRP P4	NRP P4	NRP P4
KESAS	10-20%	90%	100%	71%	85%	95%	65%	58%	74%	85%	95%	100%	103%
LDP	10-20%	90%	100%	88%	90%	97%	69%	60%	77%	92%	100%	104%	107%
SPRINT	10-20%	90%	98%	61%	70%	90%	52%	24%	54%	79%	95%	104%	107%
SMART	10-20%	80%	88%	38%	50%	81%	37%	12%	25%	67%	89%	100%	109%

Source: Company results announcement to Bursa

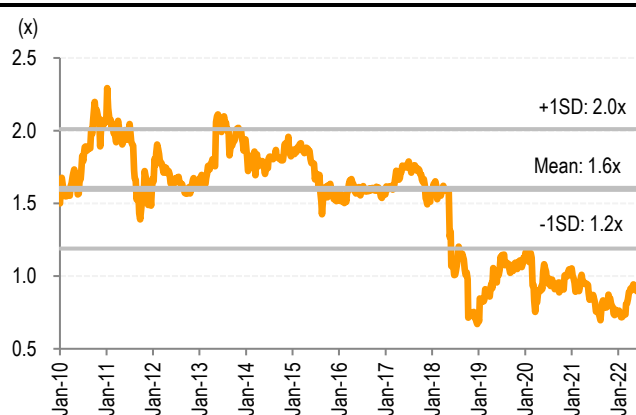
Valuation & foreign shareholding

Fig 9: 12M forward PER



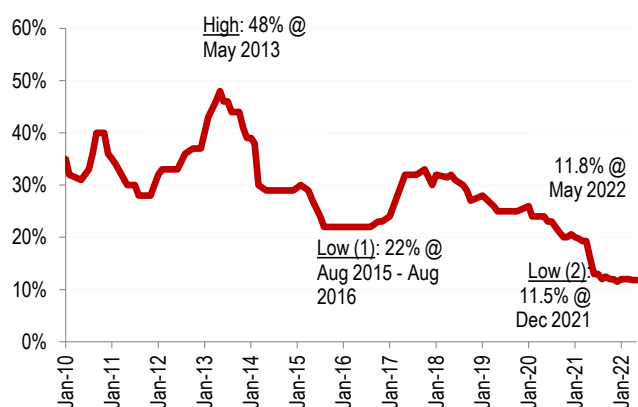
Source: Bloomberg, Maybank IBG Research

Fig 10: 12M forward P/B



Source: Bloomberg, Maybank IBG Research

Fig 11: Foreign shareholding



Source: Company

Fig 12: RNAV

1.0 CONCESSIONS					
	<u>DCF / BV</u> <u>(MYR'm)</u>	<u>Shareholding</u> <u>(%)</u>	<u>Gamuda's share</u> <u>(MYR'm)</u>	<u>Total (MYR'm)</u>	
Expressways					
Lebuhraya Damansara-Puchong	2,232	42.8%	955		
Shah Alam Expressway	1,149	70.0%	804		
Western Traffic Dispersal Scheme (SPRINT)	706	51.8%	366		
KL Flood Mitigation Programme	65	50.0%	32		
				2,158	

Total concessions				2,158	
2.0 PROPERTY					
	<u>Unsold areas</u> <u>(acres)</u>	<u>Bal. GDV</u> <u>(MYR'm)</u>	<u>Shareholding</u> <u>(%)</u>	<u>NPV of future profits</u> <u>(MYR'm)</u>	<u>Gamuda's share</u> <u>(MYR'm)</u>
Kota Kemuning (Klang Valley)	10	30	50.0%	5	3
Valencia (Klang Valley)	0	0	98.8%	0	0
Bandar Botanic (Klang Valley)	30	1,370	100.0%	114	114
Jade Hills (Klang Valley)	80	860	100.0%	84	84
Horizon Hills (Iskandar Malaysia)	310	2,380	50.0%	229	115
Madge (Klang Valley)	0	20	100.0%	3	3
Robertson (Klang Valley)	0	70	100.0%	12	12
Highpark Suites (Klang Valley)	0	350	100.0%	39	39
Gamuda Gardens (Klang Valley)	620	10,300	100.0%	433	433
Kundang Estates (Klang Valley)	20	240	100.0%	34	34
Gamuda Cove (Klang Valley)	1,450	23,250	100.0%	486	486
Twentyfive.7 (Klang Valley)	150	4,420	100.0%	267	267
Bukit Bantayan (Sabah)	10	680	100.0%	39	39
Gamuda City (Hanoi)	270	10,090	100.0%	690	690
Celadon City (HCMC)	20	750	100.0%	167	167
Chapel Street (Melbourne)	0	120	100.0%	12	12
GEM Residences (Singapore)	0	0	50.0%	0	0
Anchorvale Crescent / OLA (Singapore)	4	1,060	50.0%	131	65
	-----	-----			-----
	2,974	55,990			2,562
<i>Property NBV @ 31 Jul 2021</i>					5,933
Total Properties RNAV					8,495
<i>(-) 40% discount</i>					<i>(3,398)</i>

Discounted Properties					5,097
3.0 ENGINEERING & CONSTRUCTION					
	<u>Est. net profit</u> <u>(MYR'm)</u>	<u>Target PER (x)</u>	<u>Gamuda's share</u> <u>(MYR'm)</u>		
FY23E E&C profit	172	15	2,585		
Cash & investment securities at holding company @ 31 Jul 2021			870		

TOTAL RNAV				10,710	
				=====	
No. of ordinary shares @ 9 Mar 2022 (post DRP)				2,554	
RNAV per share (MYR) - rounded				4.20	

Source: Maybank IBG Research

FYE 31 Jul	FY20A	FY21A	FY22E	FY23E	FY24E
Key Metrics					
P/E (reported) (x)	23.8	14.7	11.6	11.4	13.9
Core P/E (x)	16.9	12.0	11.6	11.4	13.9
P/BV (x)	1.0	0.8	0.9	0.9	0.8
P/NTA (x)	1.0	0.8	0.9	0.9	0.8
Net dividend yield (%)	1.7	0.0	3.5	3.5	3.5
FCF yield (%)	2.0	8.1	nm	nm	12.2
EV/EBITDA (x)	19.5	14.4	12.3	13.2	12.0
EV/EBIT (x)	29.8	21.3	16.1	17.6	16.2

INCOME STATEMENT (MYR m)

Revenue	3,663.0	3,517.2	4,445.7	5,965.5	6,323.0
EBITDA	646.0	692.3	1,001.4	982.2	1,023.6
Depreciation	(223.1)	(225.2)	(236.9)	(249.2)	(262.2)
EBIT	422.9	467.1	764.5	733.0	761.4
Net interest income / (exp)	7.1	4.5	(1.2)	(7.2)	(13.5)
Associates & JV	308.4	314.7	243.6	283.4	132.5
Exceptionals	(148.1)	0.0	0.0	0.0	0.0
Pretax profit	590.3	786.3	1,006.9	1,009.2	880.4
Income tax	(161.3)	(154.1)	(206.1)	(196.0)	(201.9)
Minorities	(52.5)	(43.9)	(47.9)	(49.3)	(48.2)
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	376.5	588.3	752.9	763.9	630.3
Core net profit	524.6	588.3	752.9	763.9	630.3

BALANCE SHEET (MYR m)

Cash & Short Term Investments	2,147.2	2,656.7	1,945.7	1,271.2	1,818.7
Accounts receivable	2,223.7	1,748.4	2,400.0	3,220.4	3,413.4
Inventory	917.7	808.6	985.8	1,426.3	1,516.8
Property, Plant & Equip (net)	997.5	960.7	989.6	1,007.5	1,013.8
Intangible assets	0.0	0.0	0.0	0.0	0.0
Investment in Associates & JVs	2,010.1	1,825.0	2,068.5	2,351.9	2,484.5
Other assets	10,231.3	10,440.9	10,440.9	10,440.9	10,440.9
Total assets	18,527.5	18,440.2	18,830.5	19,718.3	20,688.1
ST interest bearing debt	2,513.0	1,452.2	1,524.8	1,601.0	1,681.1
Accounts payable	1,760.5	1,745.6	1,800.2	2,273.2	2,957.1
LT interest bearing debt	2,952.2	3,775.6	3,586.8	3,407.5	3,237.1
Other liabilities	2,334.0	1,951.0	1,909.0	1,915.0	1,914.0
Total Liabilities	9,560.0	8,924.5	8,820.5	9,196.7	9,789.7
Shareholders Equity	8,541.1	9,163.6	9,609.9	10,072.3	10,400.9
Minority Interest	426.5	352.1	400.1	449.3	497.5
Total shareholder equity	8,967.6	9,515.7	10,010.0	10,521.6	10,898.4
Total liabilities and equity	18,527.5	18,440.2	18,830.5	19,718.3	20,688.1

CASH FLOW (MYR m)

Pretax profit	590.3	786.3	1,006.9	1,009.2	880.4
Depreciation & amortisation	223.1	225.2	236.9	249.2	262.2
Adj net interest (income)/exp	(7.1)	(4.5)	1.2	7.2	13.5
Change in working capital	255.9	519.2	(706.0)	(678.4)	495.4
Cash taxes paid	(161.3)	(154.1)	(206.1)	(196.0)	(201.9)
Other operating cash flow	(308.4)	(314.7)	(243.6)	(283.4)	(132.5)
Cash flow from operations	592.5	1,057.4	89.3	107.9	1,317.1
Capex	(411.8)	(488.0)	(250.0)	(250.0)	(250.0)
Free cash flow	180.7	569.4	(160.7)	(142.1)	1,067.1
Dividends paid	(225.8)	0.0	(306.5)	(301.6)	(301.6)
Equity raised / (purchased)	72.9	3.5	0.0	0.0	0.0
Change in Debt	320.0	(304.1)	(116.2)	(103.1)	(90.3)
Other invest/financing cash flow	65.4	(563.8)	(127.6)	(127.6)	(127.6)
Effect of exch rate changes	24.4	9.3	0.0	0.0	0.0
Net cash flow	413.2	(295.0)	(711.0)	(674.5)	547.5

FYE 31 Jul	FY20A	FY21A	FY22E	FY23E	FY24E
Key Ratios					
Growth ratios (%)					
Revenue growth	(19.8)	(4.0)	26.4	34.2	6.0
EBITDA growth	(15.6)	7.2	44.7	(1.9)	4.2
EBIT growth	(26.2)	10.5	63.7	(4.1)	3.9
Pretax growth	(34.5)	33.2	28.1	0.2	(12.8)
Reported net profit growth	(46.2)	56.3	28.0	1.5	(17.5)
Core net profit growth	(26.6)	12.1	28.0	1.5	(17.5)
Profitability ratios (%)					
EBITDA margin	17.6	19.7	22.5	16.5	16.2
EBIT margin	11.5	13.3	17.2	12.3	12.0
Pretax profit margin	16.1	22.4	22.6	16.9	13.9
Payout ratio	39.6	0.0	40.7	40.1	48.6
DuPont analysis					
Net profit margin (%)	10.3	16.7	16.9	12.8	10.0
Revenue/Assets (x)	0.2	0.2	0.2	0.3	0.3
Assets/Equity (x)	2.2	2.0	2.0	2.0	2.0
ROAE (%)	4.5	6.6	8.0	7.8	6.2
ROAA (%)	2.9	3.2	4.0	4.0	3.1
Liquidity & Efficiency					
Cash conversion cycle	80.7	80.1	69.7	106.4	107.1
Days receivable outstanding	204.5	203.3	168.0	169.6	188.8
Days inventory outstanding	108.4	119.5	100.7	91.7	105.2
Days payables outstanding	232.3	242.8	199.0	154.9	186.9
Dividend cover (x)	2.5	nm	2.5	2.5	2.1
Current ratio (x)	1.6	2.2	2.2	2.1	1.9
Leverage & Expense Analysis					
Asset/Liability (x)	1.9	2.1	2.1	2.1	2.1
Net gearing (%) (incl perps)	37.0	27.0	31.6	35.5	28.4
Net gearing (%) (excl. perps)	37.0	27.0	31.6	35.5	28.4
Net interest cover (x)	na	na	nm	101.7	56.3
Debt/EBITDA (x)	8.5	7.6	5.1	5.1	4.8
Capex/revenue (%)	11.2	13.9	5.6	4.2	4.0
Net debt/ (net cash)	3,317.9	2,571.1	3,165.9	3,737.3	3,099.5

Source: Company; Maybank IBG Research

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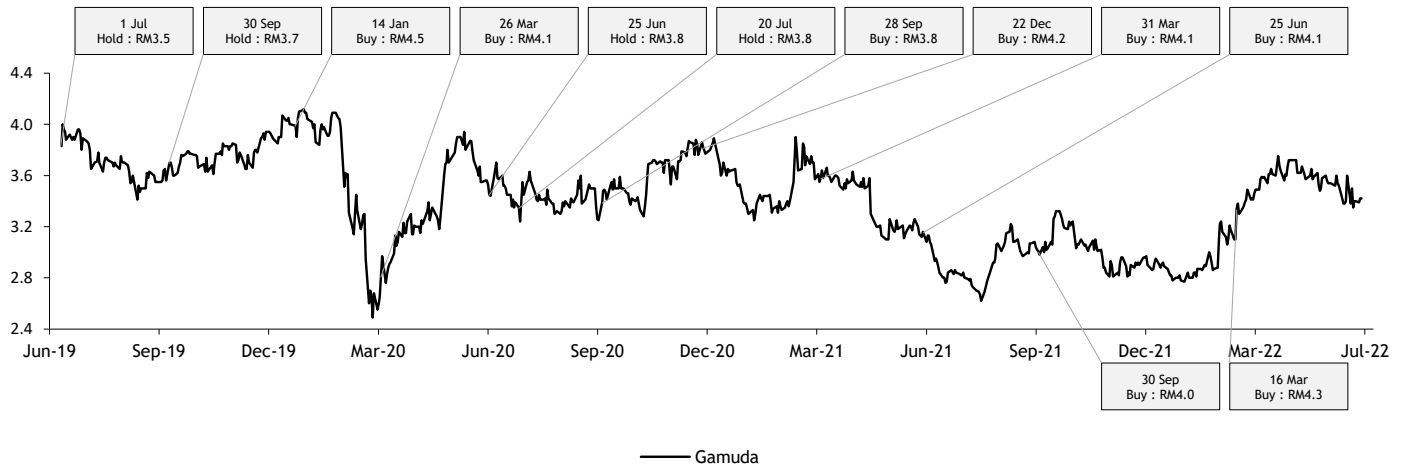
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