Corporate Update

Gamuda Berhad

(5398 | GAM MK) Main | Construction

3 Stars | SHARIAH Compliant | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM5.42**

Some Updates Down Under

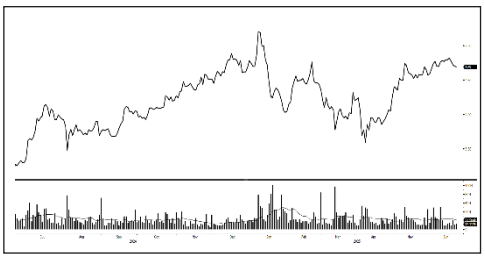
Maintain BUY. Reports of potential delays in the Sydney Metro West project may be boon for Gamuda rather than a downside considering workarounds to avoid a building structure and variation claims for the delay. The construction giant may also mark its maiden entry into New Zealand, being part of the three consortiums shortlisted for section one of the Northland Corridor project. Gamuda remains our favourite for the construction sector sitting on an all-time high order book of RM37.0b and a geographically diversified property and construction portfolio. 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.

Potential delays in Sydney Metro West project. It was reported in the Australia media that two tunnel boring machines digging twin tunnels for the Sydney Metro West (SMW) rail project have been at a standstill for six weeks due to concerns of it being too close to the Telstra Exchange building at 213 Church Street. Quoting sources, the Sydney Morning Herald reported that a workaround being considered is to send the tunnels deeper. It added that there is a risk of further cost increases and claims running into the "hundreds of millions of dollars" by Gamuda for the delays. According to ABC News, Sydney Metro confirmed that digging recommenced on Monday morning. New South Wales (NSW) premier Chris Minns and Sydney Metro was quoted as saying that the pause would have no impact on the budget for the site or the expected completion date. We view that this could be a potential upside for Gamuda as it is likely to pursue variation claims. To recap, the size of the SMW Western Tunnelling Package is about AUD2.57b (RM7.7b), including RM1.2b of variation orders, awarded by the NSW Government to Gamuda Australia and its consortium partner Laing O'Rourke in Mar-22.

Making inroads in NZ. 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. This is the first section of the larger 100km Northland Corridor four-lane motorway that connects Warkworth to Whangārei. The first section comprises a 26km four-lane expressway from Warkworth to Te Hana and 850m long twin bore tunnel in the Dome Valley and three interchanges located at Warkworth, Wellsford and Te Hana. Contract awards are expected to take place in mid-CY26, and construction is expected to kick-off in Dec-26. Given Gamuda's reputation

RETURN STATISTICS	
Price @ 24th June 2025 (RM)	4.69
Expected share price return (%)	+15.6
Expected dividend yield (%)	+2.1
Expected total return (%)	+17.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	2.4	3.8
3 months	11.7	18.5
12 months	43.4	50.6

INVESTMENT STATISTICS

FYE Mar	2024A	2025F	2026F
Revenue	13,345	16,873	19,404
Operating Profit	945	1,552	1,843
Profit Before Tax	1,097	1,496	1,820
Core PATAMI	907	1,182	1,470
Core EPS	32.8	20.8	25.8
DPS	16	10	10
Dividend Yield	1.9%	2.2%	2.2%

KEY STATISTICS	
FBM KLCI	1,514.29
Issued shares (m)	5550.61
Estimated free float (%)	86.29
Market Capitalisation (RM'm)	27,058.65
52-wk price range	RM3.14 - RM5.38
3-mth average daily volume (m)	22.02
3-mth average daily value (RM'm)	95.35
Top Shareholders (%)	
Employees Provident Fund	13.83
Amanah Saham Nasional Bhd	4.14
Generasi Setia M Sdn Bhd	4.02

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as an established tunnelling expertise track record in large scale infrastructure projects, we believe the group stands a credible chance of securing the job and mark its maiden entry into New Zealand.

RM40b to RM45b order book by end 2025. Gamuda's outstanding order book currently stands at an all-time high of RM37.0b, with RM15.5b of new projects secured in FY25 to date (Aug-24 to May-25). Some high-percentage wins that remain intact are the Sabah water scheme project (RM4b), incremental amount for Penang LRT (RM3b), additional works for the Xizhi Donghu MRT in Taiwan (RM3b), and three data centres (RM6b).

3QFY25 results preview. Gamuda will be announcing its quarterly results tomorrow. We anticipate earnings to come in more strongly as compared to the same corresponding quarter in FY24 and sequentially, an improvement as well, though we do not expect any major surprises as about half of Gamuda's current outstanding order book of RM37.0b are still in early stages or less than 5% progress as at Jan-25. Contributions from higher margins to domestic construction projects are slowly picking up, which should support better performance in the latest quarter. We expect more meaningful numbers to flow in by FY26 and FY27 as the projects gain further traction.

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2022A	2023A	2024A	2025F	2026F
Revenue	5,089.5	8,233.6	13,346.7	16,872.6	19,403.5
EBIT	685.3	922.8	1,147.3	1,400.4	1,843.3
PBT	1,008.2	1,067.6	1,097.4	1,495.7	1,820.3
Taxation	-168.9	-230.9	-155.1	-344.0	-400.5
PAT	806.2	860.1	912.1	1,181.7	1,469.8
Core PATAMI	805.8	860.8	907.3	1,181.7	1,469.8
EPS (sen)	14.2	15.1	32.8	20.8	25.8
PER (x)	30.2	28.2	22.4	19.5	15.5
DPS (sen)	6	25	8	10	10
Dividend yield (%)	1.4	5.7	1.9	2.2	2.2

Cash Flow (RM'm)	2022A	2023A	2024A	2025F	2026F
PBT	1,008.2	1,067.6	1,097.4	1,495.7	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	63.9	5.0	3.0
PBT growth	28.2	5.9	26.4	9.0	6.5
PATAMI growth	37.0	6.7	26.2	8.9	6.4
Core PATAMI growth	38.1	6.8	26.1	8.9	6.4

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%	7.1%	9.2%	9.3%
PBT margin	19.8%	13.0%	8.2%	9.8%	9.9%
PATAMI margin	15.8%	10.4%	6.8%	7.7%	7.6%
Core PATAMI margin	15.8%	10.5%	6.8%	7.7%	7.6%
ROA	4.4	3.6	4.1	4.0	4.4
ROE	7.9	7.9	9.4	7.7	8.1

Liquidity Ratios (x)	2022A	2023A	2024A	2025F	2026F
Current ratio	3.01	2.54	2.25	4.23	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