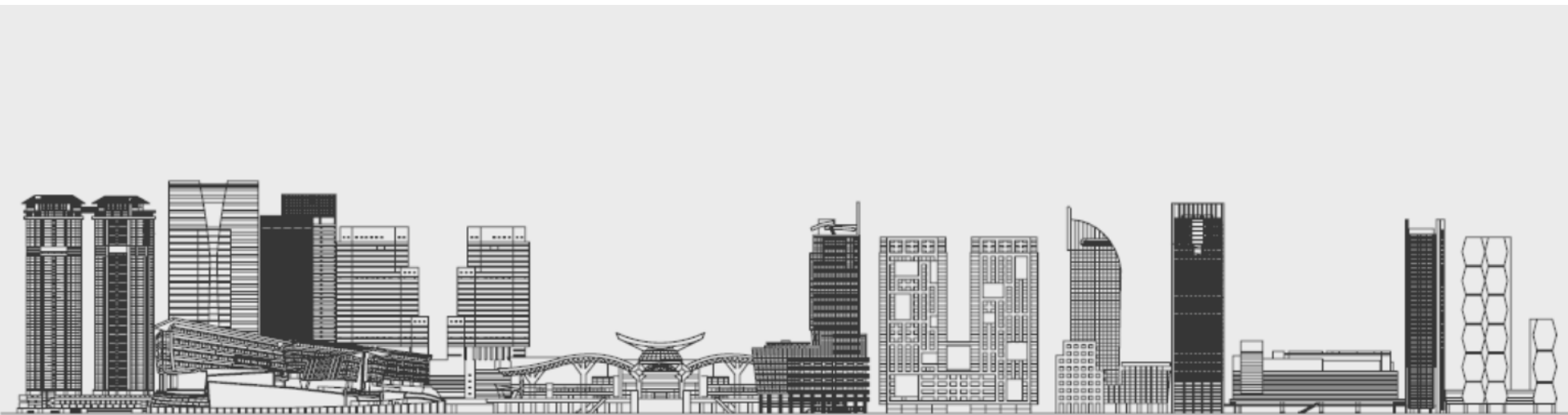




# **Analyst Briefing**

## **Quarter ended 31 March 2017**

**29 May 2017**



# 'Significant progress in 1<sup>st</sup> Quarter'

## Quarter-on-Quarter

- Revenue up 20.4% to RM524.9 million vs Q1 2016; PBT up 56.9% at RM29.3 million
- Higher PBT mainly due to lower finance costs, higher interest income and a stronger performance by our Property Development Division.
- Net gearing increased slightly, to 0.90x Q1 2017 from 0.73x FYE 2016 due to drawdown loans for the Group's property development and construction projects eg. National Sports Complex in Bukit Jalil.
- There were no asset sales during the period.

- On 17 February 2017, MRCB Engineering Sdn Bhd entered into a Share Sale Agreement with Hicom Berhad for the disposal of its 51% equity interest in Dekad Kaliber Sdn Bhd for RM3.6 million. The disposal was completed on the same date 17 February 2017 at a gain of RM1.6 million.
- On 17 May 2017, the Company announced to undertake the following proposals;
  - (a) a renounceable rights issue of up to 2,856,719,498 new ordinary shares in MRCB (“**MRCB Shares**” or “**Shares**”) (“**Rights Shares**”) together with up to 571,343,900 free detachable warrants (“**Rights Warrants**”), on the basis of one (1) Rights Share for every one (1) existing MRCB Share held and one (1) free Rights Warrant for every five (5) Rights Shares subscribed for, on an entitlement date to be determined later (“**Proposed Rights Issue**”); and
  - (b) exemption to the Employees Provident Fund Board, Gapurna Sdn Bhd and persons acting in concert with them from the obligation to undertake a mandatory offer for the remaining MRCB Shares and convertible securities not already owned by them arising from the application for excess Rights Shares under the Proposed Rights Issue as well as the subsequent exercise of the Rights Warrants into new MRCB Shares (“**Proposed Exemption**”).

# Income Statement Summary

(RM'000)	Q1 '17	Q1 '16	Change (%)
<b>Revenue</b>	<b>524,851</b>	<b>436,015</b>	<b>20.37%</b>
Profit from operations (EBIT)	65,584	64,579	1.56%
Finance Costs	(35,180)	(46,729)	24.71%
Share of JVs (net of tax)	1,297	447	190.16%
Share of associates (net of tax)	(2,436)	356	-784.27%
<b>Profit before tax</b>	<b>29,265</b>	<b>18,653</b>	<b>56.89%</b>
Tax	(8,861)	(5,193)	-70.63%
Non controlling interest	(9,942)	(9,078)	-9.52%
<b>Net profit attributable to equity holders</b>	<b>10,462</b>	<b>4,382</b>	<b>138.75%</b>
EPS (sen)	0.49	0.25	95.60%
<b>Dividend per share (sen)</b>	-	-	
<b>EBIT margins (%)</b>	<b>12.50%</b>	<b>14.81%</b>	
<b>PBT margins (%)</b>	<b>5.58%</b>	<b>4.28%</b>	

# Balance Sheet Summary

(RM'000)	As at 31 Mar 2017	As at 31 Dec 2016
Current Assets	3,332,852	2,918,306
Current Liabilities	2,122,852	2,189,575
Current Ratio (times)	1.57	1.33
Total borrowings	3,433,297	2,940,351
Deposit, bank & cash balances	(671,982)	(722,157)
<b>Net debt</b>	<b>2,761,315</b>	<b>2,218,194</b>
Share capital	2,527,584	2,144,039
Reserves (share premium, retained earnings, other reserves)	419,723	781,782
Non-controlling interests	109,163	99,221
<b>Total equity</b>	<b>3,056,470</b>	<b>3,025,042</b>
<b>Net gearing (times)</b>	<b>0.90</b>	<b>0.73</b>
Net assets per share (RM)	1.37	1.37

# Breakdown of Group Borrowings

(RM'000)	As at 31 Mar 2017	As at 31 Dec 2016
Short term	842,675	806,331
Long term	2,587,619	2,130,781
HP creditors	3,003	3,239
<b>Total borrowings</b>	<b>3,433,297</b>	<b>2,940,351</b>
Less: cash & bank balances	671,982	722,157
<b>Net borrowings</b>	<b>2,761,315</b>	<b>2,218,194</b>
Total equity	3,056,470	3,025,042
<b>Net gearing (times)</b>	<b>0.90</b>	<b>0.73</b>

The increase in bank borrowings are due to the drawdown of RM184 million for the Bukit Jalil project, RM206 million for the Cyberjaya project and the remaining are related to subsidiary on-going projects

# Quarterly Segmental Profit



(RM'000)	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17	Q1 16	+/-
Property Development & Investment ("Property")	67,315	90,435	70,459	236,437	50,139	67,315	(17,176)
Engineering, Construction & Environment ("E&C")	1,137	1,831	7,027	1,587	1,254	1,137	117
Infrastructure	13,140	19,536	13,737	12,127	17,470	13,140	4,330
Facilities Management & Parking ("FM")	7,410	4,619	438	3,360	3,749	7,410	(3,661)
Others	(17,231)	(1,219)	(1,508)	26,834	(4,542)	(17,231)	12,689
Group Operating Profit	71,771	115,202	90,153	280,345	68,070	71,771	(3,701)
Group Net Profit	4,382	45,504	29,394	188,080	10,462	4,382	6,080

YTD Segmental Profit *				YTD Segmental Profit Margins		
(RM'000)	Q1 17	Q1 16	+/- %		Q1 17	Q1 16
Property	50,139	67,315	(17,176)	Property	20.7%	44.1%
E&C	1,254	1,137	117	E&C	0.5%	0.5%
Infrastructure	17,470	13,140	4,330	Infrastructure	61.3%	46.7%
FM	3,749	7,410	(3,661)	FM	22.2%	41.2%
Others	(4,542)	(17,231)	12,689	Others	-80.0%	-214.6%
Total	68,070	71,771	(3,701)	Group	13.0%	16.5%

\*Profit before unallocated expenses, finance costs and income and share of associates and JV results

- Revenue up 59% to RM242.5 million in Q1 2017 vs RM152.8 million in Q1 2016.
- Profit down by 26% to RM50.1 million vs RM67.3 million in Q1 2016. The higher profit in 2016 was due to an asset disposal NU Tower 2 which contributed a profit of RM31 million.
- Property Development & Investment was the main contributor to Group revenues and profits, contributing 46% of the Group's revenue (Sentral Residences, Menara MRCB Putra, 9 Seputeh and Burwood).
- Property Investment – Ascott and Plaza Alam Sentral continued to contribute net recurring income of RM2.7 million.



# Property Sales Achieved – Cumulative and Q1 2017



Project / Sales (RM'mil)	GDV	% Sales	Cumulative up to Q1 '17	Q1 '17
<b>Residential</b>				
9 Seputeh:				
-VIVO (Parcel C)	952	76%	720	14
-Parcel B	566	0%	0	0
Sentral Residences	1,400	89%	1,249	12
Bandar Seri Iskandar:				
-Begonia 2	20	60%	12	1
-Viscaria	16	0%	0	0
Carnegie (Australia)	305	0%	0	0
Sentral Suites (Tower 1 & 3)	1,011	42%	427	427
Kalista (Bukit Rahman Putra)	101	26%	26	26
<b>Commercial</b>				
Q-Sentral	1,254	96%	1,200	33
<b>Total</b>	<b>6,975</b>		<b>3,634</b>	<b>513</b>

# Property Estimated Revenue Recognition

Project / Revenue RM'mil		Q1 2017	Bal. to be recognise	2017E	2018E
<b>Property Investment (Rental):</b>					
Menara MRCB		1	0	2	0
Kompleks Sentral		1	0	7	7
Ascott Sentral		4	0	5	0
Nu Tower 2		6	0	0	0
Plaza Alam Sentral		5	0	24	25
Sooka		1	0	0	0
Penang Sentral (Bus Terminal & Retail)		0	0	10	10
<b>Total Property Investment (Income)</b>		<b>18</b>	<b>0</b>	<b>48</b>	<b>42</b>
<b>Property Development:</b>	<b>Completion</b>				
Sentral Residences	88%	89	0	0	0
9 Seputeh / Parcel C	32%	36	393	168	224
PJ Sentral / MBSB	32%	6	163	70	93
PJ Sentral / MYIPO	28%	3	180	60	80
349, Sentral Suites	0%	0	427	21	43
Bukit Rahman Putra (Kalista)	0%	0	26	11	15
Burwood	94%	57	158	158	0
Menara Putra	58%	30	157	157	0
SIDEC / Begonia 2	21%	1	6	6	0
<b>Total Property Development</b>		<b>222</b>	<b>1,510</b>	<b>651</b>	<b>455</b>
<b>Grand total</b>		<b>240</b>	<b>1,510</b>	<b>699</b>	<b>497</b>

# Total Property Developments Projects



	Land Size (Acres)	GDV (RM 'mil)	Start Date	Completion Date
<b>Transport Oriented Developments</b>				
KL Sentral: Sentral Residences	2.35	1,330	2011	2017
KL Sentral: Lot F	5.70	2,993	2018	2025
PJ Sentral Garden City	11.91	2,619	2013	2022
Penang Sentral	22.65	2,865	2015	2027
Cyberjaya City Centre	45.31	5,350	TBD	TBD
Kwasa Sentral	64.07	8,606	2016	2029
KL Sports City	92.50	14,610	TBD	TBD
<b>Sub-Total</b>	<b>244.49</b>	<b>38,373</b>		
<b>Commercial Developments</b>				
Pulai Land, Johor	67.52	770	TBD	TBD
<b>Sub-Total</b>	<b>67.52</b>	<b>770</b>		
<b>Residential Developments</b>				
9 Seputeh	17.63	2,680	2014	2024
Lot 349, Sentral Suites	4.92	1,413	2016	2020
Carnegie, Melbourne	1.00	305	2018	2019
Semarak City	27.41	3,163	2015	2025
Bukit Rahman Putra (incl. Kalista)	14.18	547	2016	2021
Lot 94 , Jalan Kia Peng German Embassy Land	1.87	1,012	2018	2023
Bandar Sri Iskandar (Phase 2C, 2D & 3)	11.53	766	2014	2025
<b>Sub-Total</b>	<b>78.54</b>	<b>9,886</b>		
<b>Others</b>				
Suria Subang	3.20	NA	NA	NA
Batu Ferringhi, Penang	3.34	NA	NA	NA
Selbourne 2, Shah Alam	2.37	NA	NA	NA
<b>Sub-Total</b>	<b>8.91</b>	<b>-</b>		
<b>TOTAL</b>	<b>399.46</b>	<b>49,029</b>		

- Revenue up 1% to RM231.2 million in Q1 2017 vs RM229.1 million in Q1 2016.
- Profit up 10% to RM1.3 million in Q1 2017 vs RM1.1 million in Q1 2016 – the small profit was because most of E&C projects are of MRCB's investment properties, whereby the profit can only be recognised upon collection of recurring rental income or on any future disposal of these assets by the Group to external parties.
- Major contributors to revenue – mainly contributed by the refurbishment and upgrading of facilities works to the National Sports Complex in Bukit Jalil and the on-going construction of several commercial buildings for clients in Johor, power transmission related construction projects in Peninsular Malaysia, and other smaller scale civil engineering projects in the Klang Valley.
- Profit margin Q1'16: 0.5%, Q2'16: 1.8%, Q3'16: 4.8%, Q4'16: 0.4%, Q1'17: 0.5% (timing difference in closing of final accounts for the National Sports Complex in Bukit Jalil, LRT2 and Desaru projects)
- External construction order book currently stands at RM7.0 billion with a total unbilled portion of RM5.2 billion.

# Construction Order Book



RM'mil	Contract Value	Completion	Recognized	Unbilled Sales
NPE Bridge	127	54.33%	69	58
LRT extension Ampang Pack B	1,110	97.12%	1,078	32
Johor Land Tower	188	48.40%	91	97
Aman Desaru	110	70.00%	77	33
Desaru Convention Centre	57	35.09%	20	37
Desa Desaru	215	29.77%	64	151
Westin Desaru Resort	203	27.09%	55	148
Giant Hypermarket - Setapak	53	88.68%	47	6
132 kv UGC Damansara City	34	88.24%	30	4
Bukit Tarek - Projek BTCB	37	70.27%	26	11
Project LGNG - Lenggeng extension	51	49.02%	25	26
Kg Cempaka LILO - KJ	16	87.50%	14	2
Ampang Line - Special	39	97.44%	38	1
Giant Kajang	58	6.90%	4	54
PR1MA Kajang	173	9.25%	16	157
Jabi - Seriting Hilir	126	7.14%	9	117
MRT2 V210 Package - 2.6km guideway	648	4.17%	27	621
Sungai Pahang - Rehabilitation Phase 3	178	19.66%	35	143
MRT Linkway - KL Sentral	50	98.00%	49	1
Aquatic Centre	19	73.68%	14	5
PR1MA Brickfields	335	0.00%	0	335
<b>Total E&amp;C</b>	<b>3,827</b>		<b>1,788</b>	<b>2,039</b>

# Construction Order Book (Cont'd)

Fee-based Orders				
RM'mil	Contract Value	Target Completion	Recognized	Unbilled
Kwasa Utama - C8 (provisional TCC)	2,648	2027	0	2,648
Kwasa Utama, C8 - management contract	187	2027	0	187
PDP LRT3	270	2020	0	270
Kwasa Land - PDP Infra	112	TBD	0	112
Total new orders	3,217		0	3,217
<b>GRAND TOTAL</b>	<b>7,044</b>			<b>5,256</b>

- Total order book – **RM7.0 billion**
- Current unbilled order book about **RM5.2 billion** (end Q1 2017)



**Thank you**

