Gamuda Berhad

(5398 | GAM MK) Main | Construction

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Corporate Update

Ulu Padas Water Project Win Piles Up Orderbook

Maintain BUY. We are maintaining our BUY recommendation on Gamuda with an unchanged **target price of RM5.60**. Gamuda remains our top pick for the construction sector, with an all-time high order book of RM49.3b 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.

Bags RM3.8b contract value. Gamuda's scored its second major win of the year, with its JV secured RM5.98b for Phase 1 of the Ulu Padas water supply project (SBAUP). This represents a RM5b EPCC work undertaken by Gamuda's 75%-owned JV and translates to about RM3.80b contract value attributable to Gamuda's orderbook. Phase 1 entails the construction of a 350 MLD water treatment plant in Beaufort, alongside 200km of pipelines spanning west coast of Sabah. Construction of the project is slated to commence in May-26, with completion targeted within 42 months, and water delivery by 2029.

Bolt-on to the Ulu Padas Hydro Dam. The Ulu Padas water supply project serves as a bolt-on facility and will be integrated with the 187.5MW Ulu Padas hydroelectric development valued at RM3.05b awarded earlier in 2024. Unlike the Ulu Padas hydro dam concession, which is aimed to rebuild Gamuda's recurring income stream, the water supply project is primarily an EPCC contract. Meanwhile, the broader SBAUP scheme will be developed in phases, with an ultimate capacity of 950 MLD.

Intact margin profile amid cost headwinds. The Ulu Padas water supply project is expected to contribute positively to earnings from FY27 onwards. The project's PBT margin is estimated at 8-10% on a fixed price basis, implying some exposure to cost inflation. Under the payment structure, RM759m will be paid via progressive interim payments, with the remaining RM5.22b upon completion, implying a back-ended cash flow profile.

Well on track for RM50b orderbook target. The Ulu Padas water supply project award came within expectations and lifts the company's outstanding orderbook to RM49.3b, keeping it well on track to achieve its CY26 target of RM50–55b (assuming RM1.2b monthly burn rate). Year-to-date, Gamuda has achieved 28% of its CY26 replenishment target of RM20.0b. This newly secured project came in following the RM1.72b hyperscale DC contract secured in Port Dickson, Negeri Sembilan.

Upcoming potential job wins. Several tender outcomes are expected throughout CY26 from Australia, Taiwan and Malaysia, ranging from infrastructure, data centre and renewable energy projects. These include DCs in Negeri Sembilan (c.RM1-2b), b) Penang-Perak water infrastructure (c.RM4b), c) Penang LRT systems packages (c.RM3b), d) Upper Padas water facility (c.RM4b). We are also optimistic on Gamuda's overseas opportunities such as a) Northland Corridor Section One highway in New Zealand, b) Sunshine Coast Railway in Brisbane (c.RM3-4b), c) Parramatta

Maintain **BUY**

Unchanged Target Price **RM5.60**

RETURN STATISTICS	
Price @ 29th Apr 2026 (RM)	4.42
Expected share price return (%)	+26.7
Expected dividend yield (%)	+2.4
Expected total return (%)	+29.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	10.8	8.8
3months	18.5	-1.7
12 months	9.1	-2.3

INVESTMENT STATISTICS

FYE Jul	2026E	2027F	2028F
Revenue	17,887	21,822	28,368
Operating Profit	1,520	1,855	2,610
Profit Before Tax	1,267	1,793	2,656
Core PATAMI	1,028	1,418	2,095
Core EPS	17.4	24.0	35.5
DPS	10	10	10
Dividend Yield	2.4%	2.4%	2.4%

KEY STATISTICS	
FBM KLCI	1,720.42
Issued shares (m)	5790.50
Estimated free float (%)	85.09
Market Capitalisation (RM'm)	26,333.26
52-wk price range	RM3.7 - RM5.8
3-mth average daily volume (m)	21.21
3-mth average daily value (RM'm)	87.68
Top Shareholders (%)	
Employees Provident Fund Board	20.48
GENERASI SETIA M SDN BHD	3.90
Vanguard Group Inc/The	3.84

Analyst

Ming San Soong

soong.ms@mbsb.com

Station and Olympic Park Station for Sydney Metro West, and d) additional works for Taiwan's Xizhi-Donghu MRT.

Building material cost inflation appears manageable. Gamuda's project mix is relatively resilient, with overseas projects accounting for c.60% of its order book, most of which operate on a cost-plus model. For domestic government projects, cost buffers are typically embedded within project budgets. That said, the key risks have shifted towards potential back-end loading of earnings recognition and delays in the rollout of mega infrastructure projects.

Earnings Revision and TP. We keep our earnings estimates unchanged. We maintain **BUY** with an unchanged **TP** of **RM5.60** which implies 23x FY27F PE.

Sum-of-the-Parts Valuation

Segments	Stake	Methodology	Valuation (RM'm)
Construction	100%	23x FY27F PER	25,218.86
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		FY27F	(2,176.10)
Total Sum of the Parts			34,386.87
Diluted number of shares ('m)			6,137.22
Target price (RM)		TP	**5.60**

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	13,346.7	15,970.2	17,886.6	21,821.7	28,368.2
EBIT	945.2	1,337.2	1,520.4	1,854.8	2,609.9
PBT	1,097.4	1,303.8	1,266.8	1,792.6	2,655.7
Taxation	(155.1)	(256.6)	(278.7)	(394.4)	(610.8)
PAT	912.1	1,003.2	1,028.1	1,418.2	2,094.9
Core PATAMI	907.3	996.5	1,028.1	1,418.2	2,094.9
EPS (sen)	14.8	16.9	17.4	24.0	35.5
PER (x)	28.3	22.6	25.1	18.2	12.3
DPS (sen)	8	10	10	10	10
Dividend yield (%)	1.9	2.4	2.3	2.3	2.3

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	12.0	22.0	30.0
PBT growth	2.8	18.8	-2.8	41.5	48.2
PATAMI growth	6.0	9.8	3.2	37.9	47.7
Core PATAMI growth	5.4	9.8	3.2	37.9	47.7

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

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
EBIT margin	7.0%	8.4%	8.5%	8.5%	9.2%
PBT margin	8.1%	8.2%	7.1%	8.2%	9.4%
PATAMI margin	6.7%	6.2%	5.7%	6.5%	7.4%
Core PATAMI margin	6.7%	6.2%	5.7%	6.5%	7.4%
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)**

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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