Corporate Update

Gamuda Berhad

(5272 | RANH MK) Main | Utilities

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

Maintain BUY

Revised Target Price **RM6.35**
(from RM5.42)

Riding the RE Wave with CRESS

Maintain BUY with higher TP. We are maintaining our **BUY** recommendation on Gamuda with a higher **TP of RM6.35** after switching our valuation method to sum-of-the-parts (SOTP). Gamuda remains our top pick for the construction sector, sitting on an all-time high order book of RM37.2b and a geographically diversified portfolio for both construction and property. It is also rapidly expanding its footprint in the utilities space, leveraging its expertise in construction and its financial strength to undertake asset ownership in a bid to rebuild its recurring income stream, something the group enjoyed before exiting the toll concession business in 2022.

To develop 1.2GW of solar assets. Gamuda has entered into a collaboration with SD Guthrie to develop and operate solar power assets, with an accumulated target capacity of 1.2GW under the Corporate Renewable Energy Supply Scheme (CRESS). This also includes battery energy storage system (BESS), providing a new boost towards the group's push into the renewable energy (RE) space. We are made to understand that this is the first of two phases, which will begin with the partnership identifying SD Guthrie's unproductive or under-utilised land nationwide to assess their potential for solar power development.

Double win. We expect Gamuda to benefit from two aspects, the EPCC works and the recurring income it will enjoy as a joint asset owner. Assuming an equal split of 600MW of solar and 600MW of BESS, the total EPCC size may come up to RM2.4b to RM3.0b. Works are expected to begin in 2026, which will take about two years to complete, with the commercial operation date (COD) expected by 2028/2029.

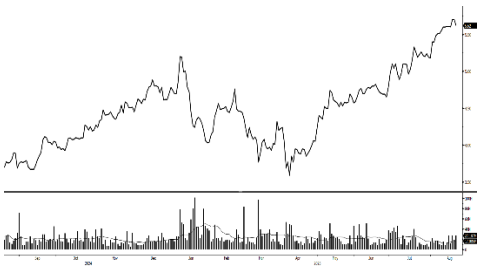
Enhancing recurring income for the future. This marks Gamuda's fourth upcoming recurring income project. Recall that the group has a 45% stake in the 187.5MW Ulu Padas Hydroelectric Dam that it is currently constructing in Sabah, upcoming investments for the Weasel Solar Farm and Cellars Hill Wind Farm in Tasmania and a 50% stake in the JV with the Perak government to develop and operate a water treatment and distribution infrastructure. All these projects are expected to fully contribute to Gamuda's earnings by 2030/2031.

RM40-45b order book target intact. There are no changes to the oustanding order book yet, which currently sits at a high of RM37.2b. On its nearer term prospects, we expect Gamuda to be able to hit the RM40b to RM45b outstanding order book level by the year end, with RM11b to RM15b of new wins. We expect the new wins to come from data centres, (seven tenders submitted), Sabah water project (RM4.0b), additional works for the Xizhi Donghu MRT and potential contract conversion from early contractor involvement (ECI) jobs for renewable energy in Australia. There may also be a potential variation order from the Sydney Metro West tunnelling project that was halted for two months due to the

RETURN STATISTICS

Price @ 20th August 2025 (RM)	5.62
Expected share price return (%)	+13.0
Expected dividend yield (%)	+1.8
Expected total return (%)	+14.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	5.4	1.2
3months	17.3	20.9
12 months	51.9	56.4

INVESTMENT STATISTICS

FYE Jul	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	1.4%	1.8%	1.8%

KEY STATISTICS

FBM KLCI	1,588.21
Issue shares (m)	5550.61
Estimated free float (%)	86.35
Market Capitalisation (RM'm)	32,574.59
52-wk price range	RM3.48 - RM5.80
3-mth average daily volume (m)	19.78
3-mth average daily value (RM'm)	98.49
Top Shareholders (%)	
Employees Provident Fund	17.49
Amanah Saham Nasional	4.12
Generasi Setia M Sdn Bhd	4.01

Analyst
Royce Tan Seng Hooi
royce.tan@midf.com.my
03-2173 8461

proximity to the foundations of an existing building. Project pipeline in CY26 also looks healthy with Gamuda being shortlisted for several projects in Australia and New Zealand, such as the Parramatta Integrated Station Development, Sunshine Coast Railway in Brisbane and the 26km Warkworth to Te Hana section of the Northland Expressway in New Zealand.

Earnings estimates and TP. While we are making no changes to our earnings estimates for FY26 and FY27, we are revising our **TP to RM6.35** from RM5.42 previously after switching our valuation method to sum-of-the-parts (SOTP). We have also included the future recurring income from the Ulu Padas Hydro Dam and the Northern Water Perak Supply Scheme. We believe there is a further upside to the share price as we have yet to ascribe the valuations for three items pending more granular details. These are the CRESS solar farm partnership with SD Guthrie, upcoming investments into wind and solar assets in Tasmania and Gamuda's digital arm, which will provide air-gapped Google Distributed Cloud Services (GDC Services) through a JV with Dagang NeXchange (DNeX).

Sum-of-the-Parts Valuation

Segments	Stake	Methodology	Valuation (RM'm)
Construction	100%	25x FY26F PER	29,030.4
Property	50%-100%	30% discount to RNAV	7,890.8
Investment properties	100%	Fair value	948.8
Concessions:			
Gamuda Water	80%	DCF	466.1
Ulu Padas Hydro Dam	45%	DCF	658.1
Northern Perak Water Supply Scheme	50%	DCF	704.7
Net cash/debt		FY26F	(2,176.1)
Total Sum of the Parts			37,522.7
Diluted number of shares ('m)			5,909.0
Target price (RM)			**6.35**

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, MBSBR

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) 197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MBSB Investment Bank Berhad (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD). The directors, employees and representatives of MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) may have an interest in any of the securities mentioned and may benefit from the information herein. Members of the MBSB Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.

MBSB INVESTMENT BANK (formerly known as 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