Gamuda

A Modest 1QFY26

OUTPERFORM ↔

Price: **RM5.13**
Target Price: **RM6.13** ↔

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GAMUDA delivered a modest 1QFY26, with net profit rising 5% YoY to RM215.1m, broadly in line with expectations. Earnings were supported by stronger domestic construction contributions, which helped offset weaker YoY property segment as last year results was boosted by a one-off lump-sum recognition. Looking ahead, margins are expected to improve further on increasing domestic construction activity, while Vietnam is set to remain the key earnings driver for its property segment, underpinned by upcoming land acquisitions to support new launches. Maintain OUTPERFORM with TP of RM6.13.

1QFY26 results in line. GAMUDA's 1QFY26 net profit of RM215.1m came in within expectations, accounting for 16%/15% of our/consensus FY26 forecasts, with stronger earnings anticipated in subsequent quarters, underpinned by rising domestic construction contributions and sustained property momentum in Vietnam. It declared a first interim NDPS of 5 sen, unchanged from 1QFY25.

A modest quarter. Despite a 7% YoY decline in revenue, net profit grew 5% YoY to RM215.1m, driven mainly by stronger contributions from Gamuda Engineering (GE). Domestic projects accounted for 41% of revenue (from 27% previously) and came with healthier margins, while lower-margin Australian projects are nearing completion. The weaker top line YoY was primarily due to a lumpy UK property revenue from West Hampstead recognised as one lump sum in 1QFY25.

Softer sequential performance. QoQ, 1QFY26 net profit fell 35% from RM332.1m in 4QFY25 as revenue dipped 20% on seasonally slower 1Q billings. Gamuda Land (GL) led the earnings decline, with segmental PBT plunging 61%, as 4QFY25 earnings were boosted by quick-turnaround projects (QTPs) in Vietnam — such as Eaton Park, which delivered mid-20% margins. Consequently, group PBT margin contracted to 7.2% from 10.0% previously.

The key takeaways from the results briefing are as follows:

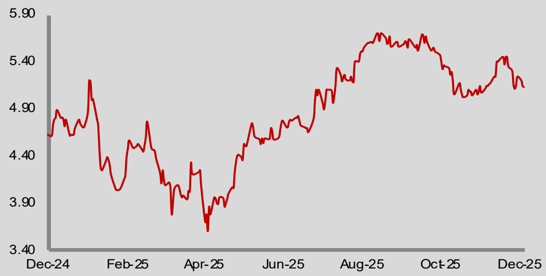
1. **Order book target of RM50b by end-2026.** The RM40b–RM45b order book target by end-2025 remains intact, with major opportunities still active. As of October, the order book stood at RM36.6b. GE is targeting RM50b by end-2026 from end-FY26 previously, driven by pipelines in water, data centres, rail, highways, renewable energy and transmission projects.

2. **Vietnam to anchor property growth.** GL achieved RM846m in property sales (+34% YoY), with QTPs contributing 56% (RM477m). Unbilled sales now stand at RM8b, while the FY26 sales target remains at RM5.5b. Additionally, three new site engagements in Ho Chi Minh City are at final stages, with announcements expected next quarter once agreements are finalised.

3. **Higher gearing ahead.** Net gearing rose to 62% in Oct 2025 from 53% in Jul 2025. This is expected to rise to 70% with RM3b capex earmarked for Vietnam and Singapore projects in 2026. We are not overly concerned given: (i) project financing structure, (ii) superior margins of QTPs, and (iii) strong demand in Vietnam and Singapore.

Forecasts. Maintained with our FY26 and FY27 new job win assumptions of RM22b and RM27b, and property sales assumption of RM4.9b and RM5b, respectively.

Share Price Performance



KLCI	1,611.00
YTD KLCI chg	-1.9%
YTD stock price chg	8.2%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	GAM MK Equity
Market Cap (RM m)	30,222.8
Shares Outstanding	5,891.4
52-week range (H)	5.80
52-week range (L)	3.48
3-mth avg. daily vol.	14,538,800
Free Float	85%
Beta	1.4

Major Shareholders

Employees Provident Fund	18.8%
Generasi Setia M Sdn Bhd	3.7%
Vanguard Group Inc	3.7%

Summary Earnings Table

FY Jul (RM m)	2025A	2026F	2027F
Turnover	15,970	19,900	27,000
EBIT	1,337	1,762	2,395
PBT	1,304	1,706	2,366
Net Profit	**1,003**	**1,377**	**1,951**
Core Net Profit	**1,003**	**1,377**	**1,951**
Consensus		1,396	1,787
Earnings Revision (%)		-	-
Core EPS (sen)	17.3	23.8	33.7
Core EPS Growth (%)	10.0	37.3	41.6
NDPS (sen)	10.0	10.0	10.0
BVPS (RM)	2.07	2.26	2.50
NTA/share (RM)	1.77	1.95	2.17
PER (x)	29.9	21.6	15.2
PBV (x)	2.50	2.27	2.05
P/NTA (x)	2.92	2.63	2.37
Net Gearing (x)	0.56	0.70	0.52
Net Div. Yield (%)	1.9	1.9	1.9

Valuations. We maintain our SoP-based TP of RM6.13 (see Page 3) with its construction business valued at an unchanged 22x CY26F PER, which in line with other large-cap contractors such as **IJM (OP; TP: RM3.40)** and **SUNCON (OP; TP: RM6.50).** The TP includes a 5% premium given a 4-star ESG rating as appraised by us (see Pages 6).

Investment case. We continue to like GAMUDA for: (i) its strong positioning in upcoming data centre tenders, (ii) its ability to secure overseas projects, (iii) its robust earnings visibility underpinned by a record outstanding order book of RM36.6b, and (iv) its inroads into the renewable energy space. Maintain **OUTPERFORM**.

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

Income Statement

FY Jul (RM m)	1Q FY26	4Q FY25	Q-o-Q Chg	1Q FY25	Y-o-Y Chg	3M FY26	3M FY25	Y-o-Y Chg
Reported Turnover + JV	3,914.8	4,915.0	-20%	4,190.4	-7%	3,914.8	4,190.4	-7%
EBITDA	366.8	552.3	-34%	357.7	3%	366.8	357.7	3%
Depreciation	-45.6	-51.1	-11%	-50.9	-11%	-45.6	-50.9	-11%
EBIT	321.2	501.3	-36%	306.8	5%	321.2	306.8	5%
Interest expense	-53.1	-27.2	95%	-60.6	-12%	-53.1	-60.6	-12%
Associates	1.1	4.9	-78%	1.4	-22%	1.1	1.4	-22%
Exceptional items	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
Pretax profit	282.3	493.0	-43%	259.1	9%	282.3	259.1	9%
Taxation	-50.2	-152.2	-67%	-39.0	29%	-50.2	-39.0	29%
Profit after tax	232.1	340.8	-32%	220.1	5%	232.1	220.1	5%
Minority interest	-17.0	-8.7	96%	-14.7	16%	-17.0	-14.7	16%
Net profit	215.1	332.1	-35%	205.4	5%	215.1	205.4	5%
Core net profit	215.1	332.1	-35%	205.4	5%	215.1	205.4	5%
EPS (sen)	3.7	5.7	-35%	3.5	5%	3.7	3.5	5%
DPS (sen)	5.00	0.00	N/A	5.00	0%	5.00	5.00	0%
NTA/share (RM)	1.81	1.77	2%	1.83	-1%	1.81	1.83	-1%
EBITDA margin	9.4%	11.2%		8.5%		9.4%	8.5%	
EBIT margin	8.2%	10.2%		7.3%		8.2%	7.3%	
Pretax margin	7.2%	10.0%		6.2%		7.2%	6.2%	
Core net margin	5.5%	6.8%		4.9%		5.5%	4.9%	
Effective tax rate	17.8%	30.9%		15.0%		17.8%	15.0%	

Source: Company

Segmental Breakdown

FY Dec (RM m)	1Q FY26	4Q FY25	Q-o-Q Chg	1Q FY25	Y-o-Y Chg	3M FY26	3M FY25	Y-o-Y Chg
Reported Turnover + JV								
Engineering and Construction	3,055.1	3,875.0	-21%	3,088.6	-1%	3,055.1	3,088.6	-1%
Property Development	859.8	1,040.1	-17%	1,101.8	-22%	859.8	1,101.8	-22%
Group Turnover	**3,914.8**	**4,915.0**	**-20%**	**4,190.4**	**-7%**	**3,914.8**	**4,190.4**	**-7%**
Segment Results								
Engineering and Construction	195.5	272.7	-28%	165.9	18%	195.5	165.9	18%
Property Development	86.8	220.3	-61%	93.2	-7%	86.8	93.2	-7%
Group PBT	**282.3**	**493.0**	**-43%**	**259.1**	**9%**	**282.3**	**259.1**	**9%**
PBT Margin								
Engineering and Construction	6.4%	7.0%		5.4%		6.4%	5.4%	
Property Development	10.1%	21.2%		8.5%		10.1%	8.5%	
Group PBT Margin	**7.2%**	**10.0%**		**6.2%**		**7.2%**	**6.2%**	

Source: Company

GAMUDA's Outstanding Construction Order Book

Project	Stake (%)	Outstanding Value (RM b)	Completion (%)
Malaysia			
Penang Mutiara Line	60	5.8	9
Silicon Island - Phase 1	100	4.5	15
Rasau WTP - Phase 1	100	1.1	45
Data Centre Projects	100	2.9	30
Upper Padas Hydro Dam	75	2.1	13
Enabling Works for DC Campus	100	0.7	29
Sarawak Coastal Highway	65	0.7	1
		17.8	
Taiwan			
Tao Yuan Underground	60	1.0	19
Kaohsiung MRT	88	2.8	3
Xizhi Donghu MRT	75	2.7	13
Marine Structure	70	2.5	0
Others	100	0.4	66
		9.4	
Singapore			
Defu Station	60	0.4	55
West Coast Station	100	1.5	13
		2.0	
Australia			
Sydney Metro West	100	0.3	97
Coffs Harbour Bypass	50	0.8	66
M1 Extension	40	0.2	84
Sydney Water	50	0.2	0
DTI	100	5.9	68
		7.4	
	Total	**36.6**	

Source: Kenanga Research, Company

GAMUDA's Sum-of-Parts Valuation

Segment	Value (RM m)	Valuation Basis
Construction	24,897.6	22x CY26F PER
Property	8,110.6	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	-1,024.2	Estimated FY26F
	33,820.3	
Issued share (m)	5,790.5	
SOP/share (RM)	5.84	
Add: 5% premium for 4-star ESG rating (RM)	0.29	
Target Price (RM)	**6.13**	

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)
Malaysia				
1. Horizon Hill	50	137	1,437	29.6
2. Gamuda Gardens	100	567	8,413	346.5
3. Gardens Park	100	472	3,590	147.8
4. twentyfive.7	100	83	2,183	89.9
5. Gamuda Cove	100	819	20,192	831.5
6. Others	100	45	2,047	84.3
Vietnam				
1. Gamuda City, Hanoi	100	232	11,790	647.4
2. Celadon City, HCMC	100	0	134	19.0
3. Artisan Park, HCMC	100	0	270	32.2
4. Elysian, HCMC	100	0	270	32.2
5. Eaton Park, HCMC	100	2	1,994	307.9
6. Springville, HCMC	100	45	1,774	251.3
7. The Meadow, MCMC	100	8	188	31.6
8. Hai Phong	100	3	986	139.7
Other Overseas				
1. 661 Chapel St, Melbourne	100	0	46	8.4
2. The Canopy on Normany, Melbourne	100	0	323	49.9
3. Fareham, St Kilda, Melbourne	100	0	204	28.9
4. Aldgate, London	90	0.1	137	14.7
5. West Hampstead Central, London	85	0	24	3.7
6. 75 London Wall, London	75	1.5	4,633	310.8
7. Woolwich, UK	87.75	0.2	585	45.9
8. Woolwich 2, UK	90	0.1	232	18.7
9. City Wharf, UK	80	1.4	482	46.0
10. Chencharu, Singapore	50	7.3	6,800	331.5
		2,416	**68,734**	**3,849.5**
Unbilled Sales (as of Jul 25)	100		**8,000**	**779.9**
Property Shareholders Fund				8,888.2
Total RNAV (RM m)				13,517.6
Discount to RNAV (%)				40%
Discounted RNAV				**8,110.6**

Source: Kenanga Research

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.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
GAMUDA	OP	5.13	6.13	19.5%	30,222.8	Y	07/2026	23.8	33.7	37.3%	41.6%	21.6	15.2	2.3	11.0%	10.0	1.9%
IJM	OP	2.22	3.40	53.2%	7,781.5	Y	03/2026	14.4	15.9	11.8%	10.1%	15.4	14.0	0.8	5.1%	8.0	3.6%
KERJAYA	MP	2.70	2.60	-3.7%	3,394.8	Y	12/2025	16.7	18.1	29.8%	8.0%	16.1	14.9	2.8	17.8%	12.0	4.4%
KIMLUN	OP	1.23	1.50	22.0%	478.1	Y	12/2025	21.8	20.3	70.1%	-6.8%	5.6	6.1	0.5	10.3%	2.0	1.6%
SUNCON	OP	5.94	6.50	9.4%	7,848.0	Y	12/2025	27.0	28.1	115.4%	3.9%	22.0	21.1	12.1	46.2%	48.0	8.1%
WCT	OP	0.575	1.25	117.4%	896.4	Y	12/2025	5.0	5.6	67.4%	12.7%	11.5	10.2	0.2	2.1%	0.5	0.9%
Sector Aggregate					**50,621.6**					**45.1%**	**25.2%**	**19.3**	**15.4**	**1.7**	**8.8%**		**3.4%**

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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