Corporate Update

Gamuda Berhad

(5398 | GAM MK) Main | Construction

3 Stars | SHARIAH Compliant | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM5.42**

3QFY25 Results Review Domestic Construction Gathers Pace

Maintain BUY. The weaker than expected performance in 3QFY25 is yet another case of timing affecting its property division due to the delay of approvals in Vietnam and some sales conversion. On the construction front, domestic projects are starting to ramp up, driving the earnings for the group, which will improve further in FY26 as they scale up the S-curve. Gamuda remains our favourite for the construction sector sitting on an all-time high order book of RM37.0b and a geographically diversified portfolio for both construction and property. We reiterate our **BUY** recommendation with a **TP** of **RM5.42**, derived by pegging the group's FY26F EPS of 25.8 sen to a PER of 21x, based on +2SD above its long-term mean.

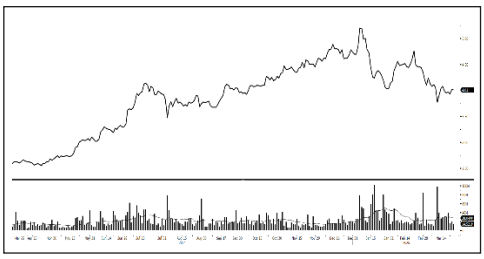
Below expectations. Gamuda recorded a core net profit of RM246.8m in 3QFY25 (+5.6%yoy), despite a stronger improvement in revenue to RM3.09b (+24.1%yoy). For the cumulative nine-month period of FY25, core net profit grew +4.5%yoy to RM664.3m, but it came in below expectations at 56.2% of ours and 63.9% of consensus full year estimates. The weaker than expected earnings mainly came from the property division, which saw a -21.1%yoy decline in net profit to RM217.4m during the cumulative period, attributable to an earnings void from the absence of Celadon City earnings in Vietnam.

Local projects picking up pace. The construction business delivered a stronger revenue of RM2.63b (+4.5%yoy) during the quarter, with a stronger growth in net profit by +39.8%yoy to RM174.5m. While overseas projects were still the main driver of top and bottom lines, the star performer was the Malaysian division, recording a +85.7%yoy jump in revenue to RM616.6m and a net profit of RM101.4m (+2.7x yoy) during the quarter. This led to an improvement in net profit margin to 6.6% from 4.9% in the same quarter last year. We expect the earnings momentum from domestic construction to gradually inch upwards as new projects start to ramp up. In terms of overseas construction, revenue during the quarter declined -7.8%yoy to RM2.02b while net profit declined -18.2%yoy to RM70.4m. This was mainly due to the delay in the Sydney Metro West (SMW) rail project where tunnelling works were halted for about two months.

Property sales target revised downwards. Gamuda Land, the property arm of the group, has revised downwards its FY25 property sales target to RM5b from RM6b previously, mainly due a delay in approvals for projects in Hanoi. The approvals are expected to be obtained before the end of FY25, with sales now expected to carry forward into next year.

RETURN STATISTICS	
Price @ 26th June 2025 (RM)	4.65
Expected share price return (%)	+16.6
Expected dividend yield (%)	+2.2
Expected total return (%)	+18.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.8	2.2
3 months	10.7	15.2
12 months	41.1	46.9

INVESTMENT STATISTICS

FYE July	2024A	2025F	2026F
Revenue	13,345	15,682	19,404
Operating Profit	945	1,176	1,843
Profit Before Tax	1,097	1,252	1,820
Core PATAMI	907	994	1,470
Core EPS	16.0	17.5	25.8
DPS	8	10	10
Dividend Yield	1.7%	2.2%	2.2%

KEY STATISTICS	
FBM KLCI	1,528.16
Issued shares (m)	5550.61
Estimated free float (%)	86.29
Market Capitalisation (RM'm)	26,827.87
52-wk price range	RM3.27 - RM5.38
3-mth average daily volume (m)	21.81
3-mth average daily value (RM'm)	94.68
Top Shareholders (%)	
Employees Provident Fund	13.83
Amanah Saham Nasional Bhd	4.14
Generasi Setia M Sdn Bhd	4.02

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In Malaysia, while overall interest remains intact, sentiment has turned slightly cautious as some buyers take a wait and-see approach following the recent US tariff announcement has delayed some sales conversions. As of 9MFY25, Gamuda Land has achieved RM2.6b of property sales, or 52% of the revised sales target. Management expressed confidence in achieving the remaining half of the target in 4QFY25, supported by several new launches. Over RM2b in GDV from projects such as The Mews, The Clove, The Space, and Skyvilla are planned to support FY25/FY26 sales targets. In 3QFY25, the property division recorded a decline in revenue to RM615.0m (-51.8%yoy) with a net profit of RM72.3m (-34.8%yoy). Part of this was due to the earnings void from Celadon City's completion in Vietnam and a lumpy profit from OLA Residences in Singapore in the same quarter last year.

Multiple data centre projects are imminent. Management remained upbeat on the upcoming data centre projects pipeline. They have submitted tenders for up to seven projects involving more than one customer and the bidding results are expected to be announced in two to four months. They also indicated a slight acceleration in project rollout timeline, mainly due to the tariffs that are expected to impact the construction cost on the US, which may see clients moving more capacity buildup to Malaysia. Management reiterated the group's capabilities of undertaking up to eight data centre projects at any one time.

Opportunities Down Under. On Friday, Sydney Metro announced that it has shortlisted two consortiums for the Parramatta Integrated Station Development. One of them is a Gamuda-led consortium, together with Billbergia Pty Ltd and MTR Corporation (Australia). The design and construction of the future Parramatta metro station, its precinct and the buildings above and adjacent to the station and is expected to be awarded in 2026. In our previous report, we have also highlighted news of potential delays in the Sydney Metro West project after tunneling works were halted for six weeks due to concerns of it being too close to foundation structures of a building in Church Street. We view this as a potential upside for Gamuda to pursue variation claims or orders. Meanwhile, Gamuda may potentially expand its footprint to New Zealand. Together with four other partners, they form the Together North consortium, which is part of the three consortia shortlisted for the Warkworth to Te Hana section of the Northland Expressway in New Zealand, comprising a 26km four-lane expressway from Warkworth to Te Hana and a 850m long twin bore tunnel in the Dome Valley and three interchanges located at Warkworth, Wellsford and Te Hana.

RM40-45b order book target intact. For the financial year-to-date, Gamuda has secured RM15.8b of new wins, its highest annual win to date, where among large-sized notable wins include Segment 1 of the Penang LRT (RM5.0b), Xizhi Donghu MRT in Taiwan (RM3.2b) and the Ulu Padas Hydroelectric project (RM2.3b). The outstanding order book as at Apr-25 is RM34.6b, with Malaysia projects now holding the lion's share at 41.6% (RM14.4b), followed by Australia at 30.3%, (RM10.5b) and Taiwan at 21.4% (RM7.4b). The remaining 6.6% (RM2.3b) comes from Singapore. On the high percentage wins that management guided in the previous analyst briefing in Mar-25, about RM24b of these remain, and management expects to secure about RM11b to RM15b by the end of CY25.

Target price. We trim our earnings estimates for FY25 by -15.9% to RM993.6m on the back of the weaker performance from the property division but we maintain our FY26F estimates and our **TP** of **RM5.42**, pegging the group's FY26F EPS of 25.8 sen to a PER of 21x, based on +2SD above its long-term mean, which we believe is justifiable given its growing prospects in the construction space and its bulging order book size.

GAMUDA BHD: 3QFY25 RESULTS SUMMARY

All in RM'm unless stated otherwise	Quarterly Results					Cumulative		
Income Statement	**2QFY25**	**1QFY25**	**2QFY24**	**QoQ**	**YoY**	**1HFY25**	**1HFY24**	**YoY**
Revenue	3,089.6	3,902.1	2,490.1	**-20.8%**	**24.1%**	11,127.8	8,625.5	**29.0%**
Profit from operations	261.1	268.1	69.7	**-2.6%**	**274.7%**	835.9	481.8	**74%**
Finance costs	(44.8)	(46.2)	(31.5)	**2.9%**	**-42.3%**	(151.6)	(94.2)	**-61%**
Share of profit of associated companies	0.5	7.6	2.1	**-93.8%**	**-77.1%**	9.5	10.8	**-13%**
Share of profit of joint ventures	64.1	41.4	228.6	**54.9%**	**-72.0%**	117.0	349.9	**-67%**
Profit before tax	280.8	270.8	268.9	**3.7%**	**4.4%**	810.8	748.2	**8%**
Tax expense	(23.4)	(42.1)	(26.4)	**44.5%**	**11.6%**	(104.5)	(87.7)	**-19%**
Profit after tax	257.5	228.7	242.7	**12.6%**	**6.1%**	706.3	660.8	**7%**
Minority interest	10.6	9.9	6.7	**7.5%**	**59.1%**	35.2	20.9	**68.6%**
Reported net profit	246.8	218.8	235.8	**12.8%**	**4.7%**	671.1	639.6	**4.9%**
Core net profit	246.8	217.6	233.8	**13.4%**	**5.6%**	664.3	635.7	**4.5%**

Source: Company, MIDFR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2022A	2023A	2024A	2025F	2026F
Revenue	5,089.5	8,233.6	13,346.7	15,682.4	19,403.5
EBIT	685.3	922.8	1,147.3	1,176.2	1,843.3
PBT	1,008.2	1,067.6	1,097.4	1,251.5	1,820.3
Taxation	-168.9	-230.9	-155.1	-287.8	-400.5
PAT	806.2	860.1	912.1	993.6	1,469.8
Core PATAMI	805.8	860.8	907.3	993.6	1,469.8
EPS (sen)	14.2	15.1	16.0	17.5	25.8
PER (x)	32.0	30.7	24.4	22.4	21.0
DPS (sen)	6	25	8	10	10
Dividend yield (%)	1.3	5.4	1.7	2.2	2.2

Cash Flow (RM'm)	2022A	2023A	2024A	2025F	2026F
PBT	1,008.2	1,067.6	1,097.4	1,251.5	1,820.3
Depreciation	240.9	386.3	295.0	312.5	405.1
Change in NWC	519.2	646.9	1,052.8	1,033.1	1,126.7
Operating cash flow	**444.2**	**(588.9)**	**(274.3)**	**(276.5)**	**(90.3)**
Capital expenditure	(523.0)	(2,296.8)	(200.0)	(200.0)	(200.0)
Investing cash flow	**498.7**	**837.3**	**250.0**	**250.0**	**250.0**
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)
Financing cash flow	**623.3**	**942.8**	**(589.4)**	**(604.6)**	**(578.1)**
Net cash flow	**1,301.3**	**1,908.4**	**2,830.6**	**4,479.8**	**(418.4)**
Beginning cash flow	**1,984.7**	**2,830.6**	**2,241.2**	**3,875.2**	**4,480.8**
Ending cash flow	**1,008.2**	**1,067.6**	**1,563.4**	**1,589.2**	**4,062.4**

Growth (%)	2022A	2023A	2024E	2025F	2026F
Revenue growth	44.7	61.8	62.1	17.5	23.7
PBT growth	28.2	5.9	2.8	14.0	45.4
PATAMI growth	37.0	6.7	6.0	8.9	47.9
Core PATAMI growth	38.1	6.8	5.4	9.5	47.9

Balance Sheet (RM'm)	2022A	2023A	2024A	2025F	2026F
PPE	1,095.5	1,701.7	1,613.9	1,662.3	1,712.1
ROU assets	3,507.9	3,769.1	3,830.2	3,833.2	3,834.2
Non-current assets	**7,119.3**	**8,674.3**	**9,743.4**	**9,794.8**	**9,794.8**
Trade receivables	2,478.1	2,904.5	3,281.2	6,236.1	5,132.8
Cash & bank balances	2,794.3	3,169.5	2,698.9	3,019.1	3,020.1
Current assets	**11,068.2**	**15,227.5**	**16,777.8**	**19,784.1**	**18,681.7**
Long-term debt	3,244.7	5,514.0	6,803.3	4,015.9	3,815.1
Non-current liabilities	**3,677.0**	**5,985.4**	**7,467.6**	**4,680.2**	**4,479.4**
Short-term debt	1,535.3	1,409.7	1,003.3	1,381.1	1,381.1
Trade payables	2,677.1	3,810.6	4,806.3	6,377.9	5,383.3
Current liabilities	**5,887.2**	**6,958.6**	**7,532.1**	**9,481.4**	**8,486.8**
Share capital	3,723.2	4,078.1	4,529.9	4,223.0	4,223.0
Reserves	6,177.6	6,744.3	6,835.4	7,570.0	8,264.2
Equity	**10,249.9**	**10,957.8**	**11,521.5**	**15,417.3**	**15,510.3**

Profitability Ratios (%)	2022A	2023A	2024A	2025F	2026F
EBIT margin	13.5	11.2	9.1	8.6	9.3
PBT margin	19.8	13.0	8.2	8.0	9.9
PATAMI margin	15.8	10.4	6.8	6.3	7.6
Core PATAMI margin	15.8	10.5	6.8	6.3	7.6
ROA	4.4	3.6	3.4	3.3	5.2
ROE	7.9	7.9	7.9	6.5	9.5

Liquidity Ratios (x)	2022A	2023A	2024A	2025F	2026F
Current ratio	3.01	2.54	2.25	4.37	4.17

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	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
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	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

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