

Gamuda

Keelung MRT Job in the Bag

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GAMUDA, together with its JV partner, has secured the design-and-build contract for the Keelung MRT project in Taiwan. **GAMUDA's** effective share of revenue is RM2.71b under a cost-plus structure yielding an expected PBT margin of 8%, with potential future awards for additional works estimated at RM6.5b. We remain upbeat on this development as it elevates the group's outstanding order book to a record RM63.9b. Reiterate **OUTPERFORM** with an unchanged TP of RM5.90.

Secured RM2.71b design-and-build MRT contract in Taiwan. Yesterday, GAMUDA announced that its 72.84:27.16 JV with MiTAC Information Technology Corp was awarded the design-and-build contract for the Keelung MRT construction project by the Department of Rapid Transit Systems, New Taipei City Government, worth NTD 29.22b (c.RM3.72b). GAMUDA's share of expected revenue is NTD 21.28b (c.RM2.71b) based on its 72.84% stake in the JV. Spanning a project duration of 7.7 years, the Keelung MRT encompasses trackwork and systems across a full 15.6km alignment, serving 13 stations across three cities - Taipei City, New Taipei City, and Keelung City.

Record order book of RM63.9b. While this contract was largely anticipated as one of the designated additional works to the Xizhi-Donghu MRT project secured in Oct 2024 (refer to our report titled *New Taipei City MRT Job in the Bag* dated 23 Oct 2024), we view this development positively. It pushes GAMUDA's FY27 YTD order wins to RM15.2b against our full-year assumption of RM30b, expanding its outstanding order book to a record RM63.9b and keeping the group comfortably on track to exceed its RM50b target by end-2026. Structured on a cost-plus basis, this Taiwanese project yields an expected PBT margin of 8%. Looking ahead, the indicative remaining balance of additional works for the Xizhi-Donghu alignment is estimated at RM6.5b, alongside additional pipeline opportunities involving the Xizhi-Donghu Line Maintenance Depot and the Minsheng Line MRT.

Outlook. GAMUDA remains the frontrunner for upcoming tenders at the Springhill data centre campus, having successfully swept all four contracts awarded since April. On the domestic front, another notable project in the pipeline is the Northern Perak water project. Regionally, it has also been shortlisted for the NSW high-speed rail project, infrastructure projects in Brisbane and the Northland Corridor Highway in New Zealand.

Forecasts. Maintained, with unchanged construction job win assumption of RM30b and RM25b, and property sales targets of RM3.5b and RM4.5b for FY27 and FY28, respectively.

Valuations. We maintain our SoP-based TP of RM5.90 (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: RM9.70)**. The TP includes a 5% premium given a 4-star ESG rating as appraised by us (see Pages 5).

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 RM63.9b, 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

OUTPERFORM ↔

Price: RM4.85
Target Price: RM5.90 ↔

Share Price Performance



KLCI 1,627.72
YTD KLCI chg -3.1%
YTD stock price chg -2.6%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	GAM MK
Market Cap (RM m)	29,341.6
Shares Outstanding	6,049.8
52-week range (H)	5.45
52-week range (L)	3.73
3-mth avg. daily vol.	16,899,668
Free Float	86%
Beta	1.1

Major Shareholders

Employees Provident Fund	22.0%
Public Mutual Bhd	5.8%
Vanguard Group Inc	4.9%

Summary Earnings Table

FY Jul (RM m)	2026A	2027F	2028F
Turnover	18,333	24,500	29,500
EBIT	1,644	1,849	2,282
PBT	1,463	1,820	2,285
Net Profit	1,052	1,388	1,780
Core Net Profit	1,052	1,388	1,780
Consensus		1,405	1,807
Earnings Revision (%)		-	-
Core EPS (sen)	17.5	22.9	29.4
Core EPS Growth (%)	4.9	31.9	28.2
NDPS (sen)	10.0	10.0	10.0
BVPS (RM)	2.11	2.24	2.43
NTA/share (RM)	1.81	1.92	2.10
PER (x)	27.8	21.1	16.5
PBV (x)	2.30	2.17	2.00
P/NTA (x)	2.68	2.52	2.31
Net Gearing (x)	0.70	0.59	0.56
Net Div. Yield (%)	2.1	2.1	2.1

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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	25,525.5	22x CY27F PER
Property	8,259.7	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	-1,656.2	Estimated FY27F
	33,965.3	
Issued share (m)	6,049.0	
SOP/share (RM)	5.62	
Add: 5% premium for 4-star ESG rating (RM)	0.28	
Target Price (RM)	RM5.90	

Source: Kenanga Research

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Income Statement						Financial Data & Ratios					
FY Jul (RM m)	2024A	2025A	2026A	2027F	2028F	FY Jul	2024A	2025A	2026A	2027F	2028F
Revenue	13347	15970	18333	24500	29500	Growth (%)					
EBITDA	1108	1536	1846	2059	2502	Revenue	62.4	19.7	14.8	33.6	20.4
Depreciation	-163	-199	-202	-210	-220	EBITDA	1.8	38.6	20.2	11.5	21.5
EBIT	945	1337	1644	1849	2282	Operating Income	-2.5	41.5	22.9	12.5	23.4
Interest Expense	-173	-179	-216	-204	-190	Pre-tax Income	-50.7	18.8	12.2	24.4	25.5
Associate	11	14	12	17	19	Net Income	-50.4	10.0	4.9	31.9	28.2
JV	315	131	23	158	174	Core Net Income	6.2	10.0	4.9	31.9	28.2
Exceptional	0	0	0	0	0						
PBT	1097	1304	1463	1820	2285	Profitability (%)					
Taxation	-155	-257	-367	-328	-411	EBITDA Margin	8.3	9.6	10.1	8.4	8.5
Minority Interest	-30	-44	-44	-104	-94	Operating Margin	7.1	8.4	9.0	7.5	7.7
Net Profit	912	1003	1052	1388	1780	PBT Margin	8.2	8.2	8.0	7.4	7.7
Core Net Profit	912	1003	1052	1388	1780	Net Margin	6.8	6.3	5.7	5.7	6.0
						Core Net Margin	6.8	6.3	5.7	5.7	6.0
						Effective Tax Rate	14.1	19.7	25.1	18.0	18.0
						ROE	3.6	3.4	3.9	4.8	5.8
						ROA	8.2	8.6	8.8	10.6	12.6
						DuPont Analysis					
						Net margin (%)	6.8	6.3	5.7	5.7	6.0
						Assets Turnover (x)	0.5	0.5	0.5	0.8	0.8
						Leverage Factor (x)	2.3	2.6	2.6	2.4	2.4
						ROE (%)	8.0	8.4	8.3	10.3	12.1
						Leverage					
						Debt/Asset (x)	0.29	0.33	0.34	0.28	0.28
						Debt/Equity (x)	0.69	0.84	0.89	0.68	0.67
						Net Debt/(Cash)	-5106	-6778	-8958	-7944	-8160
						Net Debt/Equity (x)	0.45	0.56	0.70	0.59	0.56
						Valuations					
						Core EPS (sen)	32.3	16.6	17.5	22.9	29.4
						NDPS (sen)	16.0	10.0	10.0	10.0	10.0
						BV/share (RM)	4.03	1.98	2.11	2.24	2.43
						NTA/share (RM)	3.66	1.70	1.81	1.92	2.10
						Core PER (x)	24.3	31.2	27.8	21.1	16.5
						Net Div. Yield (%)	2.0	1.9	2.1	2.1	2.1
						PBV (x)	1.95	2.61	2.30	2.17	2.00
						P/NTA (x)	2.15	3.05	2.68	2.52	2.31
						EV/EBITDA (x)	24.6	24.8	24.5	18.1	15.0

Cashflow Statement

FY Jul (RM m)	2024A	2025A	2026A	2027F	2028F
Operating CF	-84	235	-1275	1919	689
Investing CF	-929	-1255	-300	-300	-300
Financing CF	577	1757	550	-2742	121
Change In Cash	-435	737	-1025	-1123	510
Free CF	-1013	-1020	-1575	1619	389

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.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
GAMUDA	OP	4.85	5.90	21.6%	29,341.6	Y	07/2027	22.9	29.4	31.9%	28.2%	21.1	16.5	2.2	10.6%	10.0	2.1%
IJM	OP	2.74	3.35	22.3%	9,994.3	Y	03/2027	13.5	14.3	53.9%	5.3%	20.2	19.2	0.9	4.7%	18.0	6.6%
KERJAYA	OP	3.48	3.80	9.2%	4,364.5	Y	12/2026	21.9	25.7	20.9%	17.4%	15.9	13.6	3.3	21.6%	14.0	4.0%
KIMLUN	OP	0.845	1.50	77.5%	328.5	Y	12/2026	21.8	20.3	70.1%	-6.8%	3.9	4.2	0.4	10.3%	2.0	2.4%
SUNCON	OP	7.53	9.70	28.8%	10,033.1	Y	12/2026	32.0	42.0	0.3%	31.4%	23.6	17.9	17.1	61.9%	47.2	6.3%
SECTOR AGGREGATE					54,061.9					28.6%	22.3%	20.3	16.6	2.0	9.9%		4.3%

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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