

Gamuda

(1651 | GAM MK) Main | Construction

Project Award from Port of Keelung


KEY INVESTMENT HIGHLIGHTS

- **Gamuda received a Notice of Award from Port of Keelung, Taiwan International Ports Corporation Ltd.**
- **70:30 joint venture comprising Gamuda and Dong-Pi**
- **Positive impacts on earnings**
- **No change to forecasts, as the contract value is within our replenishment assumptions**
- **Maintain NEUTRAL with unchanged TP of RM3.70**

On 30th December 2019, Gamuda together with Dong-Pi Construction Co. Ltd, a Taiwan company, received a Notice of Award from Port of Keelung, Taiwan International Ports Corporation Ltd, a Taiwan state-owned ports operation company, for the Seawall Project.

An unincorporated JV Co was previously formed to undertake the job, in which Gamuda and Dong-Pi hold 70% and 30% stakes respectively. We understand that the job scope involves the (1) construction and completion of 4,014 meters seawall structures, (2) dismantling of existing seawall structures which is 954m, and (3) Southport shore protection works, for a contract sum of approximately RM932,500,000. It is worth noting that the scheduled completion is within 60 months, from January 2020 to January 2025.

Impacts on earning. This joint venture provides earnings visibility for the next 5 years. As a result, it is expected to contribute positively to the revenue and earnings of the Group beginning from the financial year ending 31 July 2020.

Our estimates remain intact. Post announcement, we make no adjustments to our FY20/FY21 forecasts as the job value falls within the range of our contract replenishment assumptions. 

Unchanged Target Price: RM3.70

RETURN STATISTICS

Price @ 2 Jan 2020 (RM)	RM3.90
Expected share price return (%)	-5.10
Expected dividend yield (%)	+3.08
Expected total return (%)	-2.02

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	6.85	4.17
3 months	0.00	5.74
12 months	70.31	78.10

KEY STATISTICS

FBM KLCI	1,602.50
Syariah compliant	Yes
Issue shares (m)	2472.322
Estimated free float (%)	57.89238
Market Capitalisation (RM'm)	9655.627929
52-wk price range	RM2.27 - RM4.04
Beta vs FBM KLCI (x)	1.548025
Monthly velocity (%)	11.02314046
Monthly volatility (%)	34.70103358
3-mth average daily volume (m)	2.617227
3-mth average daily value (RM'm)	9.82565
Top Shareholders (%)	
Employees Provident Fund Board	12.64
Kumpulan Wang Persaraan Diperbadan	6.96
Sultan Azlan Shah Eleena Binti	4.69

Kifni Kamaruddin
 Head, Strategy
smkifni@midf.com.my
 03 -2173 8383

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.