

Gamuda

Second Springhill DC in the Bag

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GAMUDA has secured its 2nd hyperscale data centre contract in Port Dickson worth RM1.71b, covering core, shell, and MEP works. We view the cost-plus structure positively as it effectively mitigates against cost fluctuations while delivering an expected 8% PBT margin. Marking its first contract win for FY27, this project expands GAMUDA's outstanding order book to RM54b, keeping it well on track to meet its RM50b end-2026 target. Reiterate OUTPERFORM with an unchanged TP of RM5.30.

Secures 2nd Springhill data centre contract worth RM1.71b. Yesterday, GAMUDA's wholly-owned subsidiary, Gamuda Engineering Sdn Bhd, secured a RM1.71b contract from a US-based tech giant for the construction of a hyperscale data centre at Springhill Industrial Park, Port Dickson. The contract scope covers site infrastructure, core and shell construction, and MEP fit-out works. Project execution is scheduled to commence in 3QCY26, with completion targeted for 2QCY28.

First FY27 win drives order book to RM54b. We view this win positively as it reinforces GAMUDA's strong competitive position in the data centre segment. Marking its first contract win for FY27, this follows the RM1.72b Springhill award secured in April this year. A cost-plus contract with a guided PBT margin of 8%, the project expands GAMUDA's outstanding order book to RM54b, well on track to meet its RM50b target for end-2026.

Outlook. Despite already exceeding the threshold, management is maintaining its end-2026 order book target of RM50b (on a rolling basis). Within the year, it expects tender outcome for another data centre in Springhill. Regionally, there is a high probability of securing another project in Taiwan by 2HCY26, while the group has also been shortlisted for infrastructure projects in Brisbane and the Northland Corridor Highway in New Zealand.

Forecasts. Maintained with unchanged construction job win assumption of RM22b and RM27b, and property sales targets of RM4b and RM5b for FY26 and FY27, respectively.

Valuations. We maintain our SoP-based TP of RM5.30 (see Page 2) with its construction business valued at an unchanged 22x CY27 PER, which in line with other large-cap contractors such as **IJM (OP; TP: RM3.35)** and **SUNCON (OP; TP: RM8.40)**. 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 RM54b, 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.

OUTPERFORM ↔

Price: RM4.41
Target Price: RM5.30 ↔

Share Price Performance



KLCI 1,748.17
YTD KLCI chg 4.1%
YTD stock price chg -11.4%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	GAM MK
Market Cap (RM m)	26,349.3
Shares Outstanding	5,974.9
52-week range (H)	5.70
52-week range (L)	3.73
3-mth avg. daily vol.	11,561,554
Free Float	85%
Beta	1.2

Major Shareholders

Employees Provident Fund	20.8%
Vanguard Group Inc	4.0%
Generasi Setia M Sdn Bhd	3.9%

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	-	1,034	1,350
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	24.7	18.8
PBV (x)	2.56	2.05	1.93
P/NTA (x)	2.99	2.39	2.25
Net Gearing (x)	0.56	0.70	0.56
Net Div. Yield (%)	1.9	2.3	2.3



06 August 2026

GAMUDA's Sum-of-Parts Valuation		
Segment	Value (RM m)	Valuation Basis
Construction	21,879.0	22x CY27 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
	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)	RM5.30	

Source: Kenanga Research

06 August 2026

Income Statement						Financial Data & Ratios					
FY Jul (RM m)	2023A	2024A	2025A	2026F	2027F	FY Jul	2023A	2024A	2025A	2026F	2027F
Revenue	8220	13347	15970	17500	23000	Growth (%)					
EBITDA	1088	1108	1536	1564	2059	Revenue	67.7	62.4	19.7	9.6	31.4
Depreciation	-119	-163	-199	-199	-210	EBITDA	13.0	1.8	38.6	1.9	31.6
EBIT	970	945	1337	1365	1849	Operating Income	34.2	-2.5	41.5	2.1	35.4
Interest Expense	-88	-173	-179	-216	-204	Pre-tax Income	124.3	-50.7	18.8	0.4	39.1
Associate	6	11	14	16	17	Net Income	128.0	-50.4	10.0	5.3	31.3
JV	227	315	131	144	158	Core Net Income	7.5	6.2	10.0	5.3	31.3
Exceptional	1112	0	0	0	0						
PBT	2226	1097	1304	1309	1820	Profitability (%)					
Taxation	-221	-155	-257	-196	-328	EBITDA Margin	13.2	8.3	9.6	8.9	9.0
Minority Interest	-167	-30	-44	-56	-104	Operating Margin	11.8	7.1	8.4	7.8	8.0
Net Profit	1838	912	1003	1057	1388	PBT Margin	27.1	8.2	8.2	7.5	7.9
Core Net Profit	859	912	1003	1057	1388	Net Margin	22.4	6.8	6.3	6.0	6.0
						Core Net Margin	10.4	6.8	6.3	6.0	6.0
						Effective Tax Rate	9.9	14.1	19.7	15.0	18.0
						ROE	3.9	3.6	3.4	3.9	4.8
						ROA	17.8	8.2	8.6	8.8	10.6
						DuPont Analysis					
						Net margin (%)	10.4	6.8	6.3	6.0	6.0
						Assets Turnover (x)	0.3	0.5	0.5	0.5	0.7
						Leverage Factor (x)	2.2	2.3	2.6	2.6	2.4
						ROE (%)	8.0	8.0	8.4	8.3	10.2
						Leverage					
						Debt/Asset (x)	0.29	0.29	0.33	0.34	0.28
						Debt/Equity (x)	0.64	0.69	0.84	0.89	0.68
						Net Debt/(Cash)	-3754	-5106	-6778	-8946	-7633
						Net Debt/Equity (x)	0.35	0.45	0.56	0.70	0.56
						Valuations					
						Core EPS (sen)	32.3	32.3	16.9	17.8	23.4
						NDPS (sen)	50.0	16.0	10.0	10.0	10.0
						BV/share (RM)	4.05	4.03	2.02	2.15	2.28
						NTA/share (RM)	3.78	3.66	1.73	1.85	1.96
						Core PER (x)	13.3	24.3	30.6	24.7	18.8
						Net Div. Yield (%)	11.6	2.0	1.9	2.3	2.3
						PBV (x)	1.06	1.95	2.56	2.05	1.93
						P/NTA (x)	1.14	2.15	2.99	2.39	2.25
						EV/EBITDA (x)	14.0	24.6	24.4	22.4	16.4

Cashflow Statement

FY Jul (RM m)	2023A	2024A	2025A	2026F	2027F
Operating CF	-143	-84	235	-1275	2206
Investing CF	-233	-929	-1255	-300	-300
Financing CF	771	577	1757	562	-2730
Change In Cash	396	-435	737	-1013	-824
Free CF	-375	-1013	-1020	-1575	1906

Source: Kenanga Research

06 August 2026

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	4.41	5.30	20.2%	26,349.3	Y	07/2026	17.8	23.4	5.3%	31.3%	24.7	18.8	2.1	8.5%	10.0	2.3%
IJM	OP	2.49	3.35	34.5%	8,727.9	Y	03/2027	13.5	14.3	53.9%	5.3%	18.4	17.4	0.9	4.7%	8.0	3.2%
KERJAYA	OP	2.59	2.85	10.0%	3,248.3	Y	12/2026	20.3	21.3	12.1%	5.2%	12.8	12.2	2.5	20.1%	12.0	4.6%
KIMLUN	OP	0.970	1.50	54.6%	377.0	Y	12/2026	21.8	20.3	70.1%	-6.8%	4.4	4.8	0.4	10.3%	2.0	2.1%
SUNCON	OP	8.20	8.40	2.4%	10,920.8	Y	12/2026	32.0	36.4	0.3%	13.9%	25.7	22.5	12.2	42.9%	47.2	5.8%
WCT	OP	0.400	0.950	137.5%	623.6	Y	12/2026	3.5	4.1	2.9%	16.3%	11.3	9.7	0.2	1.6%	0.0	0.0%
SECTOR AGGREGATE					50,246.8					14.1%	18.3%	21.2	18.0	1.7	7.9%		3.0%

Source: Kenanga Research

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06 August 2026

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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