Maybank Investment Bank

Construction

Malaysia

Malaysia Construction

POSITIVE *[unchanged]*

Reiterating POSITIVE on Malaysia Construction

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Maintain POSITIVE, but pricing in some risk

We maintain POSITIVE on the Construction sector, but are now pricing in some risk (shaving TPs) as a result of US' latest rule on AI data centre location. We reiterate that our investment thesis on Malaysia Construction remains very much premised on new infra jobs to support the country's next phase of development, alongside a still robust FDI/DDI landscape. With a narrowed downside potential to our revised TP, we upgrade SCGB to HOLD (from SELL); maintain BUY on Gamuda, IJM and CMS.

New US rule on AI chip export & data centre location

The US Commerce Department on 13 Jan 2025 issued an Interim Final Rule (IFR) entitled 'Framework for Artificial Intelligence (AI) Diffusion' to safeguard US national security while maintaining US' leadership in advanced AI technologies. Malaysia is indirectly categorised under 'Tier 2' which limits Universal Verified End User (UVEU) data centres' installed AI computing power in Malaysia to no more than 7% of their total processing power (TPP). Uncertainty of the impact of this new rule on new AI data centre FDIs has triggered a sell-down on construction stocks with MYR7.48b in market capitalisation lost, and a 12.4% fall in KLCON Index.

Based on what we understand; our thoughts

This new rule impacts a wide range of players in the AI supply chain – chip designers & manufacturers, developers & operators of data centres (including hyperscalers). We choose not to be overly negative. Despite the new cap on AI data centre location outside of UVEUs' home turf in the US and countries of its 18 key partners, there could be opportunities for Malaysia to leverage on. In addition, the country's fast-paced digital shift requires substantial cloud computing and storage type of data centres.

Valuations de-rated; we are pricing in some risk too

Due to the sell-down, the KLCON has de-rated by 2.6 PE multiples (trailing) to 18.3x as of 17 Jan. Our projected 17.7% core earnings growth in 2025E for construction stocks under coverage implies sector 2025E PER now at 15.6x. We make no change to the earnings forecasts of stocks under our coverage for now, as we believe our orderbook replenishment assumptions are still realistic and pending updates with managements. We are however pricing in some risk, lowering our target PERs for their construction ops (only) by 2 PE multiples, thus shaving our TPs for Gamuda to MYR5.00 (from MYR5.25), IJM to MYR3.60 (from MYR3.70), SCGB to MYR3.35 (from MYR3.70); unchanged for CMS at MYR1.60.

Stock	Bloomberg code	Mkt cap (USD'm)	Rating	Price (LC)	TP (LC)	Upside (%)	P/E (x)		P/B (x)		Div yld (%)	
							24E	25E	24E	25E	24E	25E
Gamuda	GAM MK	5,359	Buy	4.24	5.00	21	23.6	21.1	1.9	2.0	2.0	2.4
IJM Corp	IJM MK	2,105	Buy	2.60	3.60	41	16.9	17.5	0.8	0.9	3.3	3.1
Sunway Const'n	SCGB MK	1,042	Hold	3.63	3.35	(4)	27.5	20.6	5.1	4.4	1.7	1.7
Cahya Mata S.	CMS MK	253	Buy	1.06	1.60	53	7.7	6.7	0.3	0.3	1.9	1.9

1. Capping the export of AI capabilities & AI data centre location

1.1 New rule relating to export of advanced AI chips and AI data centre location

The US Commerce Department on 13 Jan 2025 issued an Interim Final Rule (IFR) entitled 'Framework for Artificial Intelligence (AI) Diffusion' to safeguard US national security while maintaining US' leadership in advanced AI technologies [link].

The rule will be effective 15 May 2025, and it: 1) streamlines advanced AI chip exports to trusted allies, including 18 key partners (Fig 1; M'sia and S'pore are not included); and 2) expands AI data centre Verified End User (VEU) status, by bifurcating it into Universal VEU (UVEU) and National VEU (NVEU). Companies ultimately headquartered in US and its 18 key partners may apply for UVEU status, while those ultimately headquartered elsewhere - except in Macau and destinations specified in the 'Country Group D:5' list - may apply for NVEU status. The 'Country Group D:5' list comprises US arms embargoed countries like China PRC, Iran, Iraq, North Korea, and Russia. This new rule is now open for industry comments. With Trump taking office today (20 Jan), his administration could take a fresh look on this new rule.

Specifically on AI data centres:

- **All AI data centre UVEUs will be subject to limitations on where they can geographically allocate their AI computing power,** measured by their aggregate total processing power (TPP) chips. A UVEU headquartered in the US and countries of its 18 key partners: 1) cannot install >25% of its total AI computing power in locations outside of the US and countries of its 18 key partners; and 2) cannot install >7% of its total AI computing power in any single country outside of those in the US and its 18 key partners. Additionally, a UVEU headquartered in the US cannot install >50% of its total AI computing power outside of US.

- **For NVEUs, multiple AI NVEU data centres may operate in a single country,** with each NVEU subject to quarterly allocations of cumulative total processing power (TPP) per country (each NVEU's country allocation, by 1Q 2027, will be 8x that of 1Q 2025). In order to receive NVEU status, a data center operator that owns its advanced computing capacity must apply to the US Commerce Department and go through an intensive application process that will be subject to inter-agency review. Approved applicants for the NVEU status will be listed in the US Export Administrative Regulations (EAR) which will serve to notify exporters and re-exporters that the NVEU location can receive exports and re-exports of advanced AI chips under this authorisation.

Fig 1: Artificial intelligence (AI) authorization countries

1. Australia	8. Ireland	15. Spain
2. Belgium	9. Italy	16. Sweden
3. Canada	10. Japan	17. Taiwan
4. Denmark	11. Netherlands	18. United Kingdom
5. Finland	12. New Zealand	19. United States
6. France	13. Norway	
7. Germany	14. Republic of Korea	

Source: US Commerce Department

1.2 Current state of data centres development in M'sia

The data centre market in Malaysia has expanded rapidly, supported by cost competitiveness in key infra like land, water and power – and the country's digital shift. Concentrated in two locations – ie. Klang Valley and Johor - the Klang Valley data centre market is predominantly occupied by local data centre players but it has also, of late, attracted investments by US-based hyperscalers like Google. Meanwhile, the market in Johor is owned by a mix of foreign and local players like GDS, YTL, UEM/Logos, Yondr and AirTrunk. Microsoft has also bought a 123-acre industrial land in Kulai, Johor (the SPA became unconditional on 6 Jan 2025) under its USD2.2b investment commitment to support Malaysia's digital transformation [link].

Tenaga estimates 31 data centre projects of total 4.7GW capacity as at Sep 2024, of which 1.7GW have been completed (Fig 3). CBRE meanwhile estimates 407MW combined IT capacity of existing data centres in Johor (38%) and Greater Kuala Lumpur (62%) as at Jun 2024, with 3.6GW being upcoming and planned (68% in Johor, 32% in Greater KL). According to DC Byte's 2024 Global Data Centre Index [link], Johor is the fastest growing market within Southeast Asia with >1.6GW of total supply; the market has evolved to a build-to-suit market with current clusters located in Sedenak Tech Park, Nusajaya Tech Park, and YTL Green Tech Centre Park.

What is not clear at this juncture is the split (in existing and upcoming IT capacity) between cloud data centres (general-purpose computing, hosting services) and advanced AI data centres (machine learning) in Malaysia, with the latter purportedly the focus of the US new rule on data centre location.

Fig 2: Selected hyperscale data centres (current and pipeline)

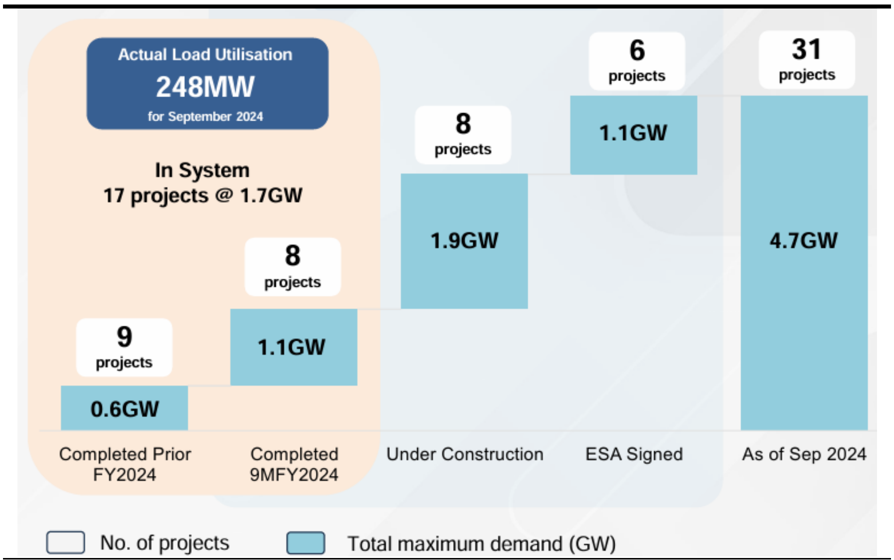
Entity	Location	State	Power (MW)	Commission Year
Bridge	Sedenak	Johor	110	2022
GDS	Nusajaya	Johor	70	2023
SIPP YTL	Kulai	Johor	500	2024
AirTrunk	Nusajaya	Johor	150	2024
Yondr	Sedenak	Johor	300	2024
K2 Strategic	Sedenak	Johor	200	2024
Princeton Digital Group	Sedenak	Johor	150	2024
DC-Science	Sedenak	Johor	120	2024
ST Telemedia	Nusajaya	Johor	120	2025
Bridge	Bukit Jalil	Klang Valley	300	2025
Vantage	Cyberjaya	Klang Valley	256	2025
edgeconnex	Bukit Jalil	Klang Valley	70	2026
edgeconnex	Cyberjaya	Klang Valley	200	2026
TM-Nxera	Nusajaya	Johor	200	2026
Google	Elmina Biz Park	Klang Valley	80	2026
Total			**2,826**	

Note: Excludes:

1) *Microsoft's USD2.2b investment pledge in cloud and AI infrastructure (announced on 2 May 2024), pending details;*
2) *ByteDance's planned expansion its data centre facilities in Sedenak, Johor with an additional investment of MYR1.5b [link].*

Source: Maybank IBG Research

Fig 3: Peninsular Malaysia's data centre capacity pipeline, Sep 2024



Source: Tenaga

1.3 We have two observations relating to AI data centres in Malaysia, as far as the US new ruling is concerned

We put forward two observations relating to the new US ruling.

- Firstly, Malaysia is indirectly categorised under 'Tier 2' which limits UVEU data centres' installed AI computing power in Malaysia to no more than 7% of their total processing power (TPP). Amid new investment commitments by US-based hyperscalers like Google and Microsoft, the question is how much of their TPPs (that relating to AI) will be located in Malaysia. Also, what is their existing capacities outside of US and countries of its 18 key partners; have they crossed the 25% cap which necessitates them to take a relook on their investment commitments in Malaysia.

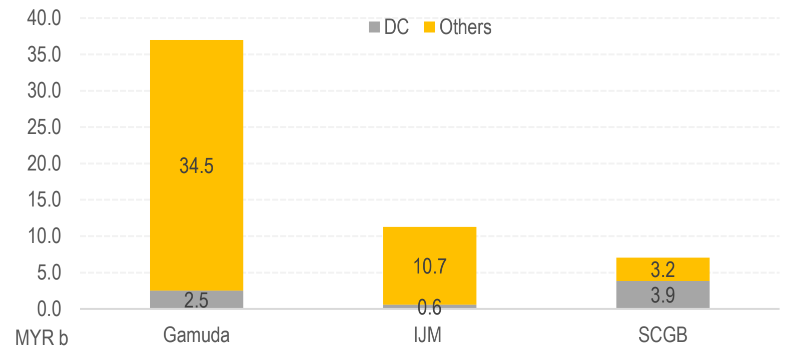
- Secondly, Malaysia, which is believed to be in the midst of developing special incentives to attract AI data centre investments [link], may need to reconfigure its offerings to leverage on this new rule. This is considering a more 'competitive' investment landscape with just 25% of UVEUs' total AI computing power which can be located outside of the US and the countries of its 18 key partners.

2. Our investment thesis on M'sia construction

2.1 Data centre jobs make up <10% of existing outstanding orderbooks, except for SCGB

With the exception of Sunway Construction (SCGB), data centre jobs are small relative to the outstanding orderbook size of large engineering & construction (E&C) players under our research coverage (Fig 4): 1) Gamuda at 6.7% (MYR2.5b) out of MYR37b outstanding; 2) IJM at 5.2% (MYR632m) out of MYR11.3b outstanding (including MYR4b orderbook upliftment from JRL Group which IJM is proposing to acquire). For SCGB, data centre jobs make up 54.5% (MYR3.9b) of its MYR7.1m outstanding orderbook as at Sep 2024 - with 68% (MYR2.7b) out of the MYR4b new jobs secured in 9M24 being data centre jobs. Suffice to note that all three E&C players have been increasing their focus to the data centre segment as they adapt to industry opportunities, supported by their IBS (industrialised building system) capabilities which shorten the construction timeline.

Fig 4: Outstanding E&C orderbook (data centres vs. others)



As at latest for Gamuda, end-Sep 2024 for IJM and SCGB; Source: Companies

2.2 Why we remain upbeat on Malaysia construction

We remain positive on Malaysia's data centre market despite the new US cap on AI data centre location outside of UVEUs' home grounds. This is premised on the country's digital shift which requires substantial cloud computing and storage type of data centres. Specifically for the Construction sector, we reiterate our thoughts in our 2025 Outlook report [link]. We maintain POSITIVE on the sector, which is very much premised on new infrastructure jobs to support the country's next phase of development. A still robust FDI/DDI landscape – especially in Penang's E&E, in the new JS-SEZ, in Sarawak as a regional energy hub, and in the energy transition sectors – will support longer term economic growth, thus creating industrial buildings, logistics and warehousing type of construction jobs.

- **Budget 2025** forecasts the construction sector's real output to expand by still a robust 9.4% (2024E: +14.1%), supported by sustained gross development expenditure (GDE) allocation of MYR86b (2024E: MYR86b; 4.1% of GDP), and MYR9b of public-private partnership (PPP) projects. Focus will be on projects that directly benefit the people, and on facilities (including infra) that support the industrial areas throughout the country.

Among the new projects mentioned in Budget 2025 are the Sg Perak raw water transfer (to support the new Kerian Integrated Green Industrial Park), water reservoir/treatment projects at Sg Sedili Besar (Johor) and Machang (Kelantan), and flood mitigation projects in Pahang, Terengganu and Selangor (Sg Langat flood mitigation plan 2).

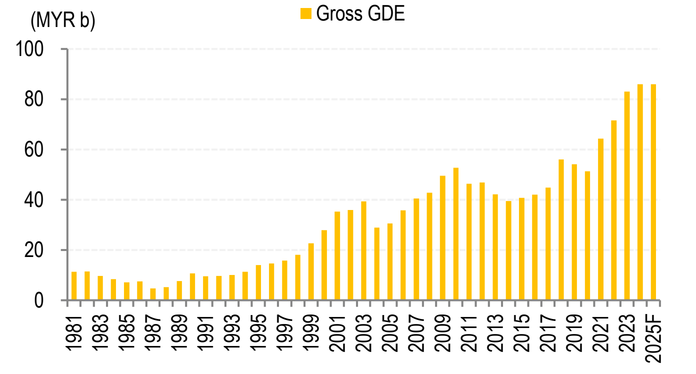
With the MYR8.3b design-and-build contract for the Penang LRT Mutiara Line (Silicon Island to Komtar) awarded on 13 Jan 2025 [link], we expect a Government's decision on the New Pantai Expressway Phase 2 by 1Q 2025. Up next could be a decision on either an ART or LRT system in Johor Bahru to support the JB-SG RTS which will complete construction in end-2026. Beyond these infra projects, the realisation of committed FDIs/DDIs will offer higher value industrial building type of works.

- **Thematics.** The **13th Malaysia Plan** (2026-2030) blueprint is expected to be unveiled in mid-2025 and priority infra projects, in our view, will include urban mass people mover public transport (eg. JB ART / LRT, KVMRT3); raw water transfer, treatment & distribution; flood mitigation; and energy transition projects. Our observation is that KVMRT1 & 2 – fully operational in Jul 2017 and Mar 2023, respectively - have played a big part in driving the shift towards public transportation as a preferred mode of transport in the Klang Valley – and we think KVMRT3, when implemented, will further improve efficiencies in connectivity of the Klang Valley's public transportation network.

  With the Public-Private Partnership (PPP) Master Plan 2030 launched in Sep 2024, our observation is development funding (going forward) will gravitate towards the **PPP model** with Budget 2025 having already mentioned 4 new projects under this approach - Sultan Aminah Hospital 2 (Johor), Juru-Sg Dua Elevated Highway (Penang), West Ipoh Span Expressway (WISE) from Gopeng to Kuala Kangsar (Perak), and West Coast Expressway (WCE) from Banting (Selangor) to Gelang Patah (Johor). Here, private entities with strong balance sheets will benefit.

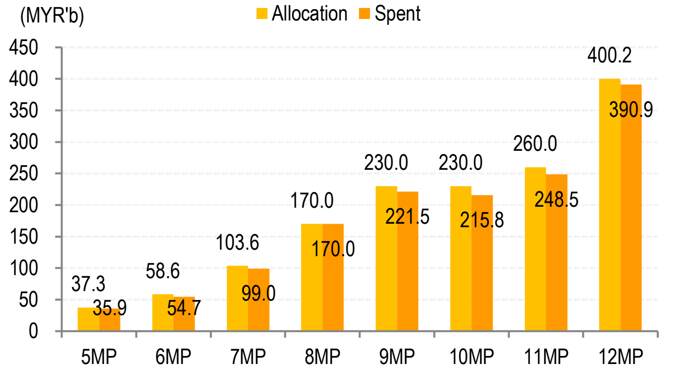
  We also expect a continuing thematic on **East Malaysia** in 2025 amid higher Federal Government development allocation of MYR5.9b for Sarawak (2024E: MYR5.8b) and MYR6.7b for Sabah (2024E: MYR6.6b). From a national perspective, the Government has identified clusters of growth – based on the strength of each State - to drive the next round of economic growth. Sarawak is leading and should continue to receive hi-tech investments in energy transition to leverage on its vast hydrocarbon and natural resources (and thus hydropower) potential.

Fig 5: Gross development expenditure (GDE)



Source: Fiscal Reports (MoF), Maybank IBG Research

Fig 6: Malaysia Plan's development allocation & expenditure



Source: Fiscal Reports (MoF), Maybank IBG Research

3. Valuations

3.1 Massive sell-downs; valuations have de-rated

The new US ruling relating to AI data centre location has led to uncertainty on its impact on new data centre FDIs (hence, orderbook replenishment), triggering a sell-down on Malaysia construction stocks. This led to MYR7.48b in market capitalisation lost in the week of 13 Jan (till 17 Jan), and a 12.4% fall in the KLCON Index (Fig 8). Hardest hit has been SCGB (Fig 7; share price down 24.7% for the week) largely due to its large exposure to data centre construction - slightly more than half of its outstanding orderbook – and earlier expectation that it will continue to win more data centre jobs based on its rising execution capability in this segment.

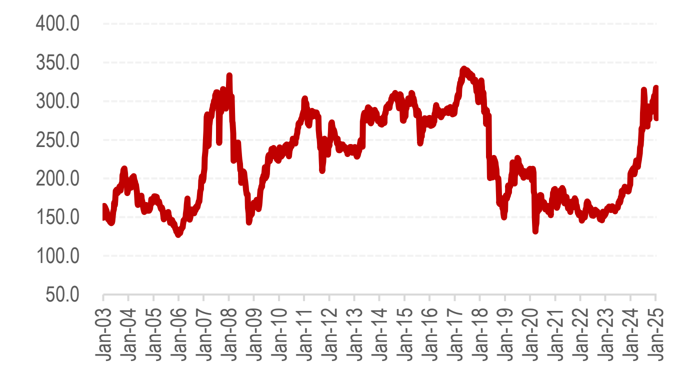
In terms of valuations, KLCON's 12M trailing PER (based on Bloomberg data) has de-rated by 2.6 multiples to 18.3x in the week of 13 Jan (till 17 Jan). Based on our projected 17.7% core earnings growth in 2025E for construction stocks under our coverage, this implies sector 2025E PER of 15.6x. By stocks, Gamuda's PER valuation, based on last Friday's (17 Jan) close, was at 19.6x on 12M forward PER (+1SD of LT mean), IJM at 17x (-0.6SD), SCGB at 20.5x (+0.3SD) – and even CMS, with no exposure to data centre construction, has seen its PER de-rated to 6.6x (at -1.1SD).

Fig 7: Valuation of KLCON, and stocks under coverage

	Share px on 17 Jan (MYR)	Share px on 17 Jan (MYR)	Chg since 10 Jan (%)	12M fwd PER on 17 Jan (x)	PER derating since 10 Jan (x)	PER valuation on 17 Jan relative to LT mean
KLCON Index	277.9	317.9	(12.4%)	* 18.3	(2.6)	NA
Gamuda	4.24	5.00	(15.2%)	19.6	(3.6)	+1.0SD
IJM Corp	2.60	3.03	(14.2%)	17.0	(2.8)	-0.6SD
Sunway Construction	3.63	4.82	(24.7%)	20.5	(6.8)	+0.3SD
Cahya Mata S'wak	1.06	1.13	(6.2%)	6.6	(0.5)	-1.1SD

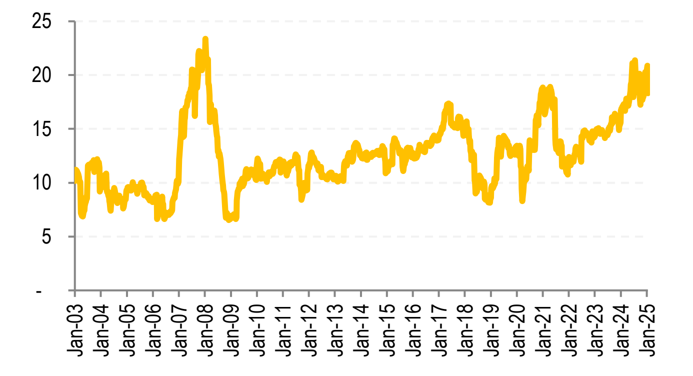
** Refers to 12M trailing PER for KLCON; Source: Maybank IBG Research*

Fig 8: KLCON Index, down 12.4% over 13-17 Jan 2025



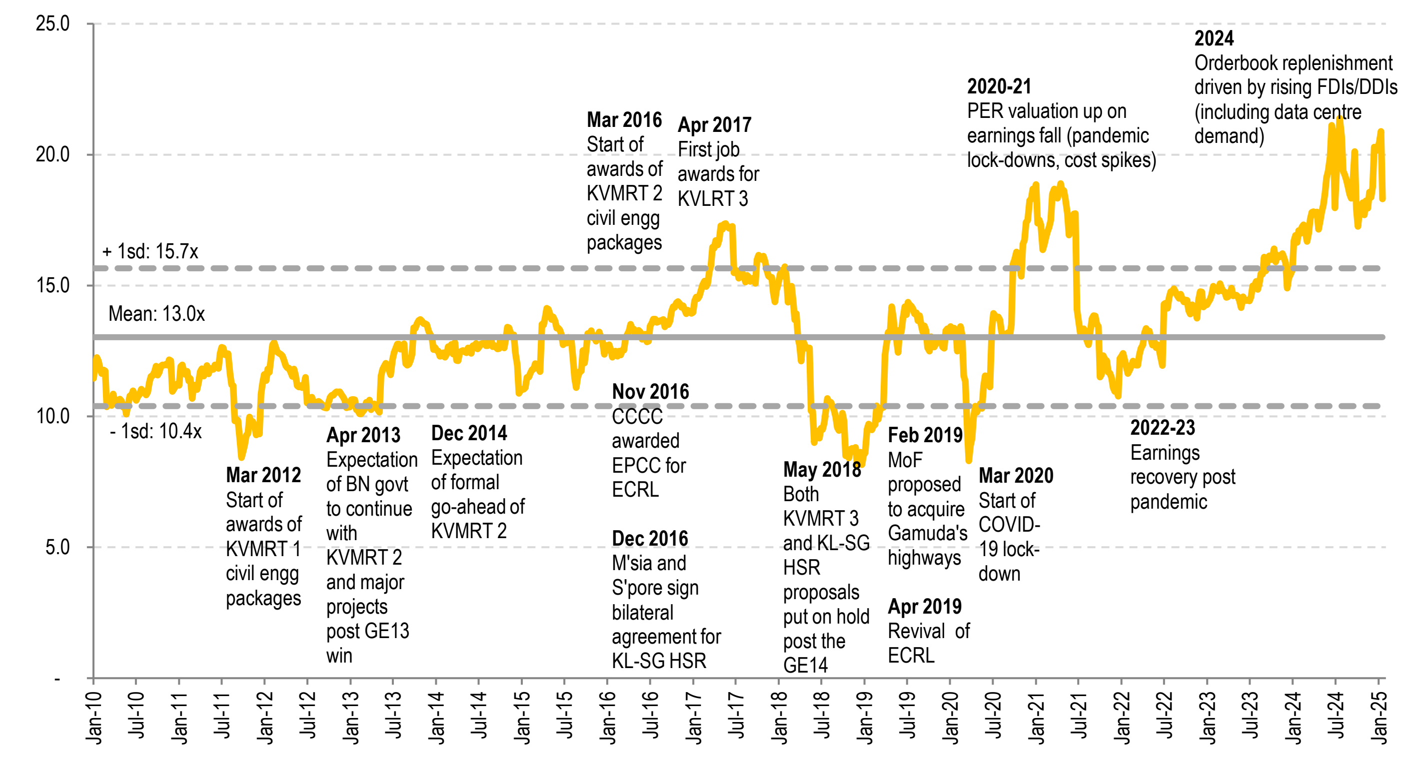
Source: Bloomberg, Maybank IBG Research

Fig 9: KLCON at 18.3x 12M trailing PER on 17 Jan 2025 vs. 20.9x on 10 Jan 2025



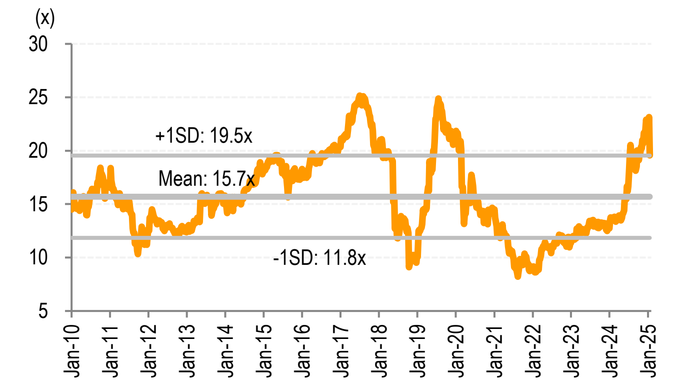
Source: Bloomberg, Maybank IBG Research

Fig 10: KLCON's 12M trailing PER, major events



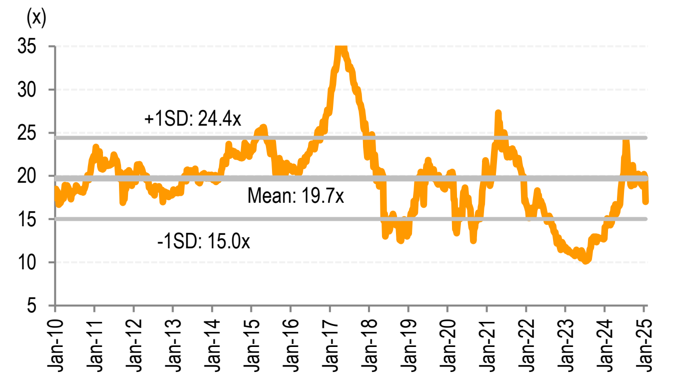
Source: Bloomberg, Maybank IBG Research

Fig 11: Gamuda at 19.6x 12M fwd PER on 17 Jan 2025 (MYR4.24 share price) vs. 23.1x on 10 Jan 2025



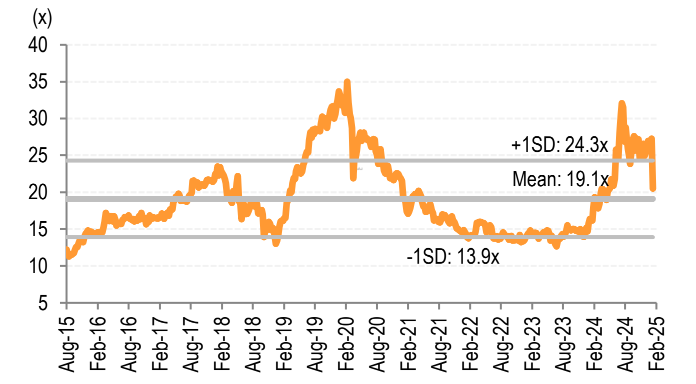
Source: Bloomberg, Maybank IBG Research

Fig 12: IJM at 17.0x 12M fwd PER on 17 Jan 2025 (MYR2.60 share price) vs. 19.9x on 10 Jan 2025



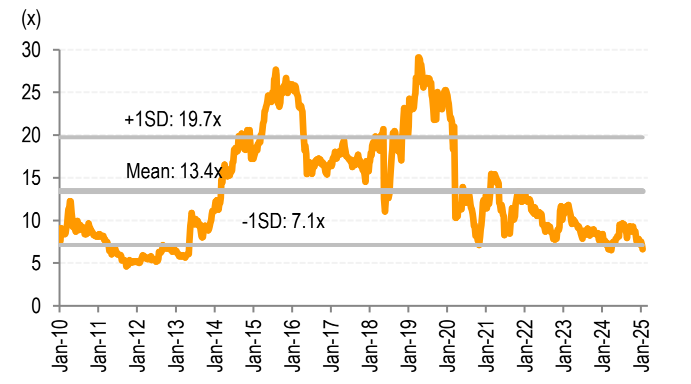
Source: Bloomberg, Maybank IBG Research

Fig 13: SCGB at 20.5x 12M fwd PER on 17 Jan 2025 (MYR3.63 share price) vs. 27.3x on 10 Jan 2025



Source: Bloomberg, Maybank IBG Research

Fig 14: CMS at 6.6x 12M fwd PER on 17 Jan 2025 (MYR1.06 share price) vs. 7.1x on 10 Jan 2025



Source: Bloomberg, Maybank IBG Research

3.2 Maintaining our earnings forecasts

We make no change to the earnings forecasts for the construction stocks under our coverage for now, as we believe that our orderbook replenishment assumptions are still realistic and pending updates with managements on any revisions to their near-term internal orderbook target based on their updated leads or tender pipelines.

For Gamuda, we expect forward orderbook replenishment to come from the Upper Padas water supply scheme project, solar and hydro projects in Australia, in addition to normal infra projects in Australia and also in Taiwan. As for IJM, we expect forward replenishment to come from the New Pantai Expressway Phase 2 works (now awaiting Government's go-ahead), and industrial buildings, E&E manufacturing and warehousing jobs. As for SCGB, we expect orderbook support from its parent, in addition to external industrial/commercial building jobs in M'sia and precast orders in S'pore.

Fig 15: Orderbook replenishment assumptions for construction stocks under coverage

	FYE	FY23A (MYR b)	FY24A/E (MYR b)	FY25E (MYR b)	FY26E (MYR b)	Tracking (MYR b)
Gamuda	July	9.6	10.1 (A)	20.0	20.0	13.8 (1HFY25)
IJM Corp	Mar	1.5	3.7 (A)	5.0	4.0	2.1 (1HFY25)
Sunway Construction	Dec	2.5	4.5 (E)	4.5	4.5	4.0 (9MFY24)
Cahya Mata S'wak	Dec	NA	NA	NA	NA	NA

Source: Companies, Maybank IBG Research

Fig 16: Gamuda's earnings & PEDY summary

FYE Jul (MYR m)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	8,268	13,347	12,840	16,321	18,260
EBITDA	909	942	1,627	1,961	2,086
Core net profit	860	912	1,115	1,308	1,385
Core EPS (sen)	16.4	16.7	20.1	23.6	25.0
Core EPS growth (%)	(0.5)	1.8	20.6	17.4	5.9
Net DPS (sen)	22.0	8.0	10.0	10.0	10.0
Core P/E (x)	13.1	23.6	21.1	18.0	17.0
P/BV (x)	1.0	1.9	2.0	1.9	1.7
Net dividend yield (%)	10.2	2.0	2.4	2.4	2.4
ROAE (%)	17.8	8.2	9.6	10.6	10.6
ROAA (%)	3.9	3.6	4.1	4.5	4.5
EV/EBITDA (x)	15.6	27.7	18.2	16.0	15.1
Net gearing (%) (incl perps)	25.1	38.6	49.1	59.0	56.5
Consensus net profit	-	-	1,177	1,407	1,626
MIBG vs. Consensus (%)	-	-	(5.3)	(7.0)	(14.8)

Source: Factset, Maybank IBG Research

Fig 17: IJM's earnings & PEDY summary

FYE Mar (MYR m)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	4,572	5,919	6,983	7,854	9,186
EBITDA	1,103	1,343	1,450	1,544	1,700
Core net profit	338	506	522	568	652
Core EPS (sen)	9.6	14.4	14.9	16.2	18.6
Core EPS growth (%)	32.2	50.1	3.3	8.7	14.8
Net DPS (sen)	8.0	8.0	8.0	8.0	8.0
Core P/E (x)	16.7	16.9	17.5	16.1	14.0
P/BV (x)	0.6	0.8	0.9	0.8	0.8
Net dividend yield (%)	5.0	3.3	3.1	3.1	3.1
ROAE (%)	1.6	6.0	5.1	5.3	6.0
ROAA (%)	1.6	2.4	2.4	2.6	2.9
EV/EBITDA (x)	7.6	8.5	7.7	7.4	7.0
Net gearing (%) (incl perps)	23.1	23.4	15.6	16.4	19.2
Consensus net profit	-	-	514	581	642
MIBG vs. Consensus (%)	-	-	1.5	(2.6)	1.3

Source: Factset, Maybank IBG Research

Fig 18: SCGB's earnings & PEDY summary

FYE Dec (MYR m)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue	2,155	2,671	3,436	4,528	4,813
EBITDA	210	245	281	350	371
Core net profit	135	145	170	227	258
Core EPS (sen)	10.5	11.3	13.2	17.6	20.0
Core EPS growth (%)	20.1	7.3	17.4	33.1	13.9
Net DPS (sen)	5.5	6.0	6.0	6.0	6.0
Core P/E (x)	14.9	17.2	27.5	20.6	18.1
P/BV (x)	2.7	3.0	5.1	4.4	3.8
Net dividend yield (%)	3.5	3.1	1.7	1.7	1.7
ROAE (%)	18.8	18.6	19.7	22.9	22.4
ROAA (%)	6.6	5.5	5.1	6.1	6.8
EV/EBITDA (x)	9.9	12.3	20.2	15.1	12.7
Net gearing (%) (incl perps)	net cash	51.1	94.8	48.2	net cash
Consensus net profit	-	-	164	258	293
MIBG vs. Consensus (%)	-	-	3.6	(12.1)	(12.0)

Source: Factset, Maybank IBG Research

Fig 19: CMS' earnings & PEDY summary

FYE Dec (MYR m)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue	1,011	1,201	1,191	1,227	1,265
EBITDA	115	156	230	298	331
Core net profit	107	114	147	171	186
Core EPS (sen)	9.9	10.7	13.7	15.9	17.3
Core EPS growth (%)	(39.4)	7.2	28.6	16.1	9.0
Net DPS (sen)	3.0	2.0	2.0	2.0	2.0
Core P/E (x)	10.8	10.1	7.7	6.7	6.1
P/BV (x)	0.4	0.4	0.3	0.3	0.3
Net dividend yield (%)	2.8	1.9	1.9	1.9	1.9
ROAE (%)	9.2	3.5	4.4	4.9	5.1
ROAA (%)	2.2	2.4	3.1	3.6	3.8
EV/EBITDA (x)	8.4	7.2	4.8	3.7	3.2
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Consensus net profit	-	-	143	168	178
MIBG vs. Consensus (%)	-	-	2.7	2.0	4.9

Source: Factset, Maybank IBG Research

3.3 Imputing some risk into valuations - revising TPs; upgrading SCGB to HOLD

While we maintain POSITIVE on the Construction sector, we are now pricing in some risk (into TPs) as a result of US' latest imposition of AI data centre location. Our revised TPs consider lower target PERs for Gamuda and IJM's construction ops (only) by 2 PE multiples, the same with SCGB – unchanged for CMS. With much narrowed downside potential of 4% (including dividend yield) to our revised TP, we upgrade SCGB to a HOLD (from SELL); and reiterate our BUY calls on Gamuda, IJM and CMS.

Fig 20: Target price changes and basis

	Previous TP (MYR)	Revised TP (MYR)	Valuation methodology	Basis of revision	What does our revised TP imply vs. historical stock PER valuation
Gamuda	5.25	5.00	RNAV with construction ops on FY26E (Jul) PER	Construction ops FY26E PER down to 23x from 25x	23.1x 12M fwd PER (vs. mean of 15.7x
IJM Corp	3.70	3.60	RNAV with construction ops on FY26E (Mar) PER	Construction ops FY26E PER down to 16x from 18x	23.6x 12M fwd PER (vs. mean of 19.7x
Sunway Construction	3.70	3.35	FY25E (Dec) PER	To 19x PER (mean) from 21x PER (+0.5SD)	18.9x 12M fwd PER (vs. mean of 19.1x)
Cahya Mata S'wak	1.60	1.60	FY25E (Dec) PER	Unchanged at 10x PER	10x 12M fwd PER (vs. mean of 13.4x)

Source: Maybank IBG Research

Fig 21: Gamuda's RNAV

	Unsold areas (acres)	Bal. GDV (MYR'm)	Shareholding (%) / Est. net profit (MYR'm)	NPV of future profits (MYR'm) / Target PER (x)	Gamuda's share (MYR'm)
1.0 ENGINEERING & CONSTRUCTION					
			Est. net profit (MYR'm)	Target PER (x)	Gamuda's share (MYR'm)
FY26E E&C profit			617	23	14,200
2.0 PROPERTY					
	Unsold areas (acres)	Bal. GDV (MYR'm)	Shareholding (%)	NPV of future profits (MYR'm)	Gamuda's share (MYR'm)
Jade Hills (Klang Valley)	0	19	100%	3	3
Horizon Hills (Iskandar Malaysia)	210	1,890	50%	233	116
Gamuda Gardens (Klang Valley)	567	8,320	100%	591	591
Gamuda Parks (Klang Valley)	486	4,047	100%	237	237
Kundang (Klang Valley)	25	88	100%	19	19
Gamuda Cove (Klang Valley)	510	19,011	100%	924	924
twentyfive.7 (Klang Valley)	107	1,947	100%	181	181
Gamuda GM Klang	13	1,138	100%	77	77
Others (Malaysia)	7	852	100%	47	47
Gamuda City (Hanoi)	232	12,160	100%	1,083	1,083
Celadon City (HCMC)	0	253	100%	37	37
Chapel Street (Melbourne)	0	52	100%	3	3
OLA (Singapore)	0	0	50%	0	0
Quick turnaround projects	60	11,421	various	1,282	1,154
	2,217	60,198			4,473
Net asset @ 31 Jul 2024					9,563
Total Property					**14,037**
TOTAL RNAV					**28,237**
No. of ordinary shares					5,621.1
RNAV per share (MYR) - rounded					**5.00**

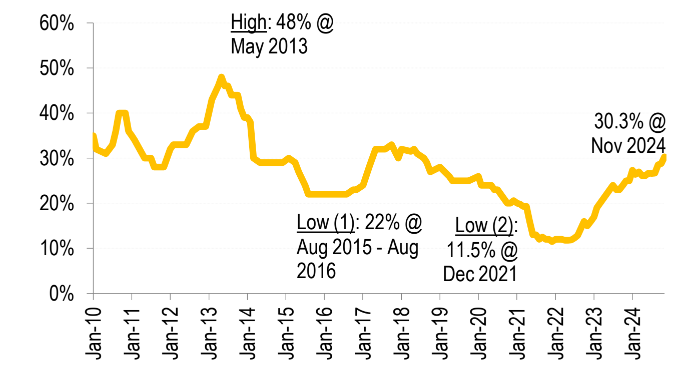
Source: Maybank IBG Research

Fig 22: IJM's RNAV

	Value (MYR)	Stake (%)	Attr. Value (MYR m)	Per shr (MYR)	% of total	Comments on methodology
Construction	**2,460**	**100%**	**2,460**	**0.67**	**19%**	16x FY26E profit
Property development	**5,592**	**100%**	**5,592**	**1.53**	**42%**	NPV of future profits
Industry	**3,092**	**100%**	**3,092**	**0.85**	**23%**	18x FY26E profit
Infrastructure						
BESRAYA	530	100%	530	0.15	4%	Equity DCF (ke: 8.6%)
NPE	888	100%	866	0.24	6%	Equity DCF (ke: 8.6%)
WCE	683	41%	281	0.08	2%	0.7x FY24 BV
Kuantan Port	1,631	60%	979	0.27	7%	Equity DCF (ke: 10.5%)
			----------	----------		
			2,655	**0.73**	**20%**	
Less: Holding coy net debt @ end-FY23			(585)	(0.16)	(4%)	
RNAV / Target price			**13,521**	**3.60**	**100%**	Based on 3,647.6 shares

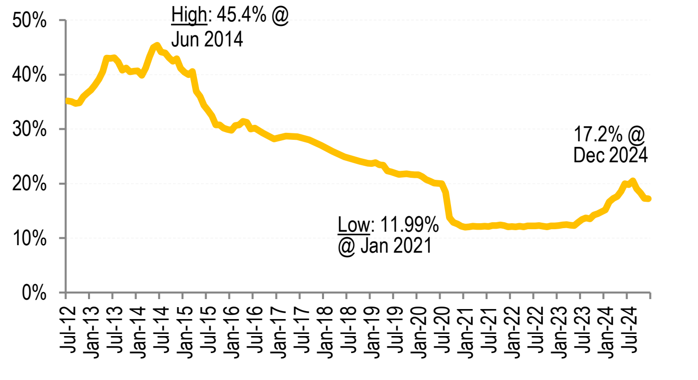
Source: Maybank IBG Research

Fig 23: Gamuda's foreign shareholding - 30.3% as at Nov 2024 (+5.6ppts in 2024)



Source: Company, Maybank IBG Research

Fig 24: IJM's foreign shareholding - 17.2% as at Dec 2024 (+2.4ppts in 2024)



Source: Company, Maybank IBG Research

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SELL	Return is expected to be below 0% in the next 12 months (including dividends)

Applicability of Ratings
The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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