

Gamuda (GAM MK)

4QFY26: Setting The Foundations For A Strong FY27

Highlights

- **Matching expectations** (100% and 101% of our and consensus expectations).
- **Excellent FY27-28 earnings visibility**, backed by enhanced property launches and better S-curve recognition of construction billings.
- **Maintain BUY with a higher target price of RM6.26 (from RM5.25)**, as we roll over valuations to FY28. Our target price implies 21x FY28F PE (five-year mean).

4QFY26 Results

	4QFY26	qoq chg	yoy chg	FY26	yoy chg
Year to 31 Jul (RMm)	(RMm)	(%)	(%)	(RMm)	(%)
Revenue	5,757.0	29.8	18.9	18,333.0	14.8
Engineering & Construction	4,917.5	26.4	26.9	14,860.0	19.8
Property Dev & Club Operations	839.5	54.2	(13.1)	3,473.0	(2.6)
EBIT	545.5	31.6	8.8	1,643.9	22.9
Engineering & Construction	293.8	6.8	(3.5)	1,001.3	25.4
Property Dev & Club Operations	251.8	80.6	27.8	642.6	19.3
PBT	497.0	27.9	0.8	1,462.6	12.2
PATAMI	349.7	35.6	5.3	1,052.3	4.9
Core PATAMI	349.6	36.5	7.9	1,047.6	6.7
Margin (%)					
EBIT - Construction	6.0	-1.1	-1.9	6.7	0.3
EBIT - Prop Dev	30.0	4.4	9.6	18.5	3.4
PBT	8.6	-0.1	-1.5	8.0	-0.2
Core PATAMI	6.1	0.3	-0.6	5.7	-0.4

Source: Gamuda, UOB Kay Hian

Analysis

- **Results within expectations.** Gamuda reported 4QFY26 core net profit of RM350m (+36.5% qoq, +7.9% yoy) on revenue of RM5.8b (+29.8% qoq, +18.9% yoy). FY26 earnings came in at 100% and 101% of our and consensus full-year estimates, which is deemed within expectations.

Key Financials

Year to 31 Jul (RMm)	2025	2026F	2027F	2028F	2029F
Net turnover	15,970.2	18,333.0	24,411.5	30,496.6	35,420.7
EBITDA	1,536.0	1,845.9	2,315.1	2,795.5	3,058.3
Operating profit	1,337.2	1,643.9	2,122.7	2,598.1	2,857.2
Net profit (rep./act.)	1,003.2	1,052.3	1,406.9	1,758.3	1,941.6
Net profit (adj.)	981.4	1,047.6	1,406.9	1,758.3	1,941.6
EPS	17.7	18.9	23.7	29.7	32.7
PE (x)	24.0	26.3	21.0	16.8	15.2
P/B (x)	2.0	2.1	2.2	2.1	2.0
EV/EBITDA (x)	10.3	21.5	17.1	14.2	13.0
Dividend yield (%)	2.4	2.4	3.0	3.6	4.0
Net margin (%)	6.3	5.7	5.8	5.8	5.5
Net debt/(cash) to equity (%)	57.2	78.7	69.8	71.6	73.7
Interest cover (x)	8.6	8.6	8.3	9.7	10.1
ROE (%)	10.0	8.5	10.8	12.8	13.5
Consensus net profit	n.a	-	1,361.8	1,780.4	2,036.7
UOBKH/Consensus (x)	n.a	-	1.0	1.0	1.0

Source: Gamuda, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	RM4.98
Target Price	RM6.26
Upside	25.7%
Previous TP	RM5.25

Stock Data

GICS sector	Industrials
Bloomberg ticker:	GAM MK
Shares issued (m):	6,049.8
Market cap (RM\$m):	30,128.1
Market cap (US\$m):	7,380.7
3-mth avg daily t'over (US\$m):	15.1

Price Performance (%)

52-week high/low			RM5.63/RM3.70	
1mth	3mth	6mth	1yr	YTD
10.4	14.0	32.8	(9.8)	0.0

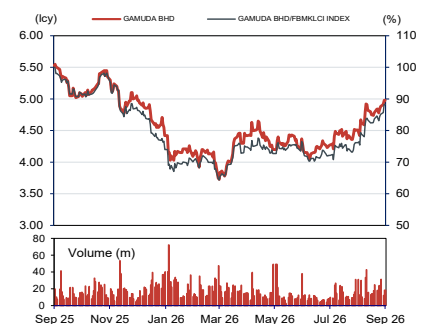
Major Shareholders (%)

Employees Provident Fund Board	22.34
Public Mutual Bhd	5.81
Vanguard Group	4.93

Balance Sheet Metrics

FY27 NAV/Share (RM)	2.25
FY27 Net Debt/Share (RM)	1.57

Price Chart



Source: Bloomberg

Company Description

Gamuda is a civil engineering construction company with exposure to property development and water concessions.

- **Construction and engineering segment: Domestic contracts taking lead, lifting margins.** In FY26, the construction and engineering division charted an EBIT of RM1b (+25% yoy) in tandem with a stronger revenue of RM14.9b (+20% yoy). The resilient top-line performance was driven by better progress billings from domestic projects, offsetting flattish overseas contribution (>90% construction at early stages). Notably, EBIT margin also improved to 6.7% (+0.3ppt yoy) as domestic projects which command higher profitability margin made up 40% of construction revenue (FY25:32%).
- **Property segment: Weaker yoy on lower Malaysia sales and delay in Hanoi's project launches.** In FY26, Gamuda's property segment charted a revenue of RM3.5b (-3% yoy) and lower net profit of RM311m (-18% yoy). The top-line decline was due to moderating Malaysia sales, but partially buffered by Vietnam quick turnaround projects (QTP). FY26 property sales of RM3.18b achieved 80% of management's initial FY26 target of RM4b, held back by the delay in Hanoi's launches. Current unbilled sales are about RM7.6b.
- **Focus on FY27-29's record earnings, buoyed by construction orderbook visibility...** Following an impressive RM35b orderbook replenishment in FY26 (FY25: RM25b), Gamuda's outstanding construction orderbook is at a record-high of RM61b (FY25: RM38b). About 74% of these orderbooks are in early-stage execution (>90% yet to reach peak execution), and will begin to chart accelerated progress billings in FY27-29. Management also guided another RM35b orderbook replenishment target in FY27, which we deem achievable based on key projects including: a) Penang-Perak Water Infrastructure (~RM4b); b) data centres (RM1.5-2.0b each; potentially 3-4 more); c) Gamuda Engineering Australia's active tender (~A\$15b); and d) drawdown from Taiwan's Xizhi-Donghu MRT (~NT\$60b/RM8b).
- **...and strong Gamuda Land sales target.** Moreover, management also guided an enhanced sales target of RM7b for Gamuda Land (FY26: RM3.2b), largely augmented by better contributions from Vietnam's QTPs (Springville, Eaton Park, Artisan Park, Elysian, Gamuda City Hai Phon) and Singapore's Chencharu project. Overall, Vietnam and Singapore projects are expected to contribute about 75% of FY27's property sales.
- **Secured a large-scale solar and BESS project in Perak...** To note, Gamuda just secured a 680MWac, 21-year renewable energy offtake for a hybrid solar + four-hour battery energy storage system (BESS) project in Perak. This project is the largest solar project in Malaysia to date, with project revenue expected to exceed RM10b. Gamuda has a 33% stake alongside SD Guthrie and Gentari, and will fully undertake the engineering, procurement and construction contract which will be awarded in FY27.
- **...which adds to group's sizeable portfolio of renewable energy and recurring income assets.** Gamuda currently has six energy and water projects across Malaysia and Australia with over 6GW capacity, including: a) the Ulu Padas Hydro and floating solar project, b) grid-connected BESS, c) Tasmania wind and solar projects, d) the Hazelwood North solar and BESS project, e) the Northern Perak water project, and f) a CRESS hybrid solar and BESS project in Perak. We assess that these projects will contribute over RM150m-200m recurring revenue upon completion in 2029-30.

Valuation/Recommendation

- **Maintain BUY with a higher SOTP-based target price of RM6.26 (from RM5.25),** as we roll over our valuations to FY28. Our target price implies 21x FY28F PE (five-year mean).

Earnings Revision/Risk

- **We raised FY27-28 earnings by 4% and 5% respectively,** to reflect higher-than-expected orderbook replenishments. We also introduced FY29 earnings.

Orderbook (4QFY26)

	Value	Progress
	Rmb	%
Projects		
<u>Malaysia:</u>		
Penang Mutiara Line (60% share)	5.3	16
Silicon Island Phase 1	4.3	24
Rasau WTP Phase 1	0.9	57
Data Center Projects	8.8	23
Ulu Padas Hydro Dam (75% share)	1.7	30
Ulu Padas Water Supply (75% share)	4.3	10
Others	1.0	65
<u>Australia:</u>		
GEA SMW Stations (100% share)	5.5	13
GEA Parramatta ISD (80% share)	2.0	0
GEA Mortlake Energy Hub Stage 1 (100% share)	2.3	0
GEA various Projects	1.5	59
DTI Signaling (46%)	1.9	11
DTI Renewable Energy (100%)	7.5	28
DTI various projects	1.8	85
<u>Taiwan:</u>		
Tao Yuan underground (60% share)	1.0	23
Kaoshiung MRT YC01 (88% share)	2.7	7
Kaoshiung MRT RLC02 (70% share)	2.2	0
Xizhi Donghu MRT (75% share)	2.4	22
Marine Structure (70% share)	2.1	16
Others	0.3	70
<u>Singapore:</u>		
Defu station (60% share)	0.3	65
West Coast Station (100% share)	1.4	23
Total Orderbook	61.2	

Source: Gamuda, UOB Kay Hian

Segmental Forecasts

	FY26	FY27F	FY28F
Revenue (Rmb)			
Engineering & Construction	14.9	19.6	23.8
Property Dev & Club	3.7	4.7	6.6
Water Concession	0.0	0.1	0.1
Total	18.61	24.41	30.50
EBIT (Rmb)			
Engineering & Construction	1.00	1.45	1.75
Property Dev & Club	0.64	0.59	0.76
Water Concession	0.00	0.08	0.08
Total	1.64	2.12	2.60

Source: Gamuda, UOB Kay Hian

SOTP Valuation

	RMm	Remarks
Construction	34,126	24x FY28 PE
Property	11,233	10% discount to RNAV
Water concession	1,799	
Less Net Debt	(10,043)	
Total SOTP value	37,115	
Diluted no. of shares (m)	5,930	
Target Price (RM)	6.26	

Source: Gamuda, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental
- Commits to reducing greenhouse gas emission intensity by 30%/45% in 2025/30.
Social
- Well-diversified workforce in terms of gender: female (43%) and male (57%).
Governance
- Independent directors make up 57% of its board.

Profit & Loss

Year to 31 Jul (RMm)	2026	2027F	2028F	2029F
Net turnover	18,333	24,411	30,497	35,421
EBITDA	1,846	2,315	2,796	3,058
Deprec. & amort.	202	192	197	201
EBIT	1,644	2,123	2,598	2,857
Associate contributions	34	36	38	40
Net interest income/(expense)	(216)	(280)	(288)	(304)
Pre-tax profit	1,463	1,879	2,348	2,593
Tax	(367)	(413)	(517)	(570)
Minorities	(44)	(58)	(73)	(81)
Net profit	1,052	1,407	1,758	1,942
Net profit (adj.)	1,048	1,407	1,758	1,942

Cash Flow

Year to 31 Jul (RMm)	2026	2027F	2028F	2029F
Operating	(322)	2,919	1,555	1,559
Pre-tax profit	1,463	1,879	2,348	2,593
Tax	(367)	(413)	(517)	(570)
Deprec. & amort.	202	192	197	201
Associates	(34)	(36)	(38)	(40)
Working capital changes	(1,545)	1,298	(436)	(625)
Other operating cashflows	(41)	0	0	0
Investing	(3,401)	(1,223)	(1,225)	(1,227)
Capex (growth)	(1,751)	(223)	(225)	(227)
Proceeds from sale of assets	2,860	2,896	2,933	2,973
Others	(4,524)	(3,896)	(3,933)	(3,973)
Financing	3,389	(914)	(710)	(580)
Dividend payments	(268)	(890)	(1,067)	(1,186)
Issue of shares	0	0	0	0
Proceeds from borrowings	4,103	(25)	357	606
Others/interest paid	(446)	0	0	0
Net cash inflow (outflow)	(334)	782	(380)	(248)
Beginning cash & cash equivalent	3,260	4,031	4,813	4,433
Changes due to forex impact	(26)	0	0	0
Ending cash & cash equivalent	2,901	4,813	4,433	4,185

Balance Sheet

Year to 31 Jul (RMm)	2026	2027F	2028F	2029F
Fixed assets	6,945	9,038	10,085	10,133
Other LT assets	6,571	6,597	6,615	6,633
Cash/ST investment	4,031	4,813	4,433	4,185
Other current assets	19,355	21,612	25,167	28,363
Total assets	36,901	42,060	46,300	49,313
ST debt	6,341	2,824	2,895	3,016
Other current liabilities	9,122	12,570	15,614	18,145
LT debt	7,785	11,295	11,581	12,066
Other LT liabilities	659	765	840	880
Shareholders' equity	12,823	13,340	14,031	14,787
Minority interest	173	231	304	385
Total liabilities & equity	36,901	41,026	45,265	49,279

Key Metrics

Year to 31 Jul (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	10.1	9.5	9.2	8.6
Pre-tax margin	8.0	7.7	7.7	7.3
Net margin	5.7	5.8	5.8	5.5
ROA	3.1	3.6	4.0	4.1
ROE	8.5	10.8	12.8	13.5
Growth				
Turnover	14.8	33.2	24.9	16.1
EBITDA	20.2	25.4	20.8	9.4
Pre-tax profit	12.2	28.5	25.0	10.4
Net profit	4.9	33.7	25.0	10.4
Net profit (adj.)	6.7	34.3	25.0	10.4
EPS	6.7	25.4	25.0	10.4
Leverage				
Debt to total capital	52.1	51.0	50.2	49.9
Debt to equity	110.2	105.8	103.2	102.0
Net debt/(cash) to equity	78.7	69.8	71.6	73.7
Interest cover	8.6	8.3	9.7	10.1

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