

# Gamuda Berhad

(5398 | GAM MK) Main | Construction



## Maintain BUY

Unchanged Target Price RM5.42

Corporate Update

# Developing Water Infra in Perak

**Maintain BUY.** We view the exclusive partnership between Gamuda Berhad and the Perak state government positively, for the development of water infrastructure in the state. Further details such as the official JV arrangement and contract award are expected in later stages, but we can expect this to be a sizeable addition to the group's order book. Gamuda 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. We reiterate our **BUY** recommendation with a **TP** of **RM5.42**.

**Partnering with PKNPk.** Gamuda has inked an exclusive arrangement with Perbadanan Kemajuan Negeri Perak (PKNPk) with the intent of developing infrastructure to address critical water shortage in Northern Perak. This scheme intends to facilitate raw water transfer from Sungai Perak to Bukit Merah and develop the requisite infrastructure for treated water distribution, ensuring long-term water sustainability for the region.

**More details to follow as project develops.** These are still initial stages for water infrastructure development, where further announcements related to the joint-venture and official contract award are to be expected at a later stage. While there is no indicative project size currently, we understand that Gamuda rarely undertakes domestic projects under RM1.0b, therefore we expect this project to be able to replenish a sizeable portion of its orderbook.

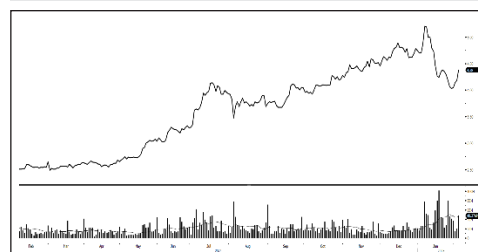
**RM40b to RM45b order book by end 2025.** Gamuda's outstanding order book currently stands at a high of RM37.0b. well within management's target RM40b to RM45b target by end CY2025, after taking into account an expected burn rate of RM12b to RM13b annually. Upcoming project awards that are expected to provide an extra boost to Gamuda's already bulging order book include a water supply scheme in Sabah, and the potential conversion of several renewable energy early contractor involvement (ECI) into EPCC contracts in Australia and data centre jobs.

**Target price.** We are also maintaining our **TP** at **RM5.42**, pegging the group's FY26F EPS of 25.8 sen to a PER of 21x, based on +2SD above its long-term mean, which we believe is justifiable given its growing prospects in the construction space with an all-time high outstanding orderbook and its recent inclusion into the FBM KLCI.

### RETURN STATISTICS

Price @ 5 <sup>th</sup> Feb 2025 (RM)	4.38
Expected share price return (%)	+23.7
Expected dividend yield (%)	+2.3
Expected total return (%)	+26.0

### SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-6.8	-3.8
3months	-7.6	4.6
12 months	74.9	68.0

### INVESTMENT STATISTICS

FYE Mar	2024A	2025F	2026F
Revenue	13,345	16,873	19,404
Operating Profit	945	1,552	1,804
Profit Before Tax	1,097	1,648	1,917
Core PATAMI	907	1,299	1,468
Core EPS	32.8	22.8	25.8
DPS	16	10	10
Dividend Yield	1.9%	2.3%	2.3%

### KEY STATISTICS

FBM KLCI	1,574.51
Issued shares (m)	5550.61
Estimated free float (%)	88.31
Market Capitalisation (RM'm)	24,981.39
52-wk price range	RM2.48 - RM5.38
3-mth average daily volume (m)	25.99
3-mth average daily value (RM'm)	117.55
<b>Top Shareholders (%)</b>	
Employees Provident Fund	9.43
Amanah Saham Nasional Bhd	4.19
The Vanguard Group Inc	3.58

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## FINANCIAL SUMMARY

Profit or Loss (RM'm)	2022A	2023A	2024A	2025F	2026F	Cash Flow (RM'm)	2022A	2023A	2024A	2025F	2026F
Revenue	5,089.5	8,233.6	13,346.7	16,872.6	19,403.5	PBT	1,008.2	1,067.6	1,349.8	1,471.9	1,568.3
EBIT	685.3	922.8	1,214.8	1,346.4	1,445.6	Depreciation	240.9	386.3	295.0	312.5	405.1
PBT	1,008.2	1,067.6	1,349.8	1,471.9	1,568.3	Change in NWC	519.2	646.9	1,052.8	1,033.1	1,126.7
Taxation	-168.9	-230.9	-155.1	-378.9	-479.3	<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>
PAT	806.2	860.1	912.1	1,298.6	1,468.0	Capital expenditure	(523.0)	(2,296.8)	(200.0)	(200.0)	(200.0)
Core PATAMI	805.8	860.8	1,085.6	1,182.1	1,258.2	<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)
EPS (sen)	15	16	20	21	23	Dividends paid	<b>(319.6)</b>	<b>694.4</b>	<b>(565.1)</b>	<b>(578.1)</b>	(306.0)
PER (x)	30.2	28.2	22.4	20.6	19.3	<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>
DPS (sen)	6	25	8	10	10	<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>
Dividend yield (%)	1.4	5.7	1.8	2.3	2.3	<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>

Growth (%)	2022A	2023A	2024E	2025F	2026F	Profitability Ratios (%)	2022A	2023A	2024A	2025F	2026F
Revenue growth	44.7	61.8	63.9	5.0	3.0	EBIT margin	13.5%	11.2%	7.1%	9.2%	9.3%
PBT growth	28.2	5.9	26.4	9.0	6.5	PBT margin	19.8%	13.0%	8.2%	9.8%	9.9%
PATAMI growth	37.0	6.7	26.2	8.9	6.4	PATAMI margin	15.8%	10.4%	6.8%	7.7%	7.6%
Core PATAMI growth	38.1	6.8	26.1	8.9	6.4	Core PATAMI margin	15.8%	10.5%	6.8%	7.7%	7.6%
						ROA	4.4	3.6	4.1	4.0	4.4
						ROE	7.9	7.9	9.4	7.7	8.1

Balance Sheet (RM'm)	2022A	2023A	2024A	2025F	2026F	Liquidity Ratios (x)	2022A	2023A	2024A	2025F	2026F
PPE	1,095.5	1,701.7	1,613.9	1,662.3	1,712.1	Current ratio	3.01	2.54	2.25	4.23	4.17
ROU assets	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>						
Trade receivables	2,478.1	2,904.5	3,281.2	6,236.1	5,132.8						
Cash & bank balances	2,794.3	3,169.5	2,698.9	3,019.1	3,020.1						
<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>						
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>						
Short-term debt	1,535.3	1,409.7	1,003.3	1,381.1	1,381.1						
Trade payables	2,677.1	3,810.6	4,806.3	6,377.9	5,383.3						
<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>						
Share capital	3,723.2	4,078.1	4,529.9	4,223.0	4,223.0						
Reserves	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>						

Source: Bloomberg, MIDFR

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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	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