Corporate Update

Gamuda Berhad

(5398 | GAM MK) Main | Construction

3 Stars | SHARIAH Compliant | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM5.60**

Clinches Western Sydney Road Job

Maintain BUY. We maintain our **BUY** recommendation on Gamuda with an unchanged SOTP-derived **TP** of **RM5.60**. Gamuda remains our top construction pick, supported by its record RM62.5b order book and improving earnings visibility. As 75% of projects remain at the mobilisation and early execution stages, we believe FY27 will mark the beginning of stronger earnings upcycle. Beyond construction, the property division is also entering its next growth phase, underpinned by a RM10b launch pipeline in FY27 across Vietnam, Singapore and Malaysia.

Secures RM908m NSW road upgrade project. Gamuda BMD JV secured the Elizabeth Drive-Mamre Road Upgrade Stage 2 from Transport for New South Wales (NSW) for AUD624m (RM1.8b). Gamuda's 50% share translates into an attributable contract value of AUD312m (RM908m). The project involves upgrading 4.5km of Elizabeth Drive and 3km of Mamre Road at Kemps Creek in Western Sydney, including civil, structural and utility relocation works. Works commence in Sep-26 and are targeted for completion in 2030.

5% PBT margin with cost pass-throughs. We expect the project to command a 5% PBT margin, below the 6%-8% estimated for the recently secured Parramatta station job. That said, the contract comes with rise-and-fall provisions, allowing cost pass-throughs and limiting Gamuda's exposure to cost escalation over the four-year construction period.

Fourth NSW Road job. This is Gamuda's fourth NSW road project after Coffs Harbour Bypass, M1 Black Hill-Tomago and Richmond Road Upgrade, with all four awarded by Transport for NSW. Notably, the latest win comes shortly after Gamuda completed the M1 Black Hill-Tomago project ahead of schedule in Sep-26. The repeat award further strengthens Gamuda's road track record with Transport for NSW.

CY26 job-win assumption within reach. The award lifts Gamuda's outstanding order book from RM61.6b to a new high of RM62.5b, while CY26 YTD wins now stand at around RM21.7b. This leaves another RM1.3b-3.3b to reach our RM23b-25b CY26 job-win assumption. With Kerian Water EPCC, Langat 2 Phase 2, domestic ECI projects, potential DC jobs from repeat and new clients, Pyrmont ISD, Australian renewable energy projects, and additional works for Xizhi Donghu MRT in Taiwan still in the pipeline, securing one or two of these projects would bring Gamuda to our CY26 job-win assumption.

Earnings estimates and TP. We keep our FY27F earnings largely unchanged, as the latest job win still falls within our CY26 job-win assumption. We maintain **BUY** with an unchanged **TP** of **RM5.60** which implies 24.5x FY27F PE.

RETURN STATISTICS	
Price @ 21st Sep 2026 (RM)	4.84
Expected share price return (%)	+15.7
Expected dividend yield (%)	+2.1
Expected total return (%)	+17.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	9.5	14.1
3 months	10.8	11.5
12 months	-12.3	-15.7

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	17,887	21,822	27,277
Operating Profit	1,520	1,964	2,319
Profit Before Tax	1,233	1,772	2,343
Core Net Profit	1,002	1,402	1,854
Core EPS (sen)	16.9	23.7	31.4
DPS (sen)	10.0	10.0	10.0
Dividend Yield	2.1	2.1	2.1

KEY STATISTICS	
FBM KLCI	1,666.94
Issued shares (m)	5790.50
Estimated free float (%)	85.84
Market Capitalisation (RM'm)	29,246.62
52-wk price range	RM3.7 - RM5.76
3-mth average daily volume (m)	12.71
3-mth average daily value (RM'm)	56.70
Top Shareholders (%)	
Employees Provident Fund Board	21.89
Public Mutual Bhd	5.81
Vanguard Group Inc/The	4.94

Analyst

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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)			**5.60**

Source: MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	13,346.7	12,576.0	17,886.6	21,821.7	27,277.1
Operating profit	945.2	1,098.3	1,520.4	1,964.0	2,318.6
PBT	1,097.4	965.5	1,232.8	1,771.6	2,343.3
Net profit	912.1	702.6	1,001.6	1,401.8	1,854.4
Core net profit	907.3	701.7	1,001.6	1,401.8	1,854.4
EPS (sen)	15.4	11.9	16.9	23.7	31.4
PER (x)	31.5	40.8	28.6	20.4	15.4
DPS (sen)	8.0	10.0	10.0	10.0	10.0
Dividend yield (%)	1.7	2.1	2.1	2.1	2.1

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
Property, plant and equipment	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**
Cash	2,700.3	3,351.8	3,020.1	3,250.8	3,337.1
Trade debtors	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**
Trade creditors	4,939.5	6,694.8	5,383.3	7,621.8	8,837.9
Short-term debt	1,242.0	2,493.4	1,601.8	1,423.2	1,402.0
Current liabilities	**7,894.8**	**10,705.0**	**8,501.8**	**11,522.0**	**12,967.6**
Long-term debt	6,564.6	7,636.8	7,254.9	5,916.5	6,785.7
Non-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
Retained earnings	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**

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	1,097.4	965.5	1,232.8	1,771.6	2,343.3
Changes in working capital	(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**

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
Operating profit margin	7.1	8.7	8.5	9.0	8.5
PBT margin	8.2	7.7	6.9	8.1	8.6
PAT margin	6.8	5.6	5.6	6.4	6.8
Core PAT margin	6.8	5.6	5.6	6.4	6.8

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MBSB 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