

## Gamuda Berhad

(5398 | GAM MK) Main | Construction

### DTI Seals New Win in Perth

#### KEY INVESTMENT HIGHLIGHTS

- DTI and ALSTOM JV secure AUD1.6b rail signalling project in Perth
- Gamuda/DTI's share of contract is AUD737m (RM2.3b), based on 46% in JV
- Strong order book at RM26.5b; in line to surpass RM30.0b mark by end-2024
- Maintain BUY with TP of RM7.50\* (under review)

**New Aussie win.** Gamuda has made further inroads in Australia, this time through a JV that its wholly owned subsidiary DT Infrastructure is a part of, which secured the AUD1.6b (RM5.0b) Metronet High-Capacity Signalling Project from the Public Transport Authority of Western Australia. While Perth has been among the main markets for DT Infrastructure, this marks Gamuda's first project win in Perth post-acquisition in Jun-23.

**Project details.** The contract was awarded to AD Alliance (ALSTOM Transport Australia Pty Ltd 54%; DT Infrastructure Pty Ltd 46%) therefore, Gamuda's share of the contract is AUD737m (RM2.3b). The job scope involves the design, supply, test, commission and maintain the state-of-art- Urbalis Communications-based Train Control on Perth's suburban rail networks; and upgrading the existing signalling and control systems to an integrated communications-based train control system. These will be delivered in multiple line-by-line stages to minimise disruptions to the train operators, with an expected duration of over 10 years, starting from 2HCY24. Management expects a PBT margin of 5%, which should translate to RM115m of pretax margins over the period.

**Order book on track to record high.** The new win brings Gamuda's outstanding order book to RM26.5b. We believe the group will be able to surpass the RM30.0b mark for its order book by Dec-24. The replenishments will likely come from Segment 1 of the Penang LRT (RM4.8b based on 60% stake in SRS Consortium), Ulu Padas Hydroelectric Dam project in Sabah which may add another RM2.0b; and Pan Borneo Sabah. Gamuda has since secured RM9.0b or 36.0% of its RM25.0b replenishment target for two years.

**Earnings estimates.** We maintain our earnings estimates as the DT Infrastructure win was within expectations.

**Target price.** We maintain our TP of RM7.50 for now, as we peg a PER of 16x based on +1SD above its six-year historical mean to the group's FY25F EPS of 46.9 sen.

**Maintain BUY.** Gamuda remains among our preferred stocks for the construction sector, backed by its successful overseas expansion plan; its consistency in clinching sizeable jobs and it being a front runner for most mega projects in Malaysia. We also like its exposure in the data centre

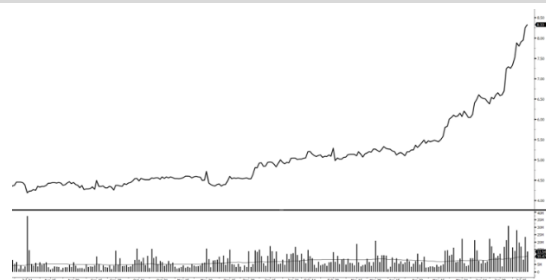
**Maintain BUY**

**Unchanged Target Price: RM7.50\***  
(\* Under Review)

#### RETURN STATISTICS

Price @ 18 <sup>th</sup> Jun 2024 (RM)	8.28
Expected share price return (%)	-9.4
Expected dividend yield (%)	2.1
Expected total return (%)	-7.3

#### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	28.1	26.2
3 months	26.7	52.5
12 months	87.4	61.2

#### INVESTMENT STATISTICS


FYE July	2024E	2025F	2026F
Revenue	13,498.1	16,872.6	18,559.9
Operating Profit	1,147.3	1,552.3	1,726.1
Profit Before Tax	1,277.3	1,647.6	1,817.6
Core Net Profit	1,008.6	1,298.6	1,429.6
Core EPS	36.4	46.9	51.6
DPS (sen)	16	16	20
Dividend Yield	2.1%	2.1%	2.1%

#### KEY STATISTICS

FBM KLCI	1,633.81
Issue shares (m)	2662.74
Estimated free float (%)	57.70
Market Capitalisation (RM'm)	23,124.11
52-wk price range	RM4.16 - RM8.49
3-mth average daily volume (m)	10.29
3-mth average daily value (RM'm)	66.90
Top Shareholders (%)	
Amanah Saham Nasional Bhd	13.67
Employees Provident Fund Board	9.84
Generasi Setia M Sdn bhd	4.12

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construction space, now making its name as a premium builder. While its current price has exceeded our TP by +10.4%, we are keeping to our **BUY** recommendation for now as we place our TP under review. Gamuda's share price has risen close to +30.0% month to date, shored up by strong interest among foreign investors. Since 1<sup>st</sup> July, foreign institutional investors have net bought RM331.4m of Gamuda shares. 

## FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024E	2025F	2026F
Revenue	5,089.5	8,233.6	13,498.1	16,872.6	18,559.9
Operating profit	685.3	922.8	1,147.3	1,552.3	1,726.1
Finance costs	(93.8)	(88.4)	(90.0)	(124.7)	(128.5)
Profit before tax	1,008.2	1,067.6	1,277.3	1,647.6	1,817.6
Tax	(168.9)	(230.9)	(293.8)	(378.9)	(418.0)
Net profit	806.2	860.1	1,008.6	1,298.6	1,429.6
Core net profit	805.8	860.8	1,008.6	1,298.6	1,429.6
Balance Sheet (RM'm)	2022A	2023A	2024E	2025F	2026F
Property, plant and equipment	1,095.5	1,701.7	1,735.7	1,787.8	1,841.4
Land held for property development	3,507.9	3,769.1	3,721.5	3,833.2	3,834.2
<b>Non-current assets</b>	<b>7,119.3</b>	<b>8,674.3</b>	<b>8,660.7</b>	<b>8,824.5</b>	<b>8,824.5</b>
Cash	2,794.3	3,169.5	2,875.3	3,019.1	3,020.1
Trade debtors	2,478.1	2,904.5	5,125.1	5,347.9	5,132.8
<b>Current assets</b>	<b>11,068.2</b>	<b>15,227.5</b>	<b>17,434.5</b>	<b>17,821.1</b>	<b>17,607.0</b>
Trade creditors	2,677.1	3,810.6	5,206.1	5,469.5	5,383.3
Short-term debt	1,535.3	1,409.7	1,238.5	1,244.3	1,244.3
<b>Current liabilities</b>	<b>5,887.2</b>	<b>6,958.6</b>	<b>8,182.8</b>	<b>8,452.0</b>	<b>8,365.8</b>
Long-term debt	3,244.7	5,514.0	3,550.9	3,618.0	3,437.1
<b>Non-current liabilities</b>	<b>3,677.0</b>	<b>5,985.4</b>	<b>4,022.3</b>	<b>4,089.4</b>	<b>3,908.5</b>
Share capital	3,723.2	4,078.1	4,223.0	4,223.0	4,223.0
Retained earnings	6,177.6	6,744.3	7,479.3	8,297.0	9,209.8
<b>Equity</b>	<b>10,249.9</b>	<b>10,957.8</b>	<b>13,890.1</b>	<b>14,104.2</b>	<b>14,157.2</b>
Cash Flow (RM'm)	2022A	2023A	2024E	2025F	2026F
PBT	1,008.2	1,067.6	1,277.3	1,647.6	1,817.6
Depreciation & amortisation	240.9	386.3	295.0	312.5	405.1
Changes in working capital	519.2	646.9	1,052.8	1,033.1	1,126.7
<b>Operating cash flow</b>	<b>444.2</b>	<b>(588.9)</b>	<b>(274.3)</b>	<b>(276.5)</b>	<b>(90.3)</b>
Capital expenditure	(523.0)	(2,296.8)	(200.0)	(200.0)	(200.0)
<b>Investing cash flow</b>	<b>498.7</b>	<b>837.3</b>	<b>250.0</b>	<b>250.0</b>	<b>250.0</b>
Debt raised/(repaid)	(239.6)	2,053.6	(259.1)	(272.1)	(272.1)
Dividends paid	(319.6)	694.4	(565.1)	(578.1)	(306.0)
<b>Financing cash flow</b>	<b>623.3</b>	<b>942.8</b>	<b>(589.4)</b>	<b>(604.6)</b>	<b>(578.1)</b>
<b>Net cash flow</b>	<b>1,301.3</b>	<b>1,908.4</b>	<b>2,830.6</b>	<b>4,479.8</b>	<b>(418.4)</b>
<b>Beginning cash flow</b>	<b>1,984.7</b>	<b>2,830.6</b>	<b>2,241.2</b>	<b>3,875.2</b>	<b>4,480.8</b>
<b>Ending cash flow</b>	<b>1,008.2</b>	<b>1,067.6</b>	<b>1,563.4</b>	<b>1,589.2</b>	<b>4,062.4</b>
Profitability Margins	2022A	2023A	2024E	2025F	2026F
Operating profit margin	13.5%	11.2%	8.5%	9.2%	9.3%
PBT margin	19.8%	13.0%	9.5%	9.8%	9.8%
PAT margin	15.8%	10.4%	7.5%	7.7%	7.7%
Core PAT margin	15.8%	10.5%	7.5%	7.7%	7.7%

Source: Bloomberg, 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.

#### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

\* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology