

## Gamuda

### Second Pearl Computing DC Secured

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**GAMUDA** has clinched data centre contract from Quantum Alpha Sdn Bhd worth RM2.14b for core and shell works, with strong prospects of also securing an upcoming mechanical and electrical package. We view this as highly positive given the intense competition in data centre tenders. This win lifts its outstanding order book to RM39.8b, on track to meet its end-2025 target of RM40b-RM45b. We remain upbeat on its earnings outlook, underpinned by its sizeable order book and robust project pipeline. Maintain **OUTPERFORM** with TP of RM6.10.

**Secures RM2.14b data centre contract.** GAMUDA's wholly-owned unit, Gamuda Engineering Sdn Bhd, has secured a RM2.14b contract from Quantum Alpha Sdn Bhd (a wholly-owned subsidiary of **ECOWLD (OP; TP: RM2.00)**) for the construction, completion, testing, and commissioning of two hyperscale data centre blocks, a consumer substation, and a water reservoir at Eco Business Park V, Selangor. The project, undertaken for Pearl Computing, is slated to start in 3Q 2025 with a two-year duration.

**Another win related to Pearl Computing.** We view this positively as it demonstrates GAMUDA's competitiveness in the data centre space. Recall that for its Pearl Computing's earlier data centre project in Elmina, the building works were awarded by landowner **SIMEPROP (OP; TP: RM1.79)** while mechanical and electrical (M&E) works were awarded directly by Pearl Computing. We understand this award to be under a similar structure, and thus would position GAMUDA well to potentially secure the upcoming M&E package for the current project, which could be similar in size to the C&S contract.

**Second contract in FY26.** This marks GAMUDA's second contract win in FY26, following the RM500m Northern Coastal Highway package in Sarawak awarded last week. With this award, YTD job wins total RM2.64b, boosting its outstanding order book to RM39.8b. Profit margin for this core and shell component of this project is expected by us to be at low-teens, much higher than its usually guided 5%-8% PBT range, given the specialised and fast-track nature of the work.

**Outlook.** GAMUDA is maintaining its outstanding order book target of RM40b-RM45b by end-2025. The group expects results from 5-7 data centre tenders over the next three months (including this award), while the tender outcomes of Pearl Computing's data centre in Springhill is expected in 2026. It also has a strong chance of securing another project in Taiwan in 2HCY25. In Australia and New Zealand, GAMUDA has been shortlisted for a project in Brisbane and the Northland Corridor Highway. Domestically, the Ulu Padas water supply project is expected to be finalized soon. GAMUDA is also bidding for the Penang LRT Package 3 (turnkey system and rolling stock contracts).

**Forecasts.** Maintained. We keep our FY25-FY27 earnings forecasts unchanged with new job win assumptions of RM17b, RM22b, and RM27b respectively.

**Valuations.** We maintain our SoP-based TP of RM6.10 (see Page 3) with its construction business valued at an unchanged 22x CY26F PER. A 5% premium given its 4-star ESG rating as appraised by us is also applied (see Page 6).

**Investment case.** We continue to like GAMUDA for: (i) it being in the driver's seat for the Mutiara Line of the Penang LRT, (ii) its ability to secure new jobs in overseas markets, (iii) its strong earnings visibility underpinned by a record outstanding order book of RM39.8b, and (iv) its inroads into the RE space. Maintain **OUTPERFORM**.

**OUTPERFORM** 

Price:  
Target Price:

RM5.56  
RM6.10 

#### Share Price Performance



KLCI	1,575.12
YTD KLCI chg	-4.1%
YTD stock price chg	17.3%

#### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	GAM MK EQUITY
Market Cap (RM m)	32,253.4
Shares Outstanding	5,801.0
52-week range (H)	5.80
52-week range (L)	3.48
3-mth avg. daily vol.	20,535,420
Free Float	86%
Beta	1.4

#### Major Shareholders

Employees Provident Fund	17.8%
Amanah Saham Nasional	4.1%
Generasi Setia M Sdn Bhd	4.0%

#### Summary Earnings Table

FY Jul (RM m)	2024A	2025F	2026F
Turnover	13,347	16,300	19,900
EBIT	945	1,290	1,762
PBT	1,097	1,230	1,706
<b>Net Profit</b>	<b>912</b>	<b>993</b>	<b>1,377</b>
<b>Core Net Profit</b>	<b>912</b>	<b>993</b>	<b>1,377</b>
Consensus		1,016	1,409
Earnings Revision (%)		-	-
Core EPS (sen)	32.3	17.2	23.8
Core EPS Growth (%)	6.2	8.9	38.7
NDPS (sen)	16.0	10.0	10.0
BVPS (RM)	4.03	1.97	2.11
NTA/share (RM)	3.66	1.78	1.91
PER (x)	24.3	32.4	23.4
PBV (x)	1.95	2.83	2.64
P/NTA (x)	2.15	3.13	2.91
Net Gearing (x)	0.45	0.53	0.55
Net Div. Yield (%)	2.0	1.8	1.8

**Risks to our call include:** (i) delay in the roll-out of key public infrastructure projects in Malaysia such as the MRT3, which may delay margin recovery, (ii) rising input costs and labour shortage, (iii) risks associated with operations in overseas markets such as changes in government policies towards foreign businesses and forex, and (iv) liquidated ascertained damages (LAD) from cost overrun and delays.

GAMUDA's Outstanding Construction Order Book			
Project	Stake (%)	Outstanding Value (RM b)	Completion (%)
<b>Malaysia</b>			
Penang Mutiara Line	60	4.8	4
Silicon Island - Phase 1	100	3.4	21
Rasau WTP - Phase 1	100	1.3	38
Data Centre Projects	100	1.7	18
Upper Padas Hydro Dam	75	2.2	3
Other Civil Works		0.0	94
Enabling Works for DC Campus	100	1.0	0
Limbang Work Package Section 1	30	0.5	0
Pearl Computing DC 2	100	2.1	0
		<b>17.0</b>	
<b>Taiwan</b>			
Seawall Reclamation	70	0.2	85
161kV Transmission Line	50	0.1	52
Tao Yuan Underground	60	1.1	13
Kaohsiung MRT	88	2.8	1
Xizhi Donghu MRT	75	2.9	4
345kV Transmission Line	50	0.3	0
Kaohsiung Marine Structure	50	2.6	0
		<b>9.9</b>	
<b>Singapore</b>			
Bus Depot	100	0.0	94
Defu Station	60	0.6	43
West Coast Station	100	1.7	6
		<b>2.3</b>	
<b>Australia</b>			
Sydney Metro West	100	1.4	84
Coffs Harbour Bypass	50	1.2	47
M1 Extension	40	0.5	61
DTI	100	7.4	44
		<b>10.5</b>	
<b>Total</b>		<b>39.8</b>	

Source: Kenanga Research, Company

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GAMUDA's Sum-of-Parts Valuation		
Segment	Value (RM m)	Valuation Basis
Construction	24,897.6	22x CY26F PER
Property	7,733.0	40% discount to RNAV
Gamuda Waters (80%-owned)	292.3	FCFF @ 10% discount rate
Upper Padas Hydropower (45%-owned)	661.4	FCFF @ 7% discount rate
Kerian Water Concession (50%-owned)	882.6	FCFF @ 7.2% discount rate
Net Debt	-847.4	Estimated FY26F
	33,619.5	
Issued share (m)	5,790.5	
<b>SOP/share (RM)</b>	<b>5.81</b>	
Add: 5% premium for 4-star ESG rating (RM)	0.29	
<b>Target Price (RM)</b>	<b>RM6.10</b>	

Source: Kenanga Research

RNAV of GAMUDA's Property Development Projects				
Project	Stake (%)	Remaining Area (acres)	Outstanding GDV (RM m)	NPV of Profit (RM m) (effective)
<b>Malaysia</b>				
1. Horizon Hill	50	137	1,521	31.3
2. Jade Hills	100	0	13	0.5
3. Gamuda Gardens	100	567	8,284	341.1
4. Gardens Park	100	472	4,000	164.7
5. twentyfive.7	100	83	1,893	78.0
6. Gamuda Cove	100	819	20,693	852.2
7. Kundang Estates	100	25	93	3.8
8. Gamuda GM Klang	100	13	1,138	46.9
9. Others	100	7	808	33.3
<b>Vietnam</b>				
1. Gamuda City, Hanoi	100	232	11,400	469.5
2. Celadon City, HCMC	100	0	232	24.7
3. Artisan Park, HCMC	100	0	207	18.5
4. Elysian, HCMC	100	0	279	25.0
5. Eaton Park, HCMC	100	6	2,794	323.6
6. Springville, HCMC	100	45	1,728	183.6
7. The Meadow, MCMC	100	8	178	22.5
8. Hai Phong	100	3	975	103.6
<b>Other Overseas</b>				
1. 661 Chapel St, Melbourne	100	0	47	8.6
2. The Canopy on Normany, Melb	100	0	317	49.0
3. Fareham, St Kilda, Melbourne	100	0	195	27.6
4. Aldgate, London	90	0	148	15.9
5. West Hampstead Central, London	85	0	39	6.1
6. 75 London Wall, London	75	2	4,890	328.0
7. Woolwich, UK	88	0	583	45.8
8. City Wharf, UK	80	1	480	45.8
		<b>2,420</b>	<b>62,935</b>	<b>3,249.4</b>
Unbilled Sales (as of Jan 25)	100		7,700	750.7
Property Shareholders Fund				8,888.2
Total RNAV (RM m)				12,888.3
Discount to RNAV (%)				40%
<b>Discounted RNAV</b>				<b>7,733.0</b>

Source: Kenanga Research, Company

### Income Statement

FY Jul (RM m)	2022A	2023A	2024A	2025F	2026F
Revenue	4902	8220	13347	16300	19900
EBITDA	963	1088	1108	1421	1916
Depreciation	-241	-119	-163	-131	-154
EBIT	722	970	945	1290	1762
Interest Expense	-87	-88	-173	-229	-242
Associate	6	6	11	12	13
JV	344	227	315	158	173
Exceptional	7	1112	0	0	0
PBT	992	2226	1097	1230	1706
Taxation	-156	-221	-155	-184	-256
Minority Interest	-30	-167	-30	-52	-72
Net Profit	806	1838	912	993	1377
Core Net Profit	799	859	912	993	1377

### Balance Sheet

FY Jul (RM m)	2022A	2023A	2024A	2025F	2026F
Fixed Assets	1095	1649	1614	1713	1743
Associates	78	161	257	270	284
JV	933	1229	1634	1716	1802
Intangibles	0	498	1039	1091	1145
Other FA	6841	5024	5199	5613	5865
Inventories	655	717	612	1223	1478
Receivables	2437	2942	3281	2679	3271
Other CA	5429	8394	10186	10695	11230
Cash	2794	3169	2699	2103	1722
<b>Total Assets</b>	<b>20263</b>	<b>23784</b>	<b>26521</b>	<b>27103</b>	<b>28540</b>
Payables	2667	3713	4806	5047	5299
ST Borrowings	1549	1410	1003	3462	5162
Other ST Liability	1675	1689	1722	1809	1899
LT Borrowings	3231	5514	6803	4492	3030
Other LT Liability	887	532	664	698	732
Minority Int.	349	135	156	164	172
<b>Net Assets</b>	<b>9905</b>	<b>10791</b>	<b>11365</b>	<b>11432</b>	<b>12246</b>
Share Capital	3723	4078	4530	4078	4078
Reserves	6182	6713	6835	7354	8168
<b>Equity</b>	<b>9905</b>	<b>10791</b>	<b>11365</b>	<b>11432</b>	<b>12246</b>

### Cashflow Statement

FY Jul (RM m)	2022A	2023A	2024A	2025F	2026F
Operating CF	9.7	-133	-79	-577	45
Investing CF	397	-233	-1262	-100	-100
Financing CF	-320	771	910	66	-326
Change In Cash	87	405	-431	-611	-381
Free CF	406	-366	-1341	-677	-55

### Financial Data & Ratios

FY Jul	2022A	2023A	2024A	2025F	2026F
<b>Growth (%)</b>					
Revenue	50.0	67.7	62.4	22.1	22.1
EBITDA	11.7	13.0	1.8	28.3	34.9
Operating Income	13.4	34.2	-2.5	36.5	36.6
Pre-tax Income	29.8	124.3	-50.7	12.1	38.7
Net Income	37.0	128.0	-50.4	8.9	38.7
Core Net Income	37.3	7.5	6.2	8.9	38.7
<b>Profitability (%)</b>					
EBITDA Margin	19.6	13.2	8.3	8.7	9.6
Operating Margin	14.7	11.8	7.1	7.9	8.9
PBT Margin	20.2	27.1	8.2	7.5	8.6
Net Margin	16.4	22.4	6.8	6.1	6.9
Core Net Margin	16.3	10.4	6.8	6.1	6.9
Effective Tax Rate	15.8	15.8	9.9	14.1	15.0
ROE	4.1	3.9	3.6	4.7	5.8
ROA	8.5	17.8	8.2	8.9	11.6
<b>DuPont Analysis</b>					
Net margin (%)	16.3	10.4	6.8	6.1	6.9
Assets Turnover (x)	0.2	0.3	0.5	0.6	0.7
Leverage Factor (x)	2.0	2.2	2.3	2.4	2.3
ROE (%)	8.1	8.0	8.0	8.7	11.2
<b>Leverage</b>					
Debt/Asset (x)	0.24	0.29	0.29	0.29	0.29
Debt/Equity (x)	0.48	0.64	0.69	0.70	0.67
Net Debt/(Cash)	1986	3754	5108	5851	6470
Net Debt/Equity (x)	0.20	0.35	0.45	0.51	0.53
<b>Valuations</b>					
Core EPS (sen)	31.3	32.3	32.3	17.2	23.8
NDPS (sen)	12.0	50.0	16.0	10.0	10.0
BV/share (RM)	3.88	4.05	4.03	1.97	2.11
NTA/share (RM)	3.88	3.78	3.66	1.78	1.91
Core PER (x)	12.0	13.3	24.3	32.4	23.4
Net Div. Yield (%)	3.2	11.6	2.0	1.8	1.8
PBV (x)	0.97	1.06	1.95	2.83	2.64
P/NTA (x)	0.97	1.14	2.15	3.13	2.91
EV/EBITDA (x)	12.0	14.0	24.6	27.1	20.4

Source: Kenanga Research

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### Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net. Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.				
<b>Stocks Under Coverage</b>																	
GAMUDA	OP	5.56	6.10	9.7%	32,253.4	Y	07/2025	17.6	24.4	8.9%	38.7%	31.6	22.8	2.7	8.7%	10.0	1.8%
IJM	OP	2.87	3.40	18.5%	10,059.8	Y	03/2026	15.6	16.2	20.9%	4.0%	18.4	17.7	1.0	5.5%	8.0	2.8%
KERJAYA	OP	2.19	2.30	5.0%	2,753.6	Y	12/2025	16.7	18.1	29.8%	8.0%	13.1	12.1	2.3	17.8%	12.0	5.5%
KIMLUN	OP	1.29	1.51	17.1%	501.4	Y	12/2025	21.5	20.0	52.3%	-6.9%	6.0	6.5	0.5	9.3%	2.0	1.6%
SUNCON	OP	6.33	6.50	2.7%	8,314.5	Y	12/2025	25.0	28.1	99.5%	12.2%	25.3	22.5	8.4	35.0%	20.0	3.2%
WCT	OP	0.875	1.25	42.9%	1,364.0	Y	12/2025	5.0	5.6	67.4%	12.7%	17.5	15.6	0.4	2.1%	0.5	0.6%
<b>SECTOR AGGREGATE</b>					<b>55,246.8</b>					<b>30.8%</b>	<b>20.8%</b>	<b>24.7</b>	<b>20.4</b>	<b>1.9</b>	<b>7.9%</b>		<b>2.6%</b>

Source: Kenanga Research

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### Stock ESG Ratings:

	Criterion	Rating			
GENERAL	Earnings Sustainability & Quality	★	★	★	★
	Corporate Social Responsibility	★	★	★	★
	Management/Workforce Diversity	★	★	★	★
	Accessibility & Transparency	★	★	★	☆
	Corruption-Free Pledge	★	★	★	☆
	Carbon-Neutral Initiatives	★	★	★	★
SPECIFIC	Migrant Worker Welfare	★	★	★	★
	Waste Disposal/Pollution Control	★	★	★	★
	Work Site Safety	★	★	★	★
	Environmentally Friendly Construction Technology	★	★	★	☆
	Supply Chain Auditing	★	★	★	★
	Energy Efficiency	★	★	★	★
OVERALL		★	★	★	★

☆ denotes half-star  
★ -10% discount to TP  
★★ -5% discount to TP  
★★★ TP unchanged  
★★★★ +5% premium to TP  
★★★★★ +10% premium to TP

### Stock Ratings are defined as follows:

#### Stock Recommendations

OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%  
MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%  
UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

#### Sector Recommendations\*\*\*

OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%  
NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%  
UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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