Corporate Update

Gamuda Berhad

(5398 | GAM MK) Main | Construction

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

Early Christmas Cheer with RM1.3b Contract

Maintain BUY. We are maintaining our **BUY** recommendation on Gamuda with an unchanged sum-of-the-parts (SOTP) derived **TP** of **RM6.35**. We are positive on the latest contract win, which is part of the next wave of the group's Australian projects. Gamuda remains our top pick for the construction sector, with a strong order book of RM37.0b 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.

New Aussie project. Gamuda, via its wholly owned unit DT Infrastructure (DTI), has secured the balance of works (BOW) package for the first stage of the Marinus Link in Australia. The AUD994.0m contract was awarded to TasVic Greenlink, a 50:50 JV between DTI and Samsung C&T Corp. This translates into Gamuda's effective share of the contract value of AUD497.0m (RM1.35b). The project was awarded by Marinus Link Pty Ltd, a jointly owned entity of the Commonwealth of Australia (49.0%), the Victorian Government (33.3%) and the Tasmanian Government (17.7%).

Details of the project. The project is the final major construction tender for the first stage of the Marinus Link project, which covers civil, structural and electrical infrastructure. This will cover the construction of converter stations in Heybridge and Hazelwood, the installation of equipment and the land cable civil works, which spans 90km across Gippsland. On site works are expected to kick off in early 2026. Pretax margins are expected to be about 5%. The Marinus Link is meant to improve the connection between Tasmania and the national grid, enabling the flow of more electricity in both directions. The initial 750MW for Stage 1 will be constructed from 2026 to 2030 while the second 750MW under Stage 2 will follow at a later date.

Several wins expected before end-CY25. The latest win lifts Gamuda's outstanding order book to RM37.9b. In a post-results briefing recently, management guided that several wins are expected before the end of CY25, which could lift the order book up to RM45b. These will primarily be overseas projects. We highlighted previously that the results for the Sydney Metro West - Stations Package, with a value of about AUD2.0b, is expected to be known in the coming weeks. The Metrovista Consortium (Gamuda, DTI and BESIX Watpac) was one of the two consortiums shortlisted. For CY26, management reiterated its target of RM50b with prospects coming from water, data centre (DC), rail, highway and renewable energy projects.

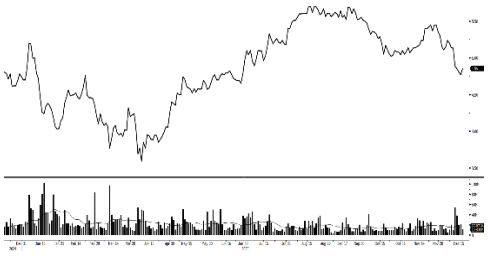
Earnings estimates and TP. We are making no changes to our projections as the new win is within estimates. We also maintain our sum-of-the-parts (SOTP) derived **TP** of **RM6.35**.

Maintain **BUY**

Unchanged Target Price **RM6.35**

RETURN STATISTICS	
Price @ 17th Dec 2025 (RM)	4.87
Expected share price return (%)	+30.4
Expected dividend yield (%)	+2.1
Expected total return (%)	+32.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-7.3	-8.0
3months	-12.1	-14.0
12 months	1.1	-1.6

INVESTMENT STATISTICS

FYE Jul	2024A	2025F	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	1.6%	2.1%	2.1%

KEY STATISTICS	
FBM KLCI	1,641.44
Issue shares (m)	5790.50
Estimated free float (%)	85.16
Market Capitalisation (RM'm)	28,664.21
52-wk price range	RM3.48 - RM5.8
3-mth average daily volume (m)	16.09
3-mth average daily value (RM'm)	84.29
Top Shareholders (%)	
Employees Provident Fund	18.29
Amanah Saham Nasional	4.08
Generasi Setia M Sdn Bhd	3.96

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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**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2022A	2023A	2024A	2025F	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)	34.3	32.3	30.4	27.8	18.9
DPS (sen)	6	25	8	10	10
Dividend yield (%)	3.1	2.0	1.5	1.9	1.9

Cash Flow (RM'm)	2022A	2023A	2024A	2025F	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

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**

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

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

Source: Bloomberg, MIDFR

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MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD): 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