

Gamuda

Sabah Water Project Win Firmly in Hand

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GAMUDA and partners have clinched the long-awaited RM5.98b Upper Padas water project in Sabah. GAMUDA's share of EPCC works is worth c.RM3.75b is on fixed-cost terms. We are neutral as this win is well-anticipated but we take comfort of the guided 8%-10% PBT margin given that the project is less diesel-intensive which provides a buffer against input cost risks. This lifts the outstanding order book to RM49.3b, tracking toward the RM50b end-2026 target. OUTPERFORM maintained at TP of RM5.30.

Sabah water supply construction contract secured. Yesterday, GAMUDA's 45%-owned unit, Upper Padas Power Sdn Bhd (UPPSB), received the Letter of Acceptance from the Sabah State Water Department (JANS) for Phase 1 of the Ulu Padas Water Supply Scheme (SBAUP). The contract is valued at RM5.98b. SBAUP is a holistic water supply scheme for Sabah's west coast, designed for an ultimate capacity of 950 MLD to be developed in phases.

Phase 1 of SBAUP entails the construction of a 350 MLD water treatment plant in the Beaufort district, along with 200km of water pipelines spanning from Sipitang to Kota Kinabalu. Work is expected to commence next month, with a 42-month completion target from the date of site possession. The contract sum will be settled via three progressive interim payments totalling RM759m, with a final lump sum of RM5.22b upon completion.

RM18.59b jobs secured YTD. This win comes as no surprise, given UPPSB is the concession owner of the 187.5 MW Upper Padas Hydropower project. This water scheme serves as a logical bolt-on project to the hydropower works. We understand the EPCC contract, estimated at RM5b, will be awarded to a JV between GAMUDA and its partner, Kerjaya Kagum Hitech which owns 15% stake in UPPSB. Based on its 75% equity stake in the JV, RM3.75b is attributable to GAMUDA for order book recognition. This lifts YTD job wins to RM18.59b (against our assumption of RM22b for FY26) and pushes the current outstanding order book to RM49.3b, on track to hit the RM50b end-2026 target. Management guided for a PBT margin of 8%-10% on fixed-cost terms. We take comfort of the margin guidance (against our blended FY26-FY27 margin of 6%-6.5%) as the project is less diesel-intensive than heavy civil works like tunnelling or reclamation, making margin risks manageable at current prevailing prices.

Outlook. GAMUDA is maintaining its RM50b order book target by end-2026. Management expects the tender outcomes for another two Pearl Computing data centres in Springhill within the year. Regionally, there is a high probability of securing another project in Taiwan by 2HCY26, while the group has been shortlisted for projects in Brisbane and the Northland Corridor Highway in New Zealand. Domestically, it is actively bidding for the Penang LRT Package 3 (turnkey system and rolling stock).

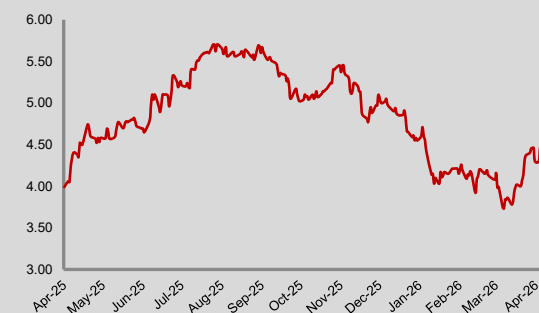
Forecasts. Maintained. Our FY26-FY27 new job win assumptions remain at RM22b and RM27b, with property sales assumptions of RM4.5b and RM5.0b, respectively.

Valuations. We maintain our SoP-based TP of RM5.30 (see Page 2) with its construction business valued at an unchanged 22x CY26F PER, which is in line with other large-cap contractors such as **IJM (OP; TP: RM3.40)** and **SUNCON (OP; TP: RM7.76)**. The TP includes a 5% premium given a 4-star ESG rating as appraised by us (see Pages 6).

OUTPERFORM ↔

Price: RM4.42
Target Price: RM5.30 ↔

Share Price Performance



KLCI	1,720.42
YTD KLCI chg	2.4%
YTD stock price chg	-11.2%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	GAM MK
Market Cap (RM m)	26,333.3
Shares Outstanding	5,957.8
52-week range (H)	5.70
52-week range (L)	3.73
3-mth avg. daily vol.	20,846,260
Free Float	85%
Beta	1.2

Major Shareholders

Employees Provident Fund	20.5%
Generasi Setia M Sdn Bhd	3.9%
Vanguard Group Inc	3.8%

Summary Earnings Table

FY Jul (RM m)	2025A	2026F	2027F
Turnover	15,970	17,500	23,000
EBIT	1,337	1,365	1,849
PBT	1,304	1,309	1,820
Net Profit	1,003	1,057	1,388
Core Net Profit	1,003	1,057	1,388
Consensus	-	1,079	1,369
Earnings Revision (%)	-	-	-
Core EPS (sen)	16.9	17.8	23.4
Core EPS Growth (%)	10.0	5.3	31.3
NDPS (sen)	10.0	10.0	10.0
BVPS (RM)	2.02	2.15	2.28
NTA/share (RM)	1.73	1.85	1.96
PER (x)	30.6	24.8	18.9
PBV (x)	2.56	2.06	1.93
P/NTA (x)	2.99	2.40	2.25
Net Gearing (x)	0.56	0.70	0.56
Net Div. Yield (%)	1.9	2.3	2.3

30 April 2026

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 RM49.3b, 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.

GAMUDA's Sum-of-Parts Valuation		
Segment	Value (RM m)	Valuation Basis
Construction	21,879.0	22x FY27F 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	-1,898.1	Estimated FY27F
	<hr/> 29,927.8	
Issued share (m)	5,929.0	
SOP/share (RM)	5.05	
Add: 5% premium for 4-star ESG rating (RM)	0.25	
Target Price (RM)	<hr/> RM5.30 <hr/>	

Source: Kenanga Research

30 April 2026

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, Company

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	4.42	5.30	19.9%	26,333.3	Y	07/2026	17.8	23.4	5.3%	31.3%	24.8	18.9	2.1	8.5%	10.0	2.3%
IJM	OP	2.41	3.40	41.1%	8,447.5	Y	03/2026	14.4	15.9	11.8%	10.1%	16.7	15.2	0.8	5.1%	8.0	3.3%
KERJAYA	OP	2.33	3.05	30.9%	2,929.6	Y	12/2026	16.7	18.9	29.8%	13.2%	13.9	12.3	2.4	17.8%	12.0	5.2%
KIMLUN	OP	1.11	1.50	35.1%	431.5	Y	12/2026	21.8	20.3	70.1%	-6.8%	5.1	5.5	0.5	10.3%	2.0	1.8%
SUNCON	OP	7.03	7.76	10.4%	9,339.6	Y	12/2026	32.0	33.6	0.3%	5.1%	22.0	20.9	8.6	38.9%	32.0	4.6%
WCT	OP	0.495	1.13	128.3%	771.7	Y	12/2026	4.1	4.4	19.2%	7.3%	12.1	11.2	0.2	1.9%	0.0	0.0%
SECTOR AGGREGATE					48,253.0					9.4%	18.3%	20.4	17.3	1.6	7.9%		2.8%

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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