

Gamuda Berhad

(5398 | GAM MK) Main | Construction

Awarded as PDP for PTMP


KEY INVESTMENT HIGHLIGHTS

- **Gamuda was appointed as Project Delivery Partner (PDP) of PTMP**
- **The Group may begin construction works (for LRT, PIL and PSR) either sequentially or simultaneously depending on the financing model**
- **No changes to our earnings forecasts**
- **Upgrade to BUY due to recent price weakness with unchanged TP of RM3.70**

Based on the Bursa announcement dated 2nd March 2020, Gamuda was appointed as Project Delivery Partner (PDP) for the implementations of roads and public transport projects in Penang (Penang Transport Master Plan Strategy 2013-2030) (PTMP). The validity of the Letter of Award (LOA) has been extended by the State Government to 31 August 2020 vide its letter dated 28 February 2020 which was duly received and accepted by SRS Consortium on 2 March 2020.

To recap, PTMP involves the construction of an undersea tunnel connecting the island to the mainland, highways, light rail transit (LRT), monorail as well as comprehensive bus network between the island and Seberang Perai. SRS Consortium is a 60:20:20 joint venture among Gamuda, Loh Phoy Yen Holdings Sdn Bhd, and Ideal Property Development Sdn Bhd. We note that there are three projects under SRS Consortium, namely (1) the light rail transit (LRT) system, (2) the Pan Island Link (PIL) highway, and (3) the massive Penang South Reclamation (PSR). The Group may begin construction works (for LRT, PIL and PSR) either sequentially or simultaneously depending on the financing model. After this agreement, the design works will start and the LRT, the PIL as well as the reclamation work for the south island shall take place.

Impact on earnings. We make no changes to our estimates as this juncture as we lack details of the project.

Upgrade to BUY with unchanged TP of RM3.70. Due to recent price weakness, we upgrade our recommendation to BUY with an unchanged TP of RM3.70, pegging its FY21EPS to PE of 14.0x. 

Upgrade to BUY

(from Neutral)

Unchanged Target Price: RM3.70

RETURN STATISTICS

Price @ 2 nd March 2020 (RM)	RM3.19
Expected share price return (%)	+15.99
Expected dividend yield (%)	+3.76
Expected total return (%)	+19.75

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	-16.93	-13.81
3 months	-18.21	-6.92
12 months	9.25	26.66

KEY STATISTICS

FBM KLCI	1,466.94
Syariah compliant	Yes
Issue shares (m)	2472.3
Estimated free float (%)	58.3
Market Capitalisation (RM'm)	8015.83
52-wk price range	RM2.79 - RM4.3
Beta vs FBM KLCI (x)	1.7
Monthly velocity (%)	11.0
Monthly volatility (%)	34.7
3-mth average daily volume (m)	4.88
3-mth average daily value (RM'm)	18.71
Top Shareholders (%)	
Employees Provident Fund Board	12.38
Kumpulan Wang Persaraan Diperbadan	7.04
Sultan Azlan Shah Eleena Binti	4.69

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INVESTMENT STATISTICS

FYE July	FY17	FY18	FY19	FY20F	FY21F
Revenue (RM'm)	3211.4	4227	4565.1	3934.55	3961.82
EBIT (RM'm)	682.5	696.6	689.3	668.87	673.51
Pre-tax Profit (RM'm)	656.2	729.3	908.85	865.6	871.6
PATAMI (RM'm)	602	513.8	706.1	649.2	653.7
FD EPS (sen)	24.8	20.8	28.6	26.3	26.49
EPS growth (%)	-1.98	-16.13	37.5	-8.03	0.69
PER (x)	15.24	18.17	13.22	14.37	14.27
Net Dividend (sen)	11.00	11.90	12.00	11.00	12.00
Net Dividend Yield (%)	2.91	3.15	3.17	2.91	3.17

Source: Company, MIDFR

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.