Gamuda Berhad

(5398 | GAM MK) Main | Construction

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

Corporate Update

2QFY26 Results Review Poised for Better Visibility

Maintain BUY

Unchanged Target Price **RM5.86**

Maintain BUY. We are maintaining our BUY recommendation on Gamuda with an unchanged sum-of-the-parts (SOTP) derived TP of RM5.86. Gamuda remains our top pick for the construction sector, with a strong order book of RM44.0b 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.

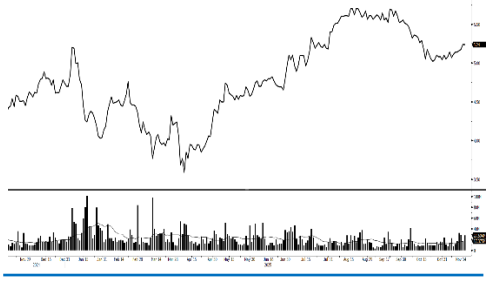
Earnings intact. Gamuda's core earnings came in at RM235.4m in 2QFY25, growing +8.2%yoy. Revenue came in stronger by +10.2%yoy to RM4.30b mainly driven by overseas construction despite a softer quarter. PBT margin was resilient and improved from 6.2% to 7.2%, fueled by higher margin domestic projects. For the cumulative 6MFY26, core earnings grew +7.7%yoy to RM449.6m. While the results came in at 38.3% and 37.8% of consensus' full year estimates, we deem it as within expectations on the back of an anticipated stronger 2HFY26.

Riding on natural project cycle and progression. Construction revenue during the quarter was almost flattish at RM3.02b (+2.3%yoy). This came from a -3.7%yoy decline from overseas revenue but supported by a stronger domestic revenue at RM1.25b (+12.4%yoy). Net profit from the segment grew +5.9%yoy to RM145.7m. The flattish construction revenue growth was attributable to natural project cycle as a large portion of the projects were still at the gestation period. In a post-results briefing on Friday, management reaffirmed that 90% of projects are progressing on schedule. The temporary slowdown in revenue growth reflects the natural progression of the project S-curve, rather than delays in project execution. We expect a more meaningful step-up in FY27-FY28 as projects move into the stronger phase of the project cycle.

New projects making up RM44b orderbook. As at Jan-26, Gamuda's outstanding order book stood at RM44.0b, out of which RM17b (48.1%) are Malaysian projects, followed by Taiwan at RM9.2b (21%) and Australia at RM15.7b (36.0%). In Dec-25, four Australian projects totalling RM9.5b were secured including Stations Package West (RM7.3b), Marinus Link Stage 1 (RM1.3b), and Sydney Water package (RM0.2b), Carmody Hills (RM0.7b). Several tender outcomes are expected throughout CY26 from Australia, Taiwan and Malaysia, ranging from infrastructure, data centre and renewable energy projects. The next order book milestone is RM50b by end-CY26.

RETURN STATISTICS	
Price @ 6th Mar 2026 (RM)	4.15
Expected share price return (%)	+41.5
Expected dividend yield (%)	+2.4
Expected total return (%)	+43.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	1.2	3.2
3months	-16.7	-25.6
12 months	0.5	-9.5

INVESTMENT STATISTICS

FYE Jul	2026E	2027F	2028F
Revenue	19,164	20,129	27,939
Operating Profit	1,725	1,851	2,570
Profit Before Tax	1,443	1,836	2,616
Core PATAMI	1,175	1,482	2,064
Core EPS	19.1	24.1	33.6
DPS	10	10	10
Dividend Yield	2.4%	2.4%	2.4%

KEY STATISTICS	
FBM KLCI	1,718.06
Issue shares (m)	5790.50
Estimated free float (%)	85.30
Market Capitalisation (RM'm)	24,704.49
52-wk price range	RM3.48 - RM5.8
3-mth average daily volume (m)	21.12
3-mth average daily value (RM'm)	95.75
Top Shareholders (%)	
Employees Provident Fund	18.98
The Vanguard Group Inc	3.78
Generasi Setia M Sdn Bhd	3.68

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FY27 property growth promising led by Vietnam. Revenue from Gamuda Land (GL), the property arm of Gamuda, came in at RM1.36b (+29.1%yoy) while PBT rose +3.2%yoy to RM83.8m, driven mainly by QTPs in Vietnam. For the cumulative 1HFY26, revenue grew to RM2.22b (+3.0%yoy), while net profit inched lower to RM143.7m (-1.0%yoy). There was a -9.0%yoy decline in property sales during the period to RM1.6b, mainly due to the large Eaton Park Phase 2 launch last year. QTPs in Vietnam will continue to be the main driver for the property division, with RM4.1b in GDV from four Vietnam projects to be launched from 4QCY26 to 2QCY27, that will meaningfully anchor revenue in FY27. Across Malaysia, Singapore, and Vietnam, Gamuda currently has a RM10b launch pipeline over the next 12 months, which should support stronger property sales in FY27 and earnings growth thereafter.

Higher gearing until FY27/FY28. Gamuda expects to temporarily exceed its self-imposed gearing limit of 0.7x, on the back of higher borrowing for support the next wave of growth for its property development business in Vietnam. Management reaffirmed that this will be temporary, with stronger progress billings from its previous projects in HCMC, ensuring visibility of cash flows. As at Jan-26, the group's net gearing was 0.68x, as compared to 0.62x in Oct-25. Management expects the gear level to remain elevated until FY27.

Earnings estimates and TP. We are making no changes to our projections as we expect earnings to pick up in the coming quarters and we maintain our sum-of-the-parts (SOTP) derived **TP** of **RM5.86**.

Sum-of-the-Parts Valuation

Segments	Stake	Methodology	Valuation (RM'm)
Construction	100%	24x FY26F PER	26,770.82
Property	50%-100%	30% discount to RNAV	8,539.04
Investment properties	100%	Fair value	948.78
Concessions:			
Gamuda Water	80%	DCF	493.56
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			35,938.82
Diluted number of shares ('m)			6,137.22
Target price (RM)			**5.86**

Gamuda Bhd: 2QFY26 Results Summary

All in RM'm unless stated otherwise	Quarterly Results					Cumulative		
Income Statement	**Q226**	**Q126**	**Q225**	**QoQ**	**YoY**	**6MFY26**	**6MFY25**	**YoY**
Revenue	4,300.7	3,839.9	3,902.1	**12.0%**	**10.2%**	8,140.6	8,038.2	**1.3%**
Profit from operations	362.6	321.2	268.1	**12.9%**	**35.3%**	683.8	574.8	**19%**
Finance costs	(77.3)	(53.1)	(46.2)	**-45.5%**	**-67.4%**	(130.4)	(106.8)	**-22%**
Share of profit of associated companies	1.5	1.1	7.6	**33.5%**	**-80.5%**	2.6	9.0	**-71%**
Share of profit of joint ventures	7.8	13.1	41.4	**-40.3%**	**-81.0%**	21.0	52.9	**-60%**
Profit before tax	294.7	282.3	270.8	**4.4%**	**8.8%**	577.0	530.0	**9%**
Tax expense	(61.9)	(50.2)	(42.1)	**-23.2%**	**-46.9%**	(112.1)	(81.1)	**-38%**
Profit after tax	232.8	232.1	228.7	**0.3%**	**1.8%**	464.9	448.9	**4%**
Minority interest	3.3	17.0	9.9	**-80.7%**	**-66.8%**	20.3	24.6	**-17.5%**
Reported net profit	229.5	215.1	218.8	**6.7%**	**4.9%**	444.6	424.2	**4.8%**
Core net profit	235.4	214.2	217.6	**9.9%**	**8.2%**	449.6	417.4	**7.7%**

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	13,346.7	15,970.2	19,164.2	20,129.2	27,939.4
EBIT	945.2	1,337.2	1,724.8	1,851.9	2,570.4
PBT	1,097.4	1,303.8	1,442.5	1,836.0	2,615.9
Taxation	(155.1)	(256.6)	(317.3)	(403.9)	(601.6)
PAT	912.1	1,003.2	1,175.1	1,482.1	2,064.2
Core PATAMI	907.3	996.5	1,175.1	1,482.1	2,064.2
EPS (sen)	14.8	16.2	19.1	24.1	33.6
PER (x)	28.3	25.7	21.8	17.3	12.4
DPS (sen)	8	10	10	10	10
Dividend yield (%)	1.9	2.4	2.4	2.4	2.4

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	1,097.1	1,303.8	1,442.5	1,836.0	2,615.9
Depreciation	361.3	351.3	353.8	256.6	272.3
Change in NWC	(852.6)	1,357.5	1,126.7	655.9	694.5
Operating cash flow	**(2,113.4)**	**(1,264.8)**	**(1,493.1)**	**(1,284.9)**	**(2,065.1)**
Capital expenditure	(1,677.3)	(944.6)	(200.0)	(2,932.0)	(3,851.9)
Investing cash flow	**(929.1)**	**(1,254.9)**	**250.0**	**(404.3)**	**(452.3)**
Debt raised/(repaid)	545.9	1,880.0	(272.1)	2,825.8	3,978.3
Dividends paid	(74.1)	(153.8)	(153.8)	(212.3)	(194.2)
Financing cash flow	**577.2**	**1,837.7**	**(425.9)**	**2,077.7**	**2,608.9**
Net cash flow	**2,597.4**	**3,260.3**	**(1,669.0)**	**1,464.4**	**2,305.5**
Beginning cash flow	**2,830.6**	**2,597.4**	**3,260.3**	**1,591.3**	**3,754.1**
Ending cash flow	**2,597.4**	**3,260.3**	**1,591.3**	**3,754.1**	**4,207.2**

Growth (%)	2024A	2025A	2026E	2027F	2028F
Revenue growth	62.1	18.3	20.0	5.0	38.8
PBT growth	2.8	18.8	10.6	27.3	42.5
PATAMI growth	6.0	9.8	17.9	26.1	39.3
Core PATAMI growth	5.4	9.8	17.9	26.1	39.3

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
EBIT margin	7.0%	8.4%	9.0%	9.2%	9.2%
PBT margin	8.1%	8.2%	7.5%	9.1%	9.4%
PATAMI margin	6.7%	6.2%	6.1%	7.4%	7.4%
Core PATAMI margin	6.7%	6.2%	6.1%	7.4%	7.4%

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
PPE	1,620.3	1,561.3	1,608.1	1,905.7	2,078.3
ROU assets	3,830.0	4,334.7	4,334.7	4,463.7	4,701.9
Non-current assets	**9,766.1**	**11,313.7**	**11,360.5**	**11,545.6**	**12,367.4**
Trade receivables	2,700.3	3,351.8	3,020.1	3,250.8	3,337.1
Cash & bank balances	3,118.6	3,991.6	5,132.8	4,387.0	4,900.1
Current assets	**16,891.7**	**19,809.2**	**20,618.7**	**22,273.8**	**24,839.0**
Long-term debt	4,939.5	6,694.8	5,383.3	7,621.8	8,837.9
Non-current liabilities	1,242.0	2,493.4	1,601.8	1,423.2	1,402.0
Short-term debt	**7,894.8**	**10,705.0**	**8,501.8**	**11,522.0**	**12,967.6**
Trade payables	6,564.6	7,636.8	7,254.9	5,916.5	6,785.7
Current liabilities	**7,240.9**	**8,264.4**	**7,882.5**	**9,290.6**	**10,414.5**
Share capital	4,508.2	5,159.8	5,159.8	5,618.4	5,973.7
Reserves	6,856.9	6,840.5	8,264.2	8,308.6	8,757.4
Equity	**11,522.1**	**12,153.6**	**15,595.0**	**10,984.1**	**11,718.3**

ROA	2024A	2025A	2026E	2027F	2028F
ROE	1,097.1	1,303.8	1,442.5	1,836.0	2,615.9
	361.3	351.3	353.8	256.6	272.3
Liquidity Ratios (x)	(852.6)	1,357.5	1,126.7	655.9	694.5
Current ratio	**(2,113.4)**	**(1,264.8)**	**(1,493.1)**	**(1,284.9)**	**(2,065.1)**

Source: Bloomberg, MBSBR

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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