

# Malaysia Company Guide

# Gamuda

Version 19 | Bloomberg: GAM MK | Reuters: GAMU.KL

Refer to important disclosures at the end of this report

DBS Group Research . Equity

17 Jan 2019

## BUY

Last Traded Price ( 16 Jan 2019): RM2.87 (KLCI : 1,673.08)

Price Target 12-mth: RM3.50 (22% upside) (Prev RM3.50)

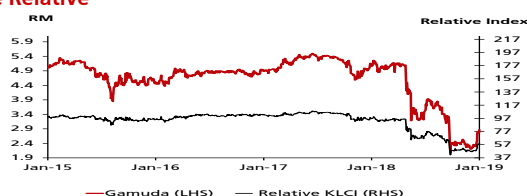
### Analyst

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### What's New

- Strong share price gains YTD driven by possible revival of ECRL and new tenders for KVDT
- Two-pronged strategy – bidding for smaller jobs locally and doubling efforts overseas
- Approvals for PTMP around the corner
- Still our top pick for the sector – BUY, TP 3.50

### Price Relative



### Forecasts and Valuation

FY Jul (RMm)	2017A	2018A	2019F	2020F
Revenue	3,211	4,227	7,270	7,548
EBITDA	613	604	841	893
Pre-tax Profit	826	729	839	892
Net Profit	602	514	621	663
Net Pft (Pre Ex.)	701	818	621	663
Net Pft Gth (Pre-ex) (%)	11.9	16.8	(24.1)	6.7
EPS (sen)	25.0	20.8	25.2	26.9
EPS Pre Ex. (sen)	29.1	33.2	25.2	26.9
EPS Gth Pre Ex (%)	12	14	(24)	7
Diluted EPS (sen)	25.0	20.8	25.2	26.9
Net DPS (sen)	8.88	8.88	8.88	8.88
BV Per Share (sen)	311	307	320	334
PE (X)	11.5	13.8	11.4	10.7
PE Pre Ex. (X)	9.9	8.7	11.4	10.7
P/Cash Flow (X)	nm	12.6	20.7	20.6
EV/EBITDA (X)	18.7	19.2	13.8	13.1
Net Div Yield (%)	3.1	3.1	3.1	3.1
P/Book Value (X)	0.9	0.9	0.9	0.9
Net Debt/Equity (X)	0.5	0.5	0.5	0.5
ROAE (%)	8.4	6.8	8.0	8.2
Earnings Rev (%)		0	0	0
Consensus EPS (sen):		N/A	25.6	27.1
Other Broker Recs:		B: 12	S: 4	H: 8

Source of all data on this page: Company, AllianceDBS, Bloomberg Finance L.P

## Adjusting well to a new normal

**Two-pronged strategy.** Gamuda is adopting a two-pronged strategy post the 14<sup>th</sup> general elections (GE14) last year. The first is to bid for smaller jobs. It recently won RM0.9bn worth of new jobs for residential and commercial government and quasi government projects. While we expect margins to be relatively thin at c.5% which is typical of building jobs, the more vital point is that Gamuda can still compete with other contractors on a level playing field, despite the perceived view that it has a higher cost base. The second is to double its efforts overseas. Gamuda's near term focus is on the Singapore and Taiwan markets, while the medium to long term will be on Australia and Vietnam. We expect larger contractors with reputable track records and strong balance sheets (like Gamuda) to emerge as winners when delayed government projects are eventually revived.

**Where we differ.** Our earnings are in line with consensus but our target price (TP) is at the higher end. Even at our TP of RM3.50, the stock trades at 13x FY20F EPS which is below -2SD of its 5-year mean.

**Potential catalysts:** The most important catalyst for Gamuda and the sector as a whole is the revival of key infrastructure projects. Gamuda's strong reputation, based on work for Mass Rapid Transit (MRT) Line 1 and 2, as well as its appointment as project delivery partner (PDP) for the Penang Transport Master Plan (PTMP), will put it in the driver's seat when there is more certainty on government-related projects.

### Valuation:

Our SOP-derived TP of RM3.50 assumes lower margins and value from MRT 2 tunnelling, some construction new wins in FY20F and discounts for its highway tolls.

### Key Risks to Our View:

**Faster implementation of projects.** In our view, the new government's expedition of projects, revival of the PTMP and limitation on foreign participation will be positives for Gamuda.

### At A Glance

Issued Capital (m shrs)	2,468
Mkt. Cap (RMm/US\$m)	7,083 / 1,725
Major Shareholders (%)	
EPF	11.2
KWAP	6.8
Free Float (%)	
3m Avg. Daily Val (US\$m)	4.5
ICB Industry : Industrials / Construction & Materials	



## WHAT'S NEW

### Adopting to a new landscape

**Revival of ECRL and KVDT:** Strong share price gains YTD driven by possible revival of ECRL and tenders for KVDT.

**Dual-pronged strategy:** 1) Bidding for smaller sized jobs locally. 2) Doubling efforts in overseas markets.

**Still our large cap pick.** We are maintaining our BUY rating and SOP-derived TP of RM3.50.

Gamuda attended our DBS Pulse of Asia Conference in Singapore. Below are some salient points from the meetings.

**Strong YTD share price gains.** Gamuda's share price has appreciated by some 24% YTD. We think this is largely on the back of the possible revival of the East Coast Railway Link (ECRL) and upcoming tenders for the Klang Valley Double Tracking (KVDT). We understand Gamuda will participate in both projects.

Under the previous federal government, Gamuda chose to not participate in the ECRL project as a subcontractor to China Communications Construction Co Ltd (CCCC) due to pricing issues. However, we think the scenario now is different after GE14 as all contractors need to adapt to a more competitive pricing environment. Gamuda has proven that it can be competitive, as evidenced by the recent smallish government contract wins worth RM0.9bn.

Should the ECRL project be revived, we expect meaningful participation of local contractors. We think Gamuda may have the upper hand in the KVDT project, given its experience and reputation in the northern double tracking, the longest stretch of the double tracking work so far.

**Dual-pronged strategy post elections.** Gamuda is adopting a two-pronged strategy post the 14th general elections (GE14) last year. The first is to bid for smaller jobs. It recently won RM0.9bn worth of new jobs for residential and commercial government and quasi government projects. While we expect margins to be relatively thin at c.5% which is typical of building jobs, the more vital point is that Gamuda can still compete with other contractors on a level playing field, despite the perceived view that it has a higher cost base.

The second is to double its efforts overseas. Gamuda's near term focus is on the Singapore and Taiwan markets, while the medium to long term will be on Australia and Vietnam. Gamuda has signed a joint venture (JV) agreement with a local Taiwanese contractor to bid for jobs in Taiwan. Gamuda's presence in Taiwan goes way back to 2002 when it won the bid for the Kaohsiung Metropolitan Mass Rapid Transit Package CO4 (KMRT) project, one of 11 civil works

packages along its 43km alignment. In Singapore, Gamuda has been bidding for projects for the last two years. Lately, we understand that the pricing gap with the eventual winners has narrowed. In the last few tenders, it was among the top three bidders with the lowest prices. Gamuda has also made some inroads in Australia. After meeting regulators there, the feedback has been positive. Gamuda's past experience with MRT Line 1 and ongoing work on MRT 2 puts it in good stead to bid for MRT-related jobs in Australia. It was reported recently that the state governments of Victoria and New South Wales are looking at investing some AUD300m in railway and metro projects over the next ten years.

**Approvals for PTMP around the corner.** We expect the federal government to approve the public transportation scheme and land reclamation and the PDP agreement for the Penang Transport Master Plan (PTMP) in late 1Q19. Although contract awards may be 6-12 months away, we think these two milestones will serve as strong signs that this project will be rolled out. The upside for this project is financing from the federal government and/or foreign funding which will hasten the project rollout. To recap, the estimated total project value under the SRS Consortium ( Gamuda is a 60% shareholder) is RM32bn (RM16bn for public transportation scheme and RM16bn for land reclamation). Our recent visit to Vertice also reaffirmed that the PTMP is progressing nicely, with a proactive Chief Minister ensuring execution hiccups are kept at a minimum.

**Property pre-sales target.** Gamuda's property pre-sales target for FY19F stands at RM4bn (+11% y-o-y) with 1QFY19 pre-sales of RM0.6bn (-33% y-o-y). This is largely driven by local property sales (+97% y-o-y to RM2.3bn). Overseas sales are expected to fall 30% y-o-y. The almost doubling of local property sales is more due to Gamuda's new township launches such as Gamuda Cove, Gamuda Gardens and Twentyfive.7, rather than any meaningful recovery in the property market. In our view, the local property sales target may be a tad too bullish but will not have a significant P&L impact given the still high unbilled sales of RM2.3bn. Pre-sales of its overseas projects are expected to be down y-o-y due to success of the GEM Residences in Singapore. Its new project in Singapore Anchorvale will only be launched 1H20.

**Further land banking in Vietnam.** Gamuda has registered robust pre-sales for the past few years. In FY18, pre-sales in Gamuda City (Hanoi) were up 30% y-o-y to RM600m while Celadon City (Ho Chi Minh City) was up 32% y-o-y to RM820m. For FY19F, Gamuda is expecting a 8% y-o-y

## Gamuda

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growth in pre-sales from Vietnam. It is looking to replenish its land bank in Ho Chi Minh City given that Celadon City has only another four years of development left.

**Receipt of cash proceeds** for the Splash sale is expected in 1Q19, slightly delayed. This will be an upfront payment of RM1.9bn and the balance of RM0.65bn paid in 9 equal installments. Proceeds will be used to pare down borrowings and will be handy for its upcoming PTMP.

**Gamuda**

**CRITICAL DATA POINTS TO WATCH**

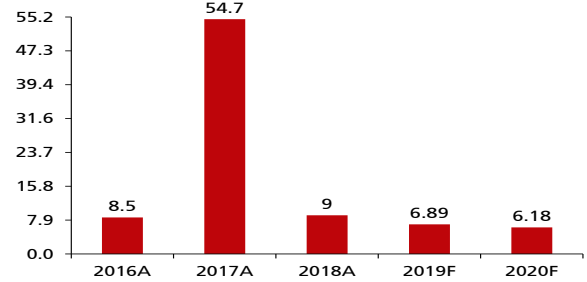
**Key critical factors.** The most critical factor for Gamuda is the revival of contracts by the new federal government. On a more micro level, our findings reveal that significant contract wins coupled with earnings growth are the main key share price drivers. As the dust settles, we expect larger contractors with reputable track records and strong balance sheets (like Gamuda) to emerge as winners, when delayed projects are eventually revived. In our view, given Gamuda’s strong design and engineering capabilities, it will be using the down time to explore and propose more relevant projects to the government. Greater transparency, less bureaucracy and potentially less foreign competition due to changes in government policies will be the long term trend in the sector.

**Clarity on government projects.** The reinstatement of the MRT 2 tunnelling project is positive but this comes at the expense of margins. The new government has also cancelled/deferred two projects (high speed rail [HSR] and MRT 3) so far. The latter was crucial for the visibility of Gamuda’s new wins. However, the potential revival of ECRL and new tenders for KVDT will give Gamuda an opportunity to beef up its order book.

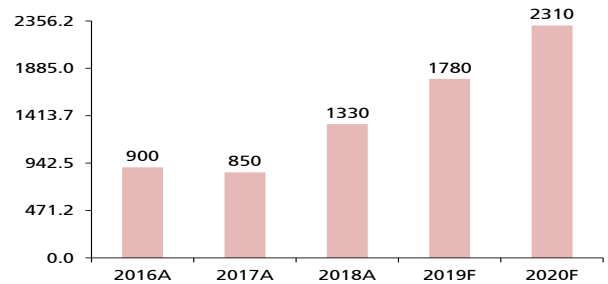
**MRT 3 to be revived.** In our view, MRT 3 has to be revived eventually. It is crucial to ensure connectivity to the other two MRT lines and will drive ridership into the city. The project may be retendered at a later stage, with possible changes in alignment or a higher proportion of aboveground works. The last indicative value for MRT 3 was RM40-45bn. 32km out of the 40km stretch would have been underground. At the onset of the entire MRT project’s conceptualisation, Gamuda had an earlier proposal for MRT 3 which included 35% underground work. This proposal could potentially lower the cost of MRT 3 to RM20-25bn. Assuming a 35% underground portion, this would work out to RM7-8.75bn tunnelling portion. Gamuda with its tunnel boring machines and experience with MRT Line 1 and 2 will be a key beneficiary. It won MRT Line 1 and 2 tunnelling works without having to exercise the Swiss Challenge.

**Penang Transport Master Plan (PTMP) project to kick off.** Gamuda has a 60% stake in SRS Consortium, the PDP for this RM32bn project. RM16bn is allocated for the public transportation system and the balance RM16bn for land reclamation works. The contract value for the light rapid transit (LRT) portion is RM8bn. The next near term catalyst for Gamuda is the formalisation and approval for the PTMP. We understand that the federal government has given approval for the LRT project in principle. The next important milestone will be in 4QCY18 when Gamuda and its consortium partners for SRS Consortium will sign and finalise the PDP agreement. It was announced recently that the validity of the PDP agreement has been extended to August 2019. On top of this, the relevant federal government agencies are expected to approve the railway scheme for the LRT and environmental impact studies for Pan Island Link 1 and reclamation works. If this timeline is kept, we can expect some design works and tenders to be called in 1HCY19 and award of contracts in 2HCY19.

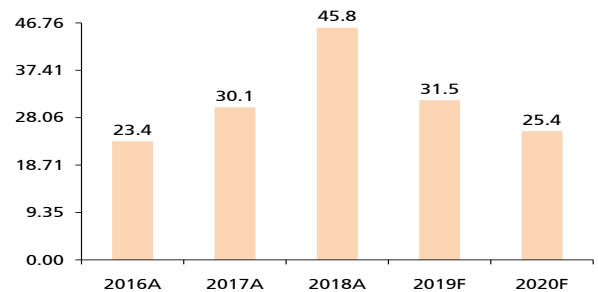
**Construction margins**



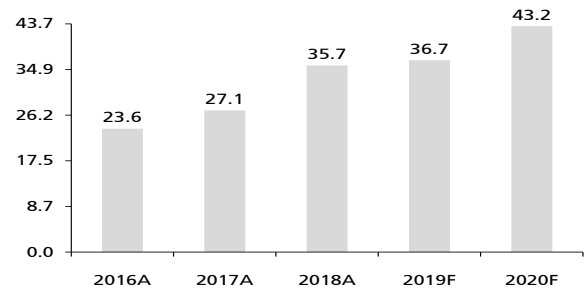
**Property launches Malaysia**



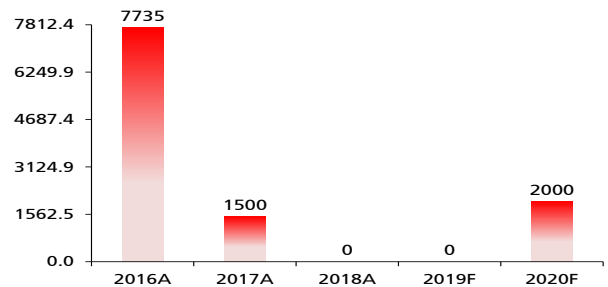
**Construction profit contribution**



**Property profit contribution**



**New order wins**

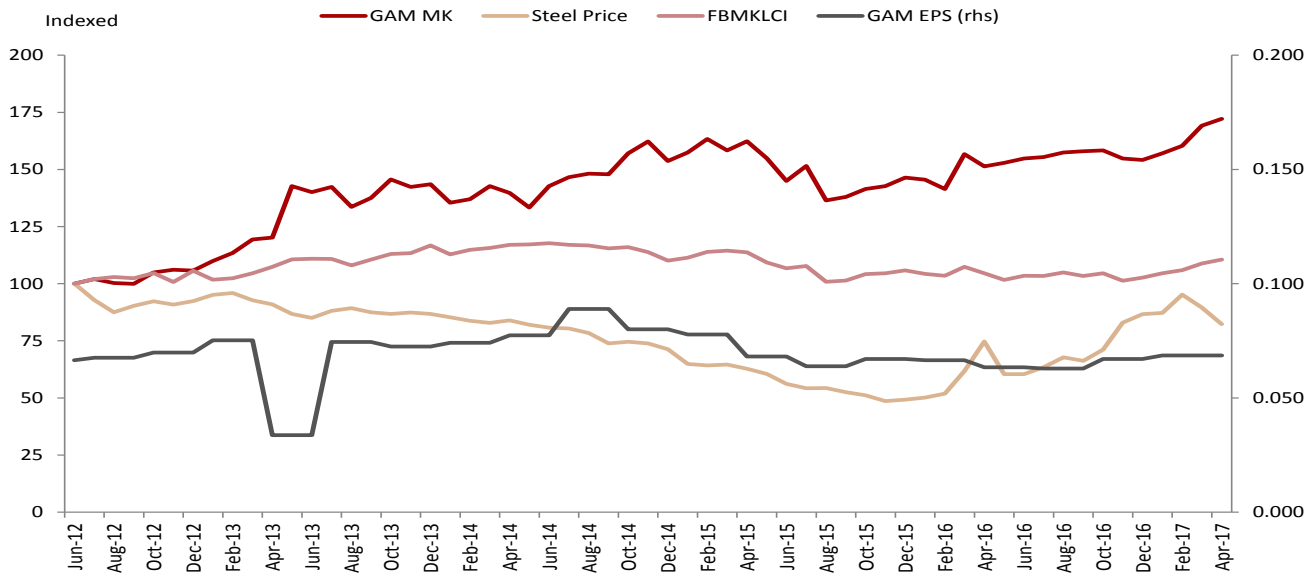


Source: Company, AllianceDBS

**Gamuda**

**Appendix 1: A look at Company's listed history – what drives its share price?**

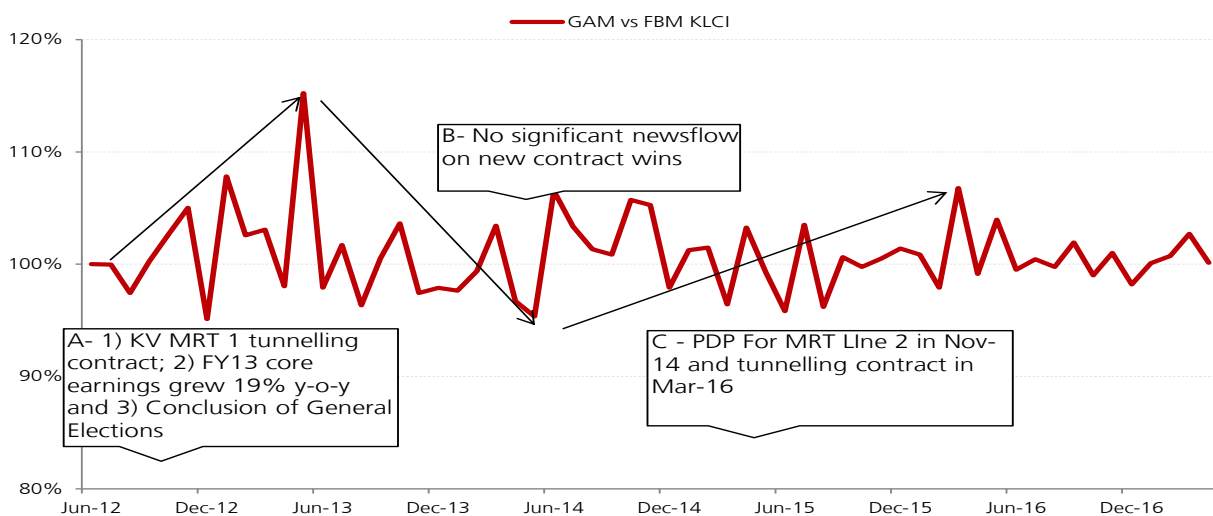
**Gamuda's share price performance vs KLCI, Steel price and EPS**



Source: Company, AllianceDBS

The key share price driver for Gamuda appears to be new contract wins and, to some extent, earnings growth. For the period until June 2016, there was some negative correlation with steel price, likely because raw material requirements for the KV MRT Line tunnelling contract was borne by the contractor.

**Gamuda's share price performance vs contract wins**



Source: Company, AllianceDBS

**Gamuda**

Gamuda’s share price showed the most significant outperformance during the period between June 2012 and July 2013 (Period A). This was due to a combination of positive newsflow from the announcement of the MRT Line 1 tunnelling contract worth RM8.28bn in April 2012 and expectations of strong earnings growth in FY13. FY13 core net earnings grew by c.19% y-o-y stripping out the one-off arbitration charge. This also coincided with the conclusion of the 13<sup>th</sup> General Election.

From July 2013 onwards (Period B), Gamuda’s share price was on a general downtrend until June 2014 given the lack of significant newsflow post the award of MRT Line 1. From June 2014 to March 2016 (Period C), we think the outperformance was led by a combination of the award of the PDP role for MRT Line 1 in November 2014, PDP for the Penang Transport Master Plan (PTMP) as well as the tunnelling package for MRT Line 2 worth RM15.47bn in March 2016.

Major contract wins for Gamuda since 2012:

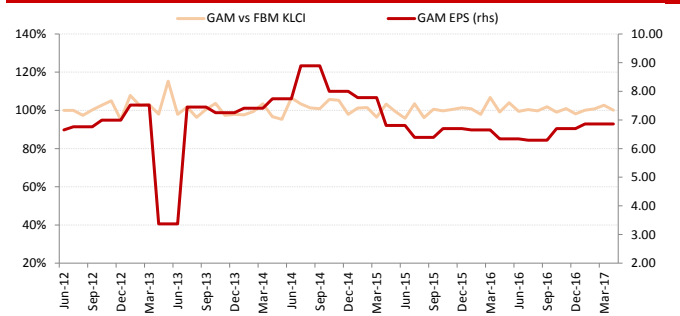
April 2012 – Announcement on KV MRT Line 1 tunnelling contract worth RM8.28bn.

Nov 2014- Appointment as PDP for MRT Line 2.

August 2015 – Appointment as PDP for Penang Transport Master Plan.

March 2016 – Awarded tunnelling contract for KV MRT Line 2 worth RM15.47bn.

**Gamuda’s share price performance vs Quarterly EPS**



Source: Company, AllianceDBS

Gamuda’s share price performance does not have any meaningful correlation with quarterly EPS delivery. We think this is because it manages investors’ expectations fairly well. Even in 3Q13, when it reported a one-off provision for tribunal awards of RM113m, the share price did not de-rate significantly. Stripping this out, 9M13 net profit would have increased 14%.

## Gamuda

### Balance Sheet:

**Manageable net gearing.** Net gearing remained manageable at 0.54x as at 31 October 2018. Land bank purchases over the past few years include its maiden project in Toa Payoh, Singapore for S\$345.9m (Gamuda has a 50% share), a small parcel of freehold land in Melbourne for AUD40m, an 18-acre land in Kota Kinabalu for RM100m, and a 257-acre parcel located just 2km from Kota Kemuning for RM392m.

**Further land banking possible.** Gamuda is still seeking to land bank further with more urgency in Vietnam given that its existing project Celadon City has only four years of development left. Its recently announced new project Anchorvale Crescent in Sengkang, Singapore (gross development value or GDV of S\$650m; S\$1,100-1,200 psf) is expected to do as well as Gem Residences, as the former has been designated as an Executive Condominium and not likely to be impacted by the property cooling measures.

### Share Price Drivers:

**Revival of large scale government projects.** The most important catalyst for Gamuda is the revival of some of the more crucial government infrastructure projects such as MRT 3 and ECRL. In the long term and taking into account the changing landscape of the sector, Gamuda's reputable track record and strong balance sheet should help it emerge as a winner. This is because there will be greater transparency, less bureaucracy and potentially less foreign competition. When these projects are eventual revived by the new government, we expect the stock to still be the best proxy in the construction space.

**Increased property sales.** Gamuda's property pre-sales over the past few years have been driven by its overseas projects. This helped cushion the slowdown of local property sales. A revival in the local property market would be a catalyst for Gamuda.

### Key Risks:

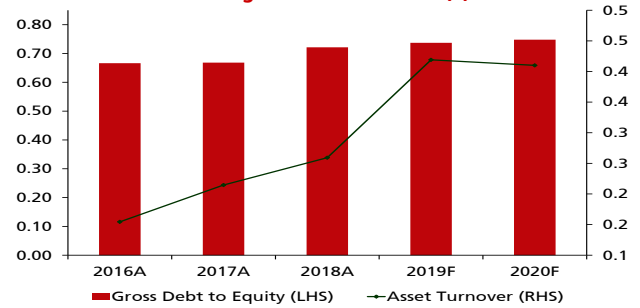
**Macroeconomic factors and project uncertainties.** An economic slowdown and lack of clarity on projects by the new government could adversely affect the group. Some infrastructure projects could be deferred or halted. This may result in slower order book replenishment.

**Slowdown in property market.** The various tightening policies in the Malaysian property sector could reduce demand for properties (residential and commercial) in the near future.

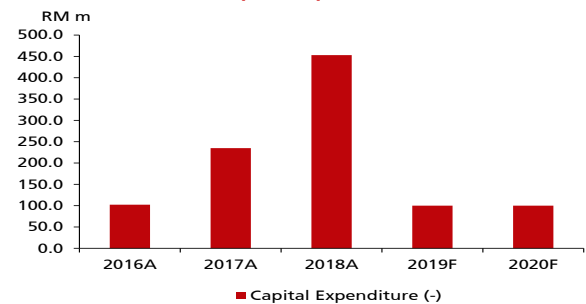
### Company Background

Gamuda's core business segments are engineering & construction, infrastructure concessions, and property development.

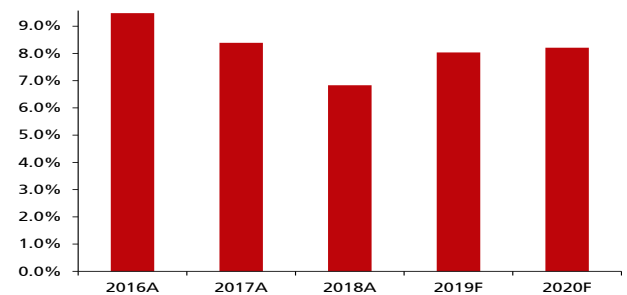
Leverage & asset turnover (x)



Capital expenditure



ROE (%)



Forward PE Band (x)



PB Band (x)



Source: Company, AllianceDBS

## Gamuda

### Key Assumptions

FY Jul	2016A	2017A	2018A	2019F	2020F
Construction margins	8.50	54.7	9.00	6.89	6.18
Property launches	900	850	1,330	1,780	2,310
Construction profit	23.4	30.2	45.9	31.5	25.4
Property profit	23.6	27.1	35.7	36.8	43.2
New order wins	7,735	1,500	0.0	0.0	2,000

\*As percentage of total group EBIT

### Segmental Breakdown

FY Jul	2016A	2017A	2018A	2019F	2020F
<b>Revenue (RMm)</b>					
Construction	905	1,234	1,925	4,419	4,221
Property development	758	1,486	1,807	2,405	2,868
Infrastructure	459	491	496	446	459
<b>Total</b>	<b>2,122</b>	<b>3,211</b>	<b>4,227</b>	<b>7,270</b>	<b>7,548</b>

### Pretax profit (RMm)

Construction	212	280	378	304	261
Property development	214	252	295	355	444
Infrastructure	481	398	152	307	322
Others	(126)	(104)	(96.1)	(127)	(136)
<b>Total</b>	<b>781</b>	<b>826</b>	<b>729</b>	<b>839</b>	<b>892</b>

### Pretax Margins (%)

Construction	23.4	22.7	19.7	6.9	6.2
Property development	28.2	16.9	16.3	14.8	15.5
<b>Total</b>	<b>36.8</b>	<b>25.7</b>	<b>17.3</b>	<b>11.5</b>	<b>11.8</b>

### Income Statement (RMm)

FY Jul	2016A	2017A	2018A	2019F	2020F
Revenue	2,122	3,211	4,227	7,270	7,548
Cost of Goods Sold	(1,685)	(2,629)	(3,651)	(6,342)	(6,562)
<b>Gross Profit</b>	<b>437</b>	<b>582</b>	<b>576</b>	<b>928</b>	<b>985</b>
Other Opg (Exp)/Inc	10.9	3.72	(10.1)	(145)	(152)
<b>Operating Profit</b>	<b>448</b>	<b>586</b>	<b>566</b>	<b>783</b>	<b>833</b>
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	413	248	129	130	131
Net Interest (Exp)/Inc	(79.7)	(7.8)	34.4	(73.7)	(72.6)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>781</b>	<b>826</b>	<b>729</b>	<b>839</b>	<b>892</b>
Tax	(112)	(170)	(165)	(168)	(178)
Minority Interest	(42.6)	(54.1)	(50.5)	(50.5)	(50.5)
Preference Dividend	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>626</b>	<b>602</b>	<b>514</b>	<b>621</b>	<b>663</b>
Net Profit before Except.	626	701	818	621	663
EBITDA	470	613	604	841	893

### Growth

Revenue Gth (%)	(11.6)	51.3	31.6	72.0	3.8
EBITDA Gth (%)	(20.4)	30.5	(1.5)	39.3	6.2
Opg Profit Gth (%)	(21.4)	30.7	(3.3)	38.3	6.4
Net Profit Gth (Pre-ex) (%)	(8.2)	11.9	16.8	(24.1)	6.7

### Margins & Ratio

Gross Margins (%)	20.6	18.1	13.6	12.8	13.1
Opg Profit Margin (%)	21.1	18.2	13.4	10.8	11.0
Net Profit Margin (%)	29.5	18.7	12.2	8.5	8.8
ROAE (%)	9.5	8.4	6.8	8.0	8.2
ROA (%)	4.6	4.0	3.2	3.6	3.6
ROCE (%)	3.2	3.5	3.1	4.2	4.2
Div Payout Ratio (%)	34.1	35.5	42.6	35.3	33.1
Net Interest Cover (x)	5.6	75.5	NM	10.6	11.5

Source: Company, AllianceDBS



## Gamuda

## Quarterly / Interim Income Statement (RMm)

FY Jul	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018
Revenue	1,013	772	1,003	1,238	1,215
Cost of Goods Sold	(846)	(619)	(867)	(1,085)	(1,145)
<b>Gross Profit</b>	<b>167</b>	<b>153</b>	<b>136</b>	<b>153</b>	<b>70.1</b>
Other Oper. (Exp)/Inc	42.7	30.5	35.3	31.7	87.8
<b>Operating Profit</b>	<b>210</b>	<b>183</b>	<b>171</b>	<b>184</b>	<b>158</b>
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	(12.1)	102	121	96.5	(191)
Net Interest (Exp)/Inc	(17.5)	(25.9)	(23.7)	(27.1)	(19.4)
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>180</b>	<b>259</b>	<b>268</b>	<b>254</b>	<b>(52.3)</b>
Tax	(56.9)	(41.6)	(44.3)	(41.2)	(37.9)
Minority Interest	(20.8)	(14.8)	(12.8)	(12.0)	(10.9)
<b>Net Profit</b>	<b>103</b>	<b>203</b>	<b>211</b>	<b>201</b>	<b>(101)</b>
Net profit bef Except.	103	203	211	201	(101)
EBITDA	198	285	292	281	(32.9)

## Growth

Revenue Gth (%)	20.7	(23.8)	29.9	23.4	(1.8)
EBITDA Gth (%)	(21.6)	44.1	2.4	(3.8)	nm
Opg Profit Gth (%)	23.3	(12.8)	(6.6)	7.8	(14.4)
Net Profit Gth (Pre-ex) (%)	(39.9)	97.6	4.1	(5.0)	(150.4)

## Margins

Gross Margins (%)	16.5	19.8	13.5	12.3	5.8
Opg Profit Margins (%)	20.7	23.7	17.1	14.9	13.0
Net Profit Margins (%)	10.1	26.3	21.1	16.2	(8.3)

## Balance Sheet (RMm)

FY Jul	2016A	2017A	2018A	2019F	2020F
Net Fixed Assets	420	619	1,009	1,051	1,091
Invt in Associates & JVs	2,881	2,914	2,776	2,906	3,037
Other LT Assets	5,529	5,804	5,718	5,718	5,718
Cash & ST Invt	1,473	1,042	1,623	2,020	2,429
Inventory	117	228	495	570	655
Debtors	1,441	2,476	2,508	2,884	3,317
Other Current Assets	2,297	2,689	2,709	2,709	2,709
<b>Total Assets</b>	<b>14,158</b>	<b>15,772</b>	<b>16,839</b>	<b>17,859</b>	<b>18,957</b>
ST Debt	640	629	1,427	1,827	2,227
Creditor	1,046	1,402	1,642	1,889	2,172
Other Current Liab	413	536	644	644	644
LT Debt	4,169	4,615	4,310	4,310	4,310
Other LT Liabilities	676	746	865	865	865
Shareholder's Equity	6,878	7,476	7,568	7,891	8,255
Minority Interests	336	369	384	434	485
<b>Total Cap. &amp; Liab.</b>	<b>14,158</b>	<b>15,772</b>	<b>16,839</b>	<b>17,859</b>	<b>18,957</b>
Non-Cash Wkg. Capital	2,395	3,456	3,426	3,630	3,865
Net Cash/(Debt)	(3,335)	(4,201)	(4,114)	(4,117)	(4,108)
Debtors Turn (avg days)	242.3	222.6	215.2	135.4	149.9
Creditors Turn (avg days)	263.5	171.7	153.7	102.5	114.0
Inventory Turn (avg days)	33.2	24.2	36.5	30.9	34.4
Asset Turnover (x)	0.2	0.2	0.3	0.4	0.4
Current Ratio (x)	2.5	2.5	2.0	1.9	1.8
Quick Ratio (x)	1.4	1.4	1.1	1.1	1.1
Net Debt/Equity (X)	0.5	0.5	0.5	0.5	0.5
Net Debt/Equity ex MI (X)	0.5	0.6	0.5	0.5	0.5
Capex to Debt (%)	2.1	4.5	7.9	1.6	1.5
Z-Score (X)	1.5	1.5	1.5	1.5	1.5

Source: Company, AllianceDBS

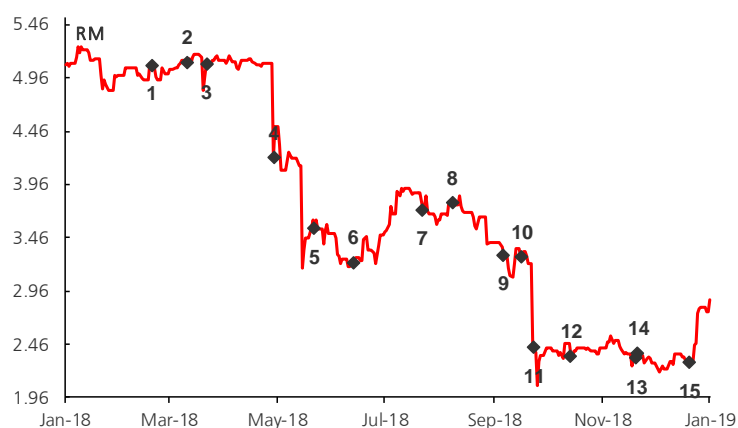
## Gamuda

## Cash Flow Statement (RMm)

FY Jul	2016A	2017A	2018A	2019F	2020F
Pre-Tax Profit	781	826	729	839	892
Dep. & Amort.	21.6	27.2	37.6	58.1	60.3
Tax Paid	(124)	(104)	(199)	(168)	(178)
Assoc. & JV Inc/(loss)	(413)	(248)	(129)	(130)	(131)
Chg in Wkg.Cap.	(228)	(1,128)	77.2	(204)	(235)
Other Operating CF	67.3	94.0	44.0	(53.6)	(63.0)
<b>Net Operating CF</b>	<b>105</b>	<b>(533)</b>	<b>560</b>	<b>342</b>	<b>345</b>
Capital Exp.(net)	(102)	(235)	(453)	(100.0)	(100.0)
Other Invt.(net)	0.0	0.0	0.0	0.0	0.0
Invt in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	189	239	178	0.0	0.0
Other Investing CF	(743)	(24.2)	(41.8)	53.6	63.0
<b>Net Investing CF</b>	<b>(656)</b>	<b>(20.2)</b>	<b>(317)</b>	<b>(46.4)</b>	<b>(37.0)</b>
Div Paid	(289)	(292)	(295)	(298)	(298)
Chg in Gross Debt	650	480	511	400	400
Capital Issues	27.3	123	53.8	0.0	0.0
Other Financing CF	198	(188)	67.7	0.0	0.0
<b>Net Financing CF</b>	<b>586</b>	<b>122</b>	<b>337</b>	<b>102</b>	<b>102</b>
Currency Adjustments	0.0	0.0	0.0	0.0	0.0
Chg in Cash	35.2	(431)	581	397	409
Opg CFPS (sen)	13.8	24.7	19.6	22.1	23.5
Free CFPS (sen)	0.12	(31.9)	4.35	9.80	9.91

Source: Company, AllianceDBS

## Target Price &amp; Ratings History



Note: Share price and Target price are adjusted for corporate actions.

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	06 Mar 18	5.08	6.70	BUY
2:	26 Mar 18	5.11	6.70	BUY
3:	06 Apr 18	5.09	6.70	BUY
4:	14 May 18	4.21	4.73	HOLD
5:	06 Jun 18	3.55	4.73	BUY
6:	28 Jun 18	3.23	4.73	BUY
7:	06 Aug 18	3.72	5.03	BUY
8:	23 Aug 18	3.79	5.03	BUY
9:	21 Sep 18	3.30	4.72	BUY
10:	01 Oct 18	3.28	4.72	BUY
11:	08 Oct 18	2.43	2.98	HOLD
12:	29 Oct 18	2.35	3.20	BUY
13:	05 Dec 18	2.33	3.50	BUY
14:	06 Dec 18	2.38	3.50	BUY
15:	04 Jan 19	2.29	3.50	BUY

Source: AllianceDBS

Analyst: Tjen San CHONG

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**STRONG BUY** (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

**BUY** (>15% total return over the next 12 months for small caps, >10% for large caps)

**HOLD** (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

**FULLY VALUED** (negative total return i.e. > -10% over the next 12 months)

**SELL** (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

*Share price appreciation + dividends*

Completed Date: 17 Jan 2019 08:02:18 (MYT)

Dissemination Date: 17 Jan 2019 08:05:31 (MYT)

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