Gamuda Berhad

(5398 | GAM MK) Main | Construction

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

Corporate Update

Largest RE Contract to Date

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 RM55.4b 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 RM3.12b RE contract. Gamuda, via its wholly owned Australian subsidiary DT Infrastructure (DTI), has secured two Engineering, Procurement and Construction (EPC) contracts for the Smoky Creek and Guthrie's Gap Solar Power Stations in Central Queensland, Australia, with a combined contract value of AUD1.1b (RM3.12b). The projects comprise 720MW of solar capacity alongside 600MW / 2,400MWh battery energy storage systems (BESS), making them the largest solar and battery hybrid projects currently under construction in Australia.

Relatively lower margin albeit faster monetisation. Both contracts were secured via an ECI / preferred contractor process and are structured as fixed-price EPC jobs, with mid-single digit PBT margin. Construction is expected to commence in mid-2026 and complete within around 2.5 years. The scope covers design, procurement, construction, testing and commissioning of the solar facilities, BESS and related infrastructure, while DTI will also provide post-completion O&M services, supporting longer-term recurring involvement.

Meaningfully lifts orderbook to record RM55.4b. Following this award, Gamuda's outstanding orderbook increases from RM52.2b to around RM55.4b. Year-to-date, Gamuda has achieved around 58% of its CY26 replenishment target of RM20.0b. Given the relatively shorter contract duration of around 2.5 years, we expect the projects to contribute more meaningfully from FY27F onwards.

Deepening RE footprint in Australia. We opine that the latest win further reinforces Gamuda's positioning within Australia's energy transition infrastructure space, building on its growing portfolio of RE-related jobs including the recently secured Jinbi Solar Farm, Marinus Link, Goulburn River Solar Farm and Boulder Creek Wind Farm. Management highlighted that the group currently has a 4GW renewable energy pipeline spanning solar, wind, hydro and battery storage projects across Malaysia and Australia.

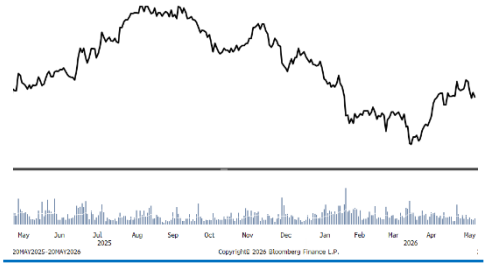
Earnings estimates and TP. The new job win fell largely within our expectations; therefore, we keep our earnings estimates unchanged. We maintain **BUY** with an unchanged **TP** of **RM5.60** which implies 23x FY27F PE.

Maintain BUY

Unchanged Target Price **RM5.60**

RETURN STATISTICS	
Price @ 20th May 2026 (RM)	4.40
Expected share price return (%)	+27.3
Expected dividend yield (%)	+2.4
Expected total return (%)	+29.7

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	0.0	-0.9
3 months	18.0	6.7
12 months	-2.7	-12.2

INVESTMENT STATISTICS

FYE Jul	2026E	2027F	2028F
Revenue	17,887	21,822	28,368
Operating Profit	1,520	1,964	2,610
Profit Before Tax	1,267	1,902	2,656
Core PATAMI	1,028	1,503	2,095
Core EPS	17.4	25.4	35.5
DPS	10	10	10
Dividend Yield	2.4%	2.4%	2.4%

KEY STATISTICS	
FBM KLCI	1,717.69
Issued shares (m)	5790.50
Estimated free float (%)	85.09
Market Capitalisation (RM'm)	26,226.10
52-wk price range	RM3.7 - RM5.8
3-mth average daily volume (m)	17.75
3-mth average daily value (RM'm)	74.06
Top Shareholders (%)	
Employees Provident Fund Board	20.59
Vanguard Group Inc/The	3.94
GENERASI SETIA M SDN BHD	3.90

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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	1,964.0	2,609.9
PBT	1,097.4	1,303.8	1,266.8	1,901.7	2,655.7
Taxation	(155.1)	(256.6)	(278.7)	(418.4)	(610.8)
PAT	912.1	1,003.2	1,028.1	1,503.3	2,094.9
Core PATAMI	907.3	996.5	1,028.1	1,503.3	2,094.9
EPS (sen)	15.4	16.9	17.4	25.4	35.5
PER (x)	28.7	26.1	25.3	17.3	12.4
DPS (sen)	8	10	10	10	10
Dividend yield (%)	1.8	2.3	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	19.7	12.0	22.0	30.0
PBT growth	2.8	18.8	-2.8	50.1	39.7
PATAMI growth	6.0	10.0	2.5	46.2	39.4
Core PATAMI growth	5.4	9.8	3.2	46.2	39.4

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
EBIT margin	7.1	8.4	8.5	9.0	9.2
PBT margin	8.2	8.2	7.1	8.7	9.4
PATAMI margin	6.8	6.3	5.7	6.9	7.4
Core PATAMI margin	6.8	6.2	5.7	6.9	7.4
ROA	3.2	3.2	4.4	5.6	3.2
ROE	8.2	6.6	13.7	17.9	8.2

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**

Liquidity Ratios (x)	2024A	2025A	2026E	2027F	2028F
Current ratio	2.4	2.6	2.4	2.4	2.4

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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