Gamuda Berhad

(5398 | GAM MK) Main | Construction

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

Corporate Update

Visit Note: Gamuda Land Vietnam

Maintain **BUY**

Unchanged Target Price **RM6.35**

Maintain BUY. We are maintaining our **BUY** recommendation on Gamuda with an unchanged sum-of-the-parts (SOTP) derived **TP** of **RM6.35**. Gamuda remains our top pick for the construction sector, sitting on an all-time high order book of RM39.3b 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, which it enjoyed before exiting the toll concession business in 2022.

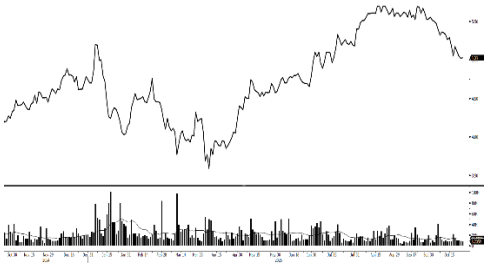
HCMC visit. We came away from a recent trip to Ho Chi Minh City (HCMC), with a renewed optimism on Gamuda Land's operations in Vietnam, which is a key market for its property development business. We are confident on Gamuda Land's ability to continue ride on the Vietnam story over the next few years, backed by strong demand, limited supply of new properties in the market and its foresight in terms of acquiring lands in upcoming prime areas. Gamuda Land has had a string of successful launches in Vietnam and is recognised among the top five foreign real estate developers.

Progressive new administration. In a move to streamline governance for sustainable growth, Vietnam's new administration under To Lam approved a provincial merger plan effective 1st July, which saw a total of 63 provinces being reduced to 34, with an aim to push for regional growth. The greater HCMC now includes Binh Duong and Ba Ria – Vung Tau. The merger of the two latter provinces into HCMC has made the demographic window more attractive, with an unofficial population of about 13m people before the merger to about 17m people currently. There was also a major overhaul to a two-tier model under the central government, which saw the removal of the district level of administration, meaning that local government responsibilities have been reallocated to the provincial and commune levels. We reckon that the reduction in red tapes and improved administrative efficiency would bode well for Gamuda's quick turnaround projects (QTP) strategy in Vietnam.

QTP projects in greater HCMC. Gamuda Land has six QTPs in Vietnam – five in the greater HCMC and one in Hai Phong City. These projects carry a total gross development value (GDV) of USD2.2b (RM9.5b). Further details on the projects and its progress are as per Table 1 below. We also visited the Eaton Park site and were amazed by the speed of the construction progress, which has now reached the 32nd floor (Figure 2). Back in May-24 during our initial visit, construction works were still at the foundations work phase. Management guided that the speed of construction in Vietnam is almost double of Malaysia, supported by an abundant labour supply and skilled expertise from China and Japan.

RETURN STATISTICS	
Price @10th Nov 2025 (RM)	5.11
Expected share price return (%)	+24.3
Expected dividend yield (%)	+2.0
Expected total return (%)	+26.3

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-4.5	-4.8
3months	-7.6	-11.9
12 months	15.9	15.4

INVESTMENT STATISTICS

FYE Jul	2024A	2025A	2026F
Revenue	13,347	15,970	19,404
Operating Profit	945	1,337	1,843
Profit Before Tax	1,097	1,304	1,820
Core PATAMI	907	997	1,470
Core EPS	15.0	17.0	25.0
DPS	8	10	10
Dividend Yield	3.1%	2.0%	2.0%

KEY STATISTICS	
FBM KLCI	1,627.38
Issue shares (m)	5790.50
Estimated free float (%)	86.48
Market Capitalisation (RM'm)	29,931.23
52-wk price range	RM3.48 - RM5.8
3-mth average daily volume (m)	14.72
3-mth average daily value (RM'm)	80.34
Top Shareholders (%)	
Employees Provident Fund	18.29
Amanah Saham Nasional	4.08
Generasi Setia M Sdn Bhd	3.96

Analyst

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

Figure 1: Eaton Park construction site in May-24



Source: MBSBR

Figure 2: Eaton Park construction site in Nov-25



Source: MBSBR

Table 1: Current projects' sales performance

Project	Metric	Total Launched	Total Sold	% Sold
Eaton Park	**Unit**	**2,052**	**1,935**	**95%**
	GDV (RM'm)	4,300	3,870	90%
Springville (Phase 1)	**Unit**	**431**	**431**	**100%**
	GDV (RM'm)	670	670	100%
Elysian (Phase 1)	**Unit**	**1,028**	**1,028**	**100%**
	GDV (RM'm)	980	980	100%
The Meadow (Phase 1)	**Unit**	**134**	**134**	**100%**
	GDV (RM'm)	220	220	100%
Total	**Unit**	**3,645**	**3,528**	**97%**
	GDV (RM'm)	**6,170**	**5,740**	**93%**

Source: Gamuda

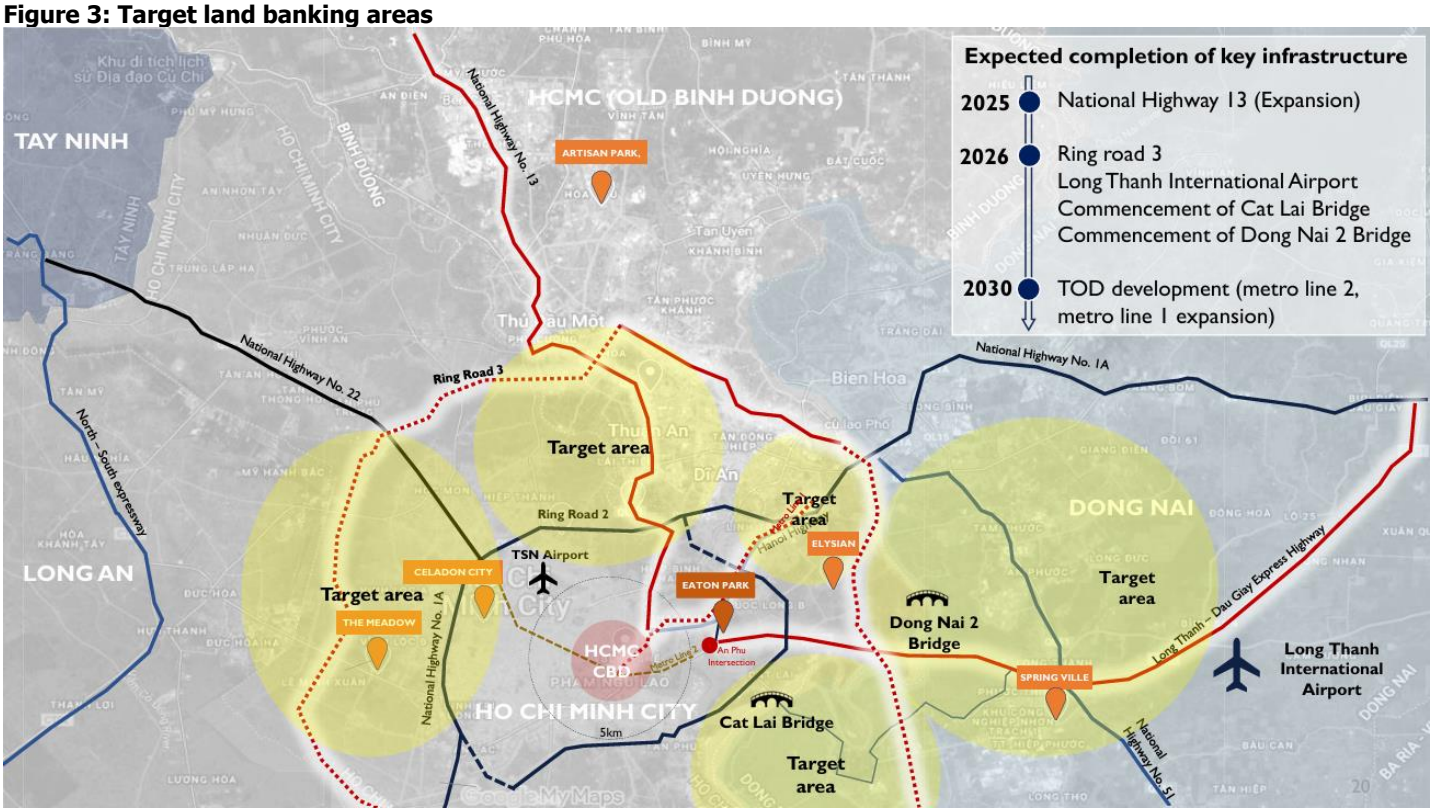
Table 2: Project information

Project	Land Size	Location	Units	GDV	Phase	Launch date	% sold	Average price
Eaton Park	3.7ha	Binh Trung Ward, HCMC	1,980 apartments & 72 shops	USD1.0b (RM4.3b)	1	18th May 2024	100%	USD5,300/sqm (RM23,300/sqm)
					2	1st Dec 2024	100%	USD6,000/sqm (RM26,400/sqm)
					3	26th Oct 2025	95%	USD7,000/sqm (RM30,700/sqm)
The Meadow	5.1ha	Tan Vinh Loc Ward, HCMC	212 townhouses & villa	USD100m (RM440m)	1	8th July 2024	100%	USD4,200/sqm (RM18,500/sqm)
					2	4QCY25	-	-
Elysian	2.8ha	Long Phuoc Ward, HCMC	1,406 apartments	USD280m (RM1.2b)	1	27th July 2025	100%	USD2,950/sqm (RM12,700/sqm)
					2	Nov-25	-	-
Springville	18.26ha	Nhon Trach ward, Dong Nai ward	431 shophouses, townhouses, villa & 1,200 apartment	USD420m (RM1.8b)	1	6th July 2025	100%	USD3,850/sqm (RM16,600/sqm)
					2	TBC	-	-
Ambience	1.1ha	Le Chan Ward, Hai Phong City	983 apartments & 53 shophouses	USD222m (RM975m)	-	May-26	-	-

Source: Gamuda

Strategy moving forward. As Gamuda Land has almost exhausted all its QTPs, its focus for the next six months is on new projects that fit into its product offerings, namely mid-range high rise, premium high rise and landed properties. Management guided that they have three to five deals in the pipeline that are currently at negotiation stage. Among the main considerations for Gamuda Land's land banking exercise in Vietnam is the upcoming direction of HCMC's key infrastructure developments. These include the expansion of National Highway 13, Ring Road 3, Long Thanh International Airport, the commencement of the Cat lai Bridge and Dong Nai 2 bridges and TOD developments by 2030.

Figure 3: Target land banking areas



Source: Gamuda

Infrastructure opportunity. In line with the Vietnamese government's push for infrastructure projects, Gamuda is studying the potential opportunities for entry into the infrastructure space, especially in the development of MRT lines – one in Hanoi and two in HCMC. We understand that these three MRT lines would involve a significant portion of underground alignment, something up the alley of Gamuda Engineering, renowned as the tunnelling expert. Similar to its strategy in Australia, we believe Gamuda may seek strong partnerships to diversify some of the risks. We also do not discount the possibility of a public-private partnership (PPP) strategy involving land swaps.

Earnings estimates and target price. We are making no changes to our earnings estimates. We are also maintaining our sum-of-the-parts derived **TP** of **RM6.35.**

Sum-of-the-Parts Valuation

Segments	Stake	Methodology	Valuation (RM'm)
Construction	100%	25x FY26F PER	29,030.41
Property	50%-100%	30% discount to RNAV	7,890.81
Investment properties	100%	Fair value	948.78
Concessions:			
Gamuda Water	80%	DCF	466.12
Ulu Padas Hydro Dam	45%	DCF	658.05
Northern Perak Water Supply Scheme	50%	DCF	704.68
Net cash/debt		FY26F	(2,176.10)
Total Sum of the Parts			37,522.74
Diluted number of shares ('m)			5,909.02
Target price (RM)			**6.35**

Source: MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2022A	2023A	2024A	2025A	2026F
Revenue	5,089.5	8,233.6	13,346.7	15,970.2	19,403.5
EBIT	685.3	922.8	1,147.3	1,337.2	1,843.3
PBT	1,008.2	1,067.6	1,097.4	-178.7	1,820.3
Taxation	-168.9	-230.9	-155.1	1,303.8	-400.5
PAT	806.2	860.1	912.1	1,003.2	1,469.8
Core PATAMI	805.8	860.8	907.3	996.5	1,469.8
EPS (sen)	14.2	15.1	16.0	17.5	25.8
PER (x)	36.0	33.8	32.0	29.2	19.8
DPS (sen)	6	25	8	10	10
Dividend yield (%)	3.1	2.0	3.1	2.0	2.0

Cash Flow (RM'm)	2022A	2023A	2024A	2025A	2026F
PBT	1,008.2	1,067.6	1,097.1	1,303.8	1,568.3
Depreciation	240.9	386.3	361.3	351.3	353.8
Change in NWC	519.2	646.9	(852.6)	1,357.5	1,126.7
Operating cash flow	**444.2**	**(588.9)**	**(2,113.4)**	**(1,264.8)**	**(1,493.1)**
Capital expenditure	(523.0)	(2,296.8)	(1,677.3)	(944.6)	(200.0)
Investing cash flow	**498.7**	**837.3**	**(929.1)**	**(1,254.9)**	**250.0**
Debt raised/(repaid)	(239.6)	2,053.6	545.9	1,880.0	(272.1)
Dividends paid	**(319.6)**	**694.4**	(74.1)	(153.8)	(153.8)
Financing cash flow	**623.3**	**942.8**	**577.2**	**1,837.7**	**(425.9)**
Net cash flow	**1,301.3**	**1,908.4**	**2,597.4**	**3,260.3**	**(1,669.0)**
Beginning cash flow	**1,984.7**	**2,830.6**	**2,830.6**	**2,597.4**	**4,480.8**
Ending cash flow	**1,008.2**	**1,067.6**	**2,597.4**	**3,260.3**	**2,811.8**

Growth (%)	2022A	2023A	2024A	2025A	2026F
Revenue growth	44.7	61.8	62.1	19.7	21.5
PBT growth	28.2	5.9	2.8	18.8	39.6
PATAMI growth	37.0	6.7	6.0	14.8	40.4
Core PATAMI growth	38.1	6.8	5.4	9.8	47.5

Profitability Ratios (%)	2022A	2023A	2024A	2025A	2026F
EBIT margin	13.5	11.2	9.1	8.4	7.5
PBT margin	19.8	13.0	8.2	8.2	9.4
PATAMI margin	15.8	10.4	6.8	6.6	7.6
Core PATAMI margin	15.8	10.5	6.8	6.2	7.6
ROA	4.4	3.6	3.4	3.2	4.6
ROE	7.9	7.9	7.9	8.2	9.4

Balance Sheet (RM'm)	2022A	2023A	2024A	2025A	2026F
PPE	1,095.5	1,701.7	1,620.3	1,561.3	1,608.1
ROU assets	3,507.9	3,769.1	3,830.0	4,334.7	4,334.7
Non-current assets	**7,119.3**	**8,674.3**	**9,766.1**	**11,313.7**	**11,360.5**
Trade receivables	2,478.1	2,904.5	2,700.3	3,351.8	3,020.1
Cash & bank balances	2,794.3	3,169.5	3,118.6	3,991.6	5,132.8
Current assets	**11,068.2**	**15,227.5**	**16,891.7**	**19,809.2**	**20,618.7**
Long-term debt	3,244.7	5,514.0	4,939.5	6,694.8	5,383.3
Non-current liabilities	**3,677.0**	**5,985.4**	**1,242.0**	**2,493.4**	**1,601.8**
Short-term debt	1,535.3	1,409.7	7,894.8	**10,705.0**	**8,501.8**
Trade payables	2,677.1	3,810.6	6,564.6	7,636.8	7,254.9
Current liabilities	**5,887.2**	**6,958.6**	**7,240.9**	**8,264.4**	**7,882.5**
Share capital	3,723.2	4,078.1	4,508.2	5,159.8	5,159.8
Reserves	6,177.6	6,744.3	6,856.9	6,840.5	8,264.2
Equity	**10,249.9**	**10,957.8**	**11,522.1**	**12,153.6**	**15,595.0**

Liquidity Ratios (x)	2022A	2023A	2024A	2025F	2026F
Current ratio	3.01	2.54	2.33	2.40	2.62

Source: Bloomberg, MBSBR

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MBSB INVESTMENT BANK (formerly known MIDF 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