

## Gamuda Berhad

(5398 | GAM MK) Main | Construction

### Back-to-Back Wins

#### KEY INVESTMENT HIGHLIGHTS

- Awarded RM451.4m data centre project in Cyberjaya
- Project to start in 4QCY24 and expected completion in 4QCY26; PBT margin 10% to 15%
- Outstanding order book now stands at RM31.4b
- Maintain BUY with an unchanged TP of RM9.64

**RM451m DC job.** Gamuda is on a winning streak, winning its third project in two weeks. Its wholly owned subsidiary was awarded a RM451.4m foundation, civil, structural and architectural (FCSA) works contract for one data centre block in Cyberjaya.

**Details of the project.** The project was awarded by BECI Malaysia Sdn Bhd, an engineering firm specialising in the planning, design and construction of IT facilities for numerous Fortune 500 companies. The project begins in 4QCY24 and is expected to be completed in 4QCY26. The PBT margin expected from the project is from 10% to 15%.

**On track to RM35b order book by end 2024.** Gamuda's outstanding order book now rises to RM31.4b. Data centre projects currently make up about 7.8% of the group's order book. The group will potentially exceed its RM35b order book target by the year end, which we expect will come from the Penang LRT contract (RM4.56b based on Gamuda's 60% in SRS Consortium).

**Earnings estimates.** We maintain our earnings projections as the new win is within our estimates.

**Target price.** We maintain our TP at **RM9.64**, derived by pegging Gamuda's FY26F EPS of 52.1 sen to a PER of 18.5x, based on +1SD above its four-year mean from FY15 to FY18 during the previous construction upcycle.

**Maintain BUY.** We are positive on Gamuda's latest data centre win, which brings the group closer to a new high of RM35b order book target by the year end. The group remains our favourite for the construction sector, backed by its successful overseas expansion plan; its consistency in clinching sizeable jobs and it being a front runner for most mega projects in Malaysia. Being a premium builder of data centres, the group now focusses only on hyperscale data centres, underpinning sizeable order book replenishments. All in, we are maintaining our **BUY** recommendation on **Gamuda**.

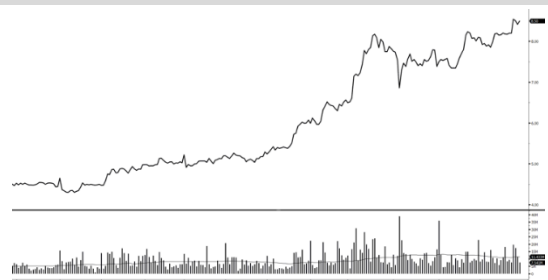
**Maintain BUY**

**Unchanged Target Price: RM9.64**

#### RETURN STATISTICS

Price @ 1 <sup>st</sup> Nov 2024 (RM)	8.48
Expected share price return (%)	+13.7
Expected dividend yield (%)	+2.4
<b>Expected total return (%)</b>	<b>+16.1</b>

#### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	7.1	8.8
3 months	5.0	8.6
12 months	84.3	66.6

#### INVESTMENT STATISTICS

FYE July	2024A	2025F	2026F
Revenue	13,346.7	16,872.6	19,403.5
Operating Profit	945.2	1,552.3	1,804.5
Profit Before Tax	1,097.4	1,647.6	1,917.3
Core Net Profit	907.3	1,298.6	1,468.0
Core EPS	32.8	46.1	52.1
DPS (sen)	16	20	20
Dividend Yield	1.9%	2.4%	2.4%

#### KEY STATISTICS

FBM KLCI	1,603.98
Issue shares (m)	2775.30
Estimated free float (%)	70.95
Market Capitalisation (RM'm)	23,923.14
52-wk price range	RM4.34 - RM8.85
3-mth average daily volume (m)	11.33
3-mth average daily value (RM'm)	88.52
Top Shareholders (%)	
Amanah Saham Nasional Bhd	13.44
Employees Provident Fund Board	9.53
Generasi Setia M Sdn Bhd	4.07

#### Analyst

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## FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024A	2025F	2026F
Revenue	5,089.5	8,233.6	13,346.7	16,872.6	19,403.5
Operating profit	685.3	922.8	945.2	1,552.3	1,804.5
Finance costs	(93.8)	(88.4)	(173.4)	(124.7)	(137.2)
Profit before tax	1,008.2	1,067.6	1,097.4	1,647.6	1,917.3
Tax	(168.9)	(230.9)	(155.1)	(378.9)	(479.3)
Net profit	806.2	860.1	912.1	1,298.6	1,468.0
Core net profit	805.8	860.8	907.3	1,298.6	1,468.0

Balance Sheet (RM'm)	2022A	2023A	2024A	2025F	2026F
Property, plant and equipment	1,095.5	1,701.7	1,613.9	1,662.3	1,712.1
Land held for property development	3,507.9	3,769.1	3,830.2	3,833.2	3,834.2
<b>Non-current assets</b>	<b>7,119.3</b>	<b>8,674.3</b>	<b>9,743.4</b>	<b>9,794.8</b>	<b>9,794.8</b>
Cash	2,794.3	3,169.5	2,698.9	3,019.1	3,020.1
Trade debtors	2,478.1	2,904.5	3,281.2	6,236.1	5,132.8
<b>Current assets</b>	<b>11,068.2</b>	<b>15,227.5</b>	<b>16,777.8</b>	<b>19,784.1</b>	<b>18,681.7</b>
Trade creditors	2,677.1	3,810.6	4,806.3	6,377.9	5,383.3
Short-term debt	1,535.3	1,409.7	1,003.3	1,381.1	1,381.1
<b>Current liabilities</b>	<b>5,887.2</b>	<b>6,958.6</b>	<b>7,532.1</b>	<b>9,481.4</b>	<b>8,486.8</b>
Long-term debt	3,244.7	5,514.0	6,803.3	4,015.9	3,815.1
<b>Non-current liabilities</b>	<b>3,677.0</b>	<b>5,985.4</b>	<b>7,467.6</b>	<b>4,680.2</b>	<b>4,479.4</b>
Share capital	3,723.2	4,078.1	4,529.9	4,223.0	4,223.0
Retained earnings	6,177.6	6,744.3	6,835.4	7,570.0	8,264.2
<b>Equity</b>	<b>10,249.9</b>	<b>10,957.8</b>	<b>11,521.5</b>	<b>15,417.3</b>	<b>15,510.3</b>

Cash Flow (RM'm)	2022A	2023A	2024A	2025F	2026F
PBT	1,008.2	1,067.6	1,349.8	1,471.9	1,568.3
Depreciation & amortisation	240.9	386.3	295.0	312.5	405.1
Changes in working capital	519.2	646.9	1,052.8	1,033.1	1,126.7
<b>Operating cash flow</b>	<b>444.2</b>	<b>(588.9)</b>	<b>(274.3)</b>	<b>(276.5)</b>	<b>(90.3)</b>
Capital expenditure	(523.0)	(2,296.8)	(200.0)	(200.0)	(200.0)
<b>Investing cash flow</b>	<b>498.7</b>	<b>837.3</b>	<b>250.0</b>	<b>250.0</b>	<b>250.0</b>
Debt raised/(repaid)	(239.6)	2,053.6	(259.1)	(272.1)	(272.1)
Dividends paid	(319.6)	694.4	(565.1)	(578.1)	(306.0)
<b>Financing cash flow</b>	<b>623.3</b>	<b>942.8</b>	<b>(589.4)</b>	<b>(604.6)</b>	<b>(578.1)</b>
<b>Net cash flow</b>	<b>1,301.3</b>	<b>1,908.4</b>	<b>2,830.6</b>	<b>4,479.8</b>	<b>(418.4)</b>
<b>Beginning cash flow</b>	<b>1,984.7</b>	<b>2,830.6</b>	<b>2,241.2</b>	<b>3,875.2</b>	<b>4,480.8</b>
<b>Ending cash flow</b>	<b>1,008.2</b>	<b>1,067.6</b>	<b>1,563.4</b>	<b>1,589.2</b>	<b>4,062.4</b>

Profitability Margins	2022A	2023A	2024A	2025F	2026F
Operating profit margin	13.5%	11.2%	7.1%	9.2%	9.3%
PBT margin	19.8%	13.0%	8.2%	9.8%	9.9%
PAT margin	15.8%	10.4%	6.8%	7.7%	7.6%
Core PAT margin	15.8%	10.5%	6.8%	7.7%	7.6%

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### MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
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	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

#### 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