

An aerial night view of a modern, multi-story building complex with glass facades and rooftop gardens. A large, colorful, circular canopy is visible in the foreground, and many people are seen walking around the base of the buildings.

# Analyst Briefing





## Quarter ended 30 September 2017

21 November 2017

# Engineering & Construction Records Strong Growth

## Key Highlights YTD3Q FY2017

### FINANCIALS (YoY)

Revenue	 <b>75%</b> <b>RM2.4bn</b>
PBT	 <b>25%</b> <b>RM115.8mn</b>
PBT excl. gains RM44.4m in 2016	 <b>5.6%</b> <ul style="list-style-type: none"> <li>• lower finance costs (2016 de-gearing)</li> <li>• stronger performance by Engineering &amp; Construction Division (higher margin of 2.9% in 2017)</li> </ul>
Net Gearing	 Slight increase mainly due to lower cash in bank <b>0.96x</b> <b>1.10x</b> <b>2016</b> <b>2017</b>

### KEY NUMBERS

Property Sales	<b>RM1.2bn</b>
Property Unbilled Sales	<b>RM1.6bn</b>
Construction Unbilled Orderbook	<b>RM5.3bn</b>
Orderbook Replenishment	<b>RM468mn</b>

(RM'000)	3Q '17	3Q '16	Change (%)
<b>Revenue</b>	<b>2,415,490</b>	<b>1,376,422</b>	<b>75.5%</b>
<b>Profit from operations (EBIT)</b>	<b>215,531</b>	<b>262,889</b>	<b>-18.0%</b>
Finance Costs	(113,999)	(133,085)	14.3%
Share of JVs (net of tax)	8,165	5,041	62.0%
Share of associates (net of tax)	6,064	19,164	-68.4%
<b>Profit before tax</b>	<b>115,761</b>	<b>154,009</b>	<b>-24.8%</b>
Tax	(38,791)	(43,904)	11.6%
Non controlling interest	(15,048)	(30,825)	51.2%
<b>Net profit attributable to equity holders</b>	<b>61,922</b>	<b>79,280</b>	<b>-21.9%</b>
EPS (sen)	2.85	4.22	-32.5%
<b>Dividend per share (sen)</b>	-	-	
<b>EBIT margins (%)</b>	<b>8.9%</b>	<b>19.1%</b>	
<b>PBT margins (%)</b>	<b>5.0%</b>	<b>11.2%</b>	

(RM'000)	As at 30 Sept 2017	As at 30 Jun 2017
Current Assets	4,564,636	4,207,294
Current Liabilities	3,094,631	2,046,600
<b>Current Ratio (times)</b>	<b>1.5</b>	<b>2.0</b>
Total borrowings	4,182,976	4,122,763
Deposit, bank & cash balances	(779,522)	(1,125,860)
<b>Net debt</b>	<b>3,403,454</b>	<b>2,996,903</b>
Share capital	2,583,429	2,583,086
Reserves (share premium, retained earnings, other reserves)	408,109	440,392
Non-controlling interests	114,269	111,854
<b>Total equity</b>	<b>3,105,807</b>	<b>3,135,332</b>
<b>Net gearing (times)</b>	<b>1.10</b>	<b>0.96</b>
<b>Net assets per share (RM)</b>	<b>1.37</b>	<b>1.38</b>

(RM'000)	Post rights issue (Estimate)	As at 30 Sept 2017	As at 30 Jun 2017
Short term	944,356	1,327,815	662,054
Long term	2,468,582	2,852,041	3,457,308
HP creditors	3,120	3,120	3,400
<b>Total borrowings</b>	<b>3,416,058</b>	<b>4,182,976</b>	<b>4,122,762</b>
Less: cash & bank balances	1,744,753	779,522	1,125,860
<b>Net borrowings</b>	<b>1,671,305</b>	<b>3,403,454</b>	<b>2,996,902</b>
Total equity	4,837,956	3,105,807	3,135,332
<b>Net gearing (times)</b>	<b>0.35</b>	<b>1.10</b>	<b>0.96</b>

The increase in bank borrowings is mainly due to further drawdown of borrowings for the National Sports Complex project.

Post rights issue: After repayment of borrowings RM766,918,000. The net gearing is higher than as disclosed in the AP as the AP used a lower borrowing level as at 31 December 2016 of RM2.94 billion.

RM mil	FYE 2013	30.09.17	After Rights Issue	EPF to subscribe in the Bkt Jalil Project	Acquire Kwasa	Dispose Celcom	Dispose Ascott	Dispose EDL
<b>Bank Borrowings</b>	2,226	3,124	2,357	2,357	3,094	2,863	2,863	2,863
<b>EDL Financing</b>	1,277	1,059	1,059	1,059	1,059	1,059	1,059	-
<b>Loan Stock</b>	7	-	-	-	-	-	-	-
<b>Total Borrowings</b>	3,510	4,183	3,416	3,416	4,153	3,922	3,922	2,863
<b>Cash &amp; Bank Balances</b>	(603)	(780)	(1,745)	(2,885)	(2,885)	(2,946)	(3,076)	(3,076)
<b>Net Borrowings/(Cash)</b>	2,907	3,403	1,671	531	1,268	976	846	-213
<b>Total Equity</b>	<b>1,737</b>	<b>3,106</b>	<b>4,838</b>	<b>4,838</b>	<b>4,838</b>	<b>4,838</b>	<b>4,838</b>	<b>4,838</b>
<b>Net Gearing (times)</b>	<b>1.67</b>	<b>1.10</b>	<b>0.35</b>	<b>0.11</b>	<b>0.26</b>	<b>0.20</b>	<b>0.17</b>	<b>(0.04)</b>
<b>Cumulative Reduction</b>		<b>0.57</b>	<b>1.32</b>	<b>1.56</b>	<b>1.41</b>	<b>1.47</b>	<b>1.50</b>	<b>NA</b>

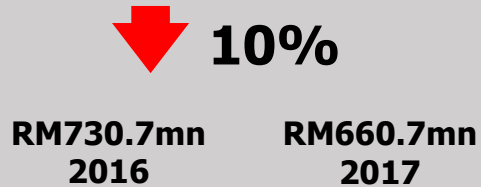
# Quarterly Segmental Profit

(RM'000)	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q3 16	+/-
Property Development & Investment ("Property")	70,459	236,437	50,139	29,667	32,695	70,459	(37,764)
Engineering, Construction & Environment ("E&C")	7,027	1,587	1,254	14,029	31,265	7,027	24,238
Infrastructure	13,737	12,127	17,470	11,538	12,721	13,737	(1,016)
Facilities Management & Parking ("FM")	438	3,360	3,749	7,087	332	438	(106)
Others	(1,508)	26,834	(4,542)	5,061	2,377	(1,508)	3,885
<b>Group Operating Profit</b>	<b>90,153</b>	<b>280,345</b>	<b>68,070</b>	<b>67,382</b>	<b>79,390</b>	<b>90,153</b>	<b>(10,763)</b>
<b>Group Net Profit</b>	<b>29,394</b>	<b>188,080</b>	<b>10,462</b>	<b>23,371</b>	<b>28,089</b>	<b>29,394</b>	<b>(1,305)</b>

YTD Segmental Profit *				YTD Segmental Profit Margins		
(RM'000)	3Q 17	3Q 16	+/- %		3Q 17	3Q 16
Property	112,501	228,209	(115,708)	Property	17.0%	31.2%
E&C	46,548	9,995	36,553	E&C	2.9%	2.1%
Infrastructure	41,729	46,413	(4,684)	Infrastructure	48.5%	54.3%
FM	11,168	12,467	(1,299)	FM	26.6%	23.8%
Others	2,896	(19,958)	22,854	Others	23.6%	-70.2%
<b>Total</b>	<b>214,842</b>	<b>277,126</b>	<b>(62,284)</b>	<b>Group</b>	<b>8.9%</b>	<b>20.1%</b>

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

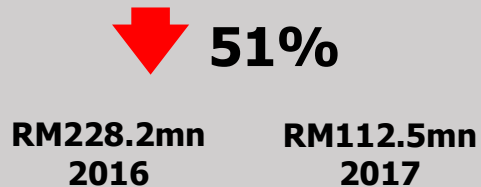
## Revenue



Due to:

- 1) Completion of Sentral Residences and Easton Burwood in Q1 & Q2 respectively
- 2) new projects still at early phase of construction

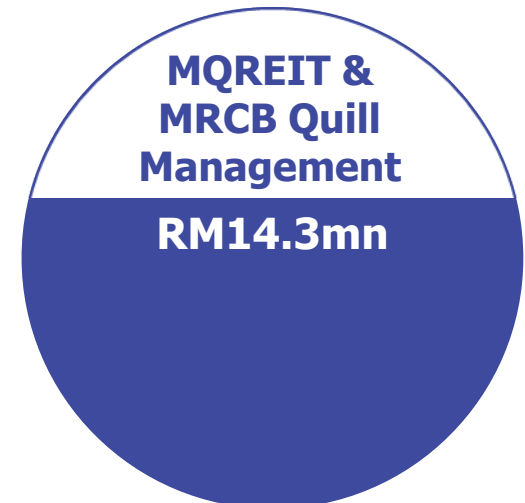
## Operating Profit



Higher profit in 2016 was due to:

- 1) Gain from disposal of non-core assets of RM44.4mn
- 2) Loss of rental income amounting to RM6.7mn from Menara Shell, which was disposed in Dec 2016

## CONTRIBUTION TO GROUP





<b>Project / Sales (RM'mil)</b>	<b>GDV</b>	<b>% Sales</b>	<b>YTD 2017</b>
<b>2017 launches (Residential):</b>			
1060 Carnegie	305	68%	206
Kalista (Bukit Rahman Putra)	101	40%	40
Sentral Suites (Tower 1, 2 & 3)	1,529	53%	805
<b>Total</b>	<b>1,935</b>		<b>1,051</b>
<b>Residential:</b>			
9 Seputeh:			
- VIVO (Parcel C)	952	78%	41
Sentral Residences	1,438	87%	18
Bandar Seri Iskandar:			
- Begonia 2	20	80%	7
- Viscaria	16	0%	7
<b>Total</b>	<b>2,426</b>		<b>73</b>
<b>Commercial:</b>			
Q-Sentral	1,254	96%	33
<b>Total</b>	<b>1,254</b>		<b>33</b>
<b>Grand Total</b>	<b>5,615</b>		<b>1,157</b>

Target sales for 2017: **RM1.2 billion**

Project / Revenue RM'mil	Completion	YTD 2017	Unbilled Sales
<b>New Launches:</b>			
Carnegie	0%	0	217
Bukit Rahman Putra (Kalista)	13%	4	31
349, Sentral Suites	8%	55	664
<b>Total</b>		<b>59</b>	<b>912</b>
<b>Residential:</b>			
Sentral Residences	88%	95	0
9 Seputeh / Parcel C	47%	107	339
Burwood	100%	146	0
SIDEC / Caspia 3	12%	1	4
SIDEC / Begonia 2	80%	11	3
<b>Total</b>		<b>360</b>	<b>346</b>
<b>Commercial:</b>			
PJ Sentral / MBSB	41%	28	141
PJ Sentral / MYIPO	28%	2	181
Menara Putra	85%	130	55
Q Sentral	100%	11	0
<b>Total</b>		<b>171</b>	<b>377</b>
Others		20	
<b>Total</b>		<b>610</b>	<b>1,635</b>

YTD revenue from property investment: **RM53 million**

# Total Property Development 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	2017	2024
Kwasa Sentral	64.07	8,606	2016	2029
KL Sports City	76.14	20,700	2018	2038
<b>Sub-Total</b>	<b>228.13</b>	<b>44,463</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	2020
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
Metro Spectacular Land, Jalan Putra	10.06	NA	NA	NA
<b>Sub-Total</b>	<b>18.97</b>	<b>-</b>		
<b>TOTAL</b>	<b>393.16</b>	<b>55,119</b>		

**Revenue**

**237%**

**RM479.5mn**      **RM1.61bn**  
**2016**              **2017**

Due to:  
1) National Sports Complex project (revenue of RM1.1bn)

**Operating Profit**

**366%**

**RM10.0mn**      **RM46.5mn**  
**2016**              **2017**

Due to:  
1) Improved margins

**Operating Profit Margin**

**0.5%**              **3.0%**              **3.4%**  
**1Q FY2017**      **2Q FY2017**      **3Q FY2017**

**67% Group Revenue Contribution**

National Sports Complex project, on-going construction of several commercial buildings in Johor, power transmission related construction projects in Peninsular Malaysia, and other smaller scale civil engineering projects in the Klang Valley.

**RM468mn New project wins in 2017**

DASH RM369mn  
TNB HQ RM40mn  
Larkin Stadium RM59mn

**RM6.3bn External Construction Orderbook**

with total unbilled portion of **RM5.3mn**

RM'mil	Contract Value	Completion	Recognized	Unbilled Sales
NPE Bridge	127	61.10%	77	50
Johor Land Tower	182	75.94%	138	44
Aman Desaru	110	90.32%	99	11
Desaru Convention Centre	57	51.34%	29	28
Desa Desaru	215	49.89%	107	108
Westin Desaru Resort	203	44.25%	90	113
Giant Hypermarket - Setapak	53	89.06%	47	6
Bukit Tarek - Projek BTCB	37	89.58%	33	4
Project LGNG - Lenggeng extension	51	83.11%	42	9
Kg Cempaka LILO - KJ	16	92.68%	15	1
Giant Kajang	58	50.66%	4	54
PR1MA Kajang	173	15.03%	26	147
Jabi - Serting Hilir	126	38.38%	48	78
MRT2 V210 Package - 2.6km guideway	648	9.97%	65	583
Sungai Pahang - Rehabilitation Phase 3	178	52.73%	94	84
PR1MA Brickfields	335	0.00%	0	335
Kwasa Utama C8 (provisional TCC)	2,648	0.00%	0	2,648
<b>Fee based orders:</b>				
Kwasa Utama, C8 - management contract	187		0	187
PDP LRT3	270		0	270
Kwasa Land - PDP Infra	112		0	112
<b>New projects:</b>				
DASH - Package CB2	369		0	369
TNB HQ campus (Phase 1)	40		0	40
Larkin Stadium	59		0	59
<b>Total E&amp;C</b>	<b>6,254</b>		<b>914</b>	<b>5,340</b>

An aerial view of a modern city development at dusk. The scene is dominated by tall, glass-fronted buildings with illuminated windows. In the foreground, a large, colorful, circular canopy structure is visible, surrounded by people and outdoor seating. The overall atmosphere is vibrant and modern.

# SETTING THE STANDARD

Thank You.