

Analyst Briefing

QUARTER ENDED 31 December 2017

MRCB
MALAYSIAN RESOURCES
CORPORATION BERHAD



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1. MRCB Group Overview

MRCB 2017 Overview


Revenue

RM **2,824** mn

 17% y-o-y


PBT

RM **247** mn

 37% y-o-y

PBT¹

RM **181** mn

 23% y-o-y

Net Gearing

0.53 x

Total Assets


RM **10,301** mn

Total Equity

RM **4,929** mn

EPS

6.56 sen

 52% y-o-y

Market Cap

RM **4,913** mn

MRCB Segment Overview

Property
Development

Engineering &
Construction

Others

Revenue
RM mn

859

1,774

191

Revenue
Contribution to
Group

30%

63%

7%

Segmental Profit
RM mn
Margin %

176

20.5%

93

5.2%

69

36.1%

Key Numbers

RM1.4 bn
Property Sales

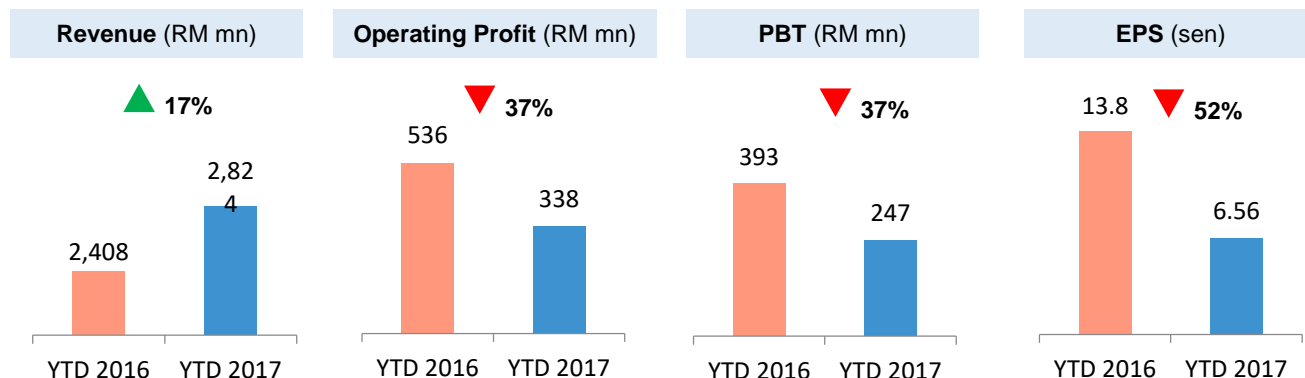
RM1.7 bn
Property
Unbilled Sales

RM5.2 bn
Construction
Unbilled
Orderbook

RM468 mn
Construction
Orderbook
Replenishment

1. PBT (excl disposal gains of RM245.4 mn in 2016 and RM66.3 mn in 2017)
2. Market Cap as on 27 February 2018

2. YTD 2017 Highlights



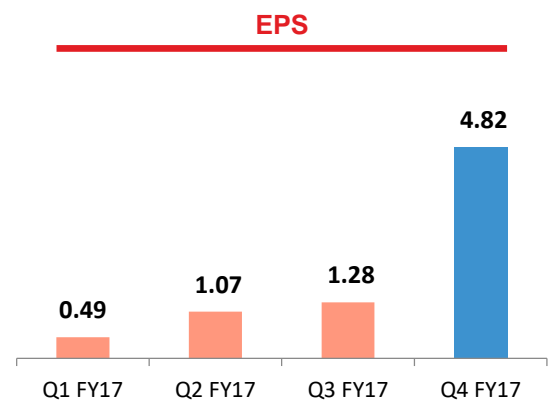
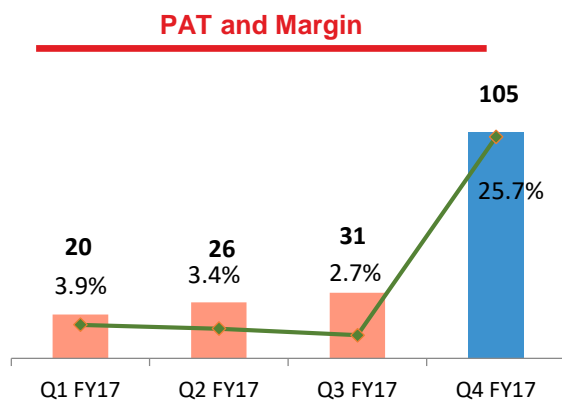
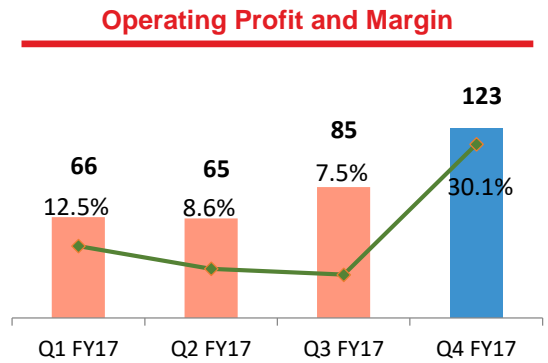
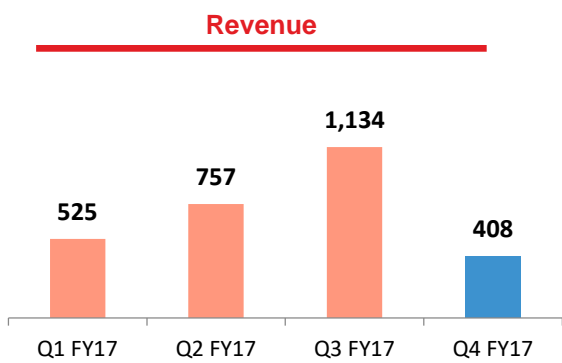
Key Highlights

- Stripping out disposal gains, **2017 profit rose 22.9%**
2016 gains of RM245.4 mn incl. Menara Shell, Sooka, The Grid and Ekovest-MRCB JV
2017 gains of RM66.3 mn incl. 59Inc, Semasa Services and Dekad Kaliber
- Operating Profit excluding gains – 2017: RM181.0 mn, 2016: RM147.2 mn**
- Construction revenue **increased by 106.8%**, operating profit **rose 8-fold**
- Property **sales of RM1.4 bn exceeded target** of RM1.2 bn
- LRT3 starting to contribute – **RM15.2 mn earned from 50% JV with George Kent**, booked under Share of Results of JV
- Reduced gearing to 0.53x** even after the disbursement of RM738 mn for Kwasa in 4th quarter
- Proposed dividend – 1.75% or 1.75 sen** per ordinary share (**2017: RM76.8 mn; 2016: RM60.3 mn**)

3. Financial Performance – Profit & Loss

Profit & Loss (RM' Million)	Q4 FY17	Q4 FY16	Y-o-Y Growth %	12M 2017	12M 2016	Y-o-Y Growth %
Revenue	408	1,032	(60.4)%	2,824	2,408	17.3%
Other Operating Income	89	192	(53.6)%	129	300	(56.9)%
Operating Expenses	(375)	(951)	(60.6)%	(2,615)	(2,172)	20.4%
Operating Profit	123	273	(55.0)%	338	536	(36.9)%
<i>Operating Profit Margin (%)</i>	<i>30.1%</i>	<i>26.5%</i>		<i>12.0%</i>	<i>22.3%</i>	
Finance costs	(2)	(43)	(95.3)%	(116)	(176)	(34.0)%
Share of results of associates	3	7	(57.1)%	9	26	(65.4)%
Share of results of joint ventures	8	1	700.0%	16	6	166.7%
Profit before taxation	132	239	(44.8)%	247	393	(37.0)%
Taxation	(27)	(30)	(10.0)%	(66)	(74)	(10.9)%
Profit for the period	105	209	(49.8)%	182	319	(43.0)%
<i>PAT Margins (%)</i>	<i>25.7%</i>	<i>20.3%</i>		<i>6.4%</i>	<i>13.2%</i>	
EPS	4.82	8.92	(46.0)%	6.56	13.80	(52.5)%

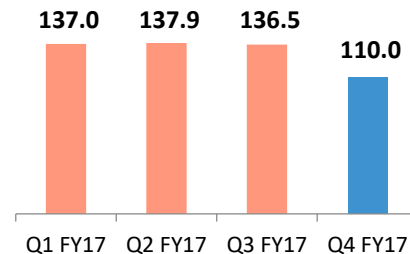
3. Financial Performance – Quarterly Analysis



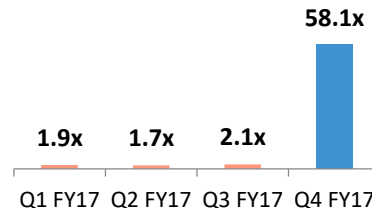
3. Financial Performance – Balance Sheet

Balance Sheet (RM million)	FY17	FY16
Total Assets		
Current Assets	5,962	2,918
Non-Current Assets	4,339	4,588
Assets held for Sale	0	0
Total Assets	10,301	7,507
Total Liabilities		
Current Liabilities	3,988**	2,190
Non-Current Liabilities	1,384	2,292
Total Liabilities	5,372	4,482
Total Equity		
Shareholder's Equity	4,824	2,926
Non controlling interests	104	99
Total Equity	4,929	3,025
Net assets per share attributable to the equity holders of the Company (sen)	110.00	136.50

NAV Per Share (sen)



Interest Coverage***



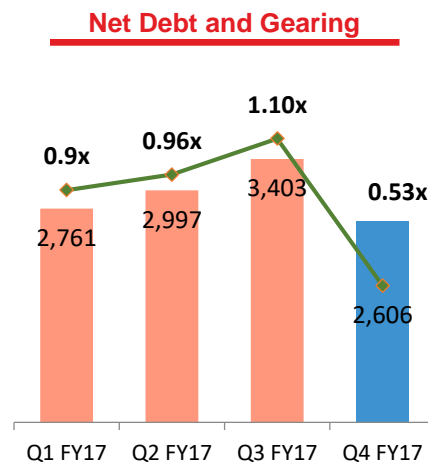
* All figures are in RM mn and margins in %

** Current liability increased due to reclassification of EDL Sukuk

*** Based on Profit from operations

3. Financial Performance – Borrowings

Leverage Profile (RM mn)	Q4 FY17	Q3 FY17
Debt		
Short Term Borrowings	2,491	1,328
Long Term Borrowings	891	2,852
HP creditors	2	3,120
Total Debt	3,384	4,183
Less: Cash and Cash Equivalents	778	780
Net Debt	2,606	3,403
Total equity	4,929	3,106
Net Gearing	0.53x	1.10x



Key Highlights

- Decreased borrowings due to repayment of debts after the Rights Issue
- Reduced gearing to 0.53x even after the disbursement of RM738 mn for Kwasa
- Timing difference (increased debt due to Kwasa, but decrease in debt due to EPF's subscription in Bkt Jalil project still pending)

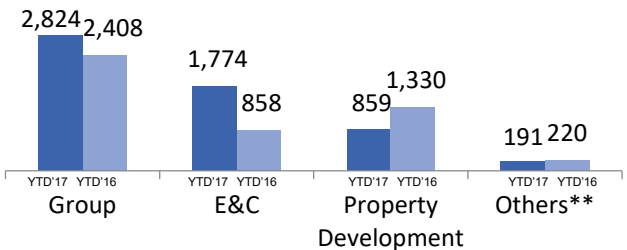
3. Financial Performance – Reduction in Borrowings

RM million	Unaudited FYE 2017*	EPF to subscribe in the Bkt Jalil Project	Dispose EDL	Dispose Ascott	Dispose Celcom
Bank Borrowings	2,323	2,323	2,323	2,323	2,092
EDL Financing	1,059	1,059	-	-	-
Loan Stock	2	2	2	2	2
Total Borrowings	3,384	3,384	2,325	2,325	2,094
Cash & Bank Balances	(778)	(1,918)	(1,918)	(2,048)	(2,109)
Net Borrowings/(Cash)	2,606	1,466	407	277	-15
Total Equity	4,929	4,929	4,929	4,929	4,929
Net Gearing (times)	0.53	0.30	0.08	0.06	0.00

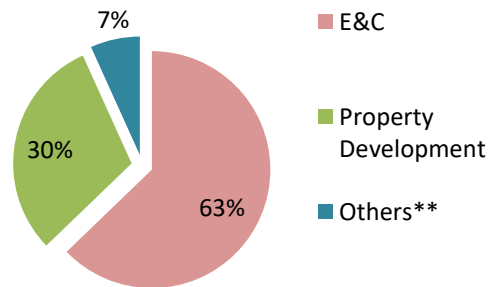
* Including disbursement for 70% in Kwasa amounting to RM738 mn.

4. Segmental Reporting: Overview

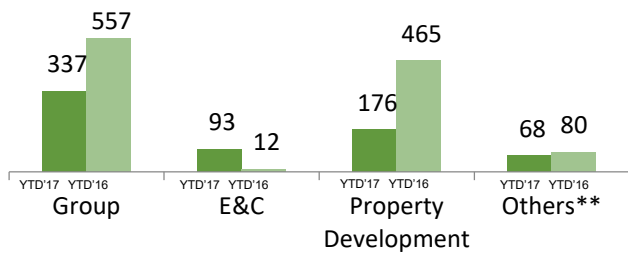
Revenue Trend – RM2,824 mn



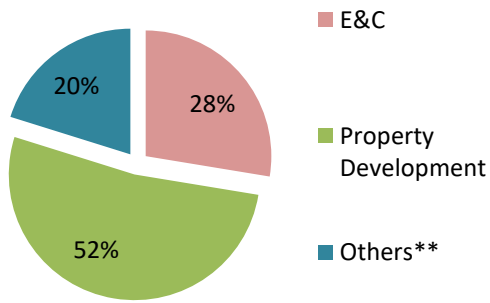
Revenue Contribution Analysis



Segmental Profit Trend – RM337 mn



Profit Contribution Analysis

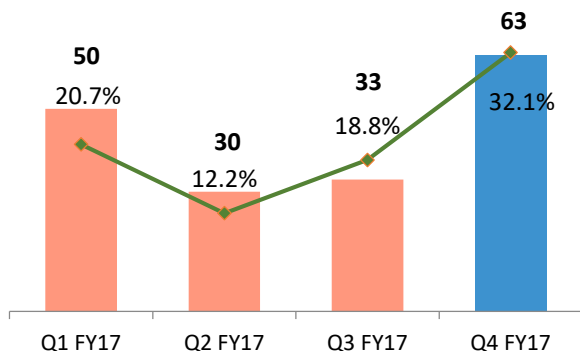


* All figures are in RM mn and margins in %
** Others include Infrastructure & Utilities and Facilities Management & Parking

5. Segmental Reporting: Property Development & Investment

Property Development (RM' Million)	Q4 FY17	Q4 FY16	Y-o-Y Growth %	12M 2017	12M 2016	Y-o-Y Growth %
Revenue	198	560	(64.6)%	859	1,330	(35.5)%
Segmental Profit	63	236	(73.3)%	176	465	(62.1)%
<i>Margin (%)</i>	<i>32.1%</i>	<i>39.4%</i>		<i>20.5%</i>	<i>34.9%</i>	

Segmental Profit and Margin



Performance Discussion

30% Group revenue contribution: Easton Burwood, Menara MRCB Putra, 9 Seputeh, and Sentral Residences

Net Recurring Income of RM7.7 mn: Ascott, Kompleks Sentral and Plaza Alam Sentral

MQREIT & MRCB Quill Management – RM18.7 mn

Revenue decline due to:

- Completion of Sentral Residences and Easton Burwood in Q1 & Q2
- New projects still at early phase of Construction

Higher profit in 2016 due to:

RM242.6 million gain recognised from the disposal of Menara Shell, Sooka and The Grid in 2016 compared to only RM60.8 million gains from 59Inc in 2017.

**2017 Total Sales of RM1.4 bn exceeded our target of RM1.2 bn;
2017 Unbilled Sales: RM1.7 bn**

5. Segmental Reporting: Property Development Projects

Total sales of RM1.4 bn in 2017 exceeded our target of RM1.2 bn

Property Sales in 2017 – RM1,424 mn

Project / Sales (RM' mn)	GDV	% Sales	YTD 2017
2017 launches (Residential)			
Sentral Suites (Tower 1, 2 & 3)	1,529	58%	886
Carnegie	305	72%	220
Bukit Rahman Putra	101	55%	55
Total	1,935		1,161
Residential			
9 Seputeh			
VIVO Parcel C	952	78%	41
TRIA (Parcel B)	566	23%	131
Sentral Residences	1,438	89%	41
Bandar Seri Iskandar			
Begonia 2	20	85%	8
Viscaria	17	53%	9
Total	2,993		230
Commercial			
Q Sentral	1,254	96%	33
Total	1,254		33
Grand Total	6,182		1,424

Unbilled Sales – RM1,709 mn

Project / Sales (RM' mn)	Completion YTD 2017		Unbilled Sales
New Launches			
349, Sentral Suites	10%	81	739
Carnegie	0%	0	217
Bukit Rahman Putra	26%	13	37
9 Seputeh / TRIA	3%	0	113
Total		94	1,106
Residential			
9 Seputeh / Parcel C	61%	202	252
Caspia 3	20%	1	6
Begonia 2	85%	5	2
Total		208	260
Commercial			
PJ Sentral/ MYIPO	31%	9	196
PJ Sentral/ MBSB	48%	46	125
Menara Putra	94%	166	22
Total		221	343
Others		0	
Total		523	1,709

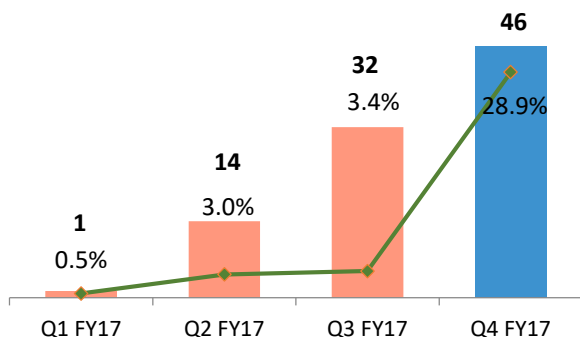
5. Segmental Reporting: Property Development Projects

	Land Size (Acres)	GDV RM' mn	Start Date	Completion Date
Transport Oriented Developments				
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	64.30	8,606	2016	2029
KL Sports City	76.14	20,700	2018	2038
Total	228.36	44,463		
Commercial Developments				
Pulai Land Johor	67.52	770	TBD	TBD
Residential Developments				
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	1.87	1,012	2018	2023
Bandar Sri Iskandar (Phase 2C, 2D & 3)	11.53	766	2014	2025
Total	78.54	9,886		
Others				
Suria Subang	3.20	NA	NA	NA
Batu Ferringhi, Penanga	3.34	NA	NA	NA
Selbourne 2 Shah Alam	2.37	NA	NA	NA
Metro Spectacular Land, Jalan Putra	10.06	NA	NA	NA
Total	18.97	0		
Grand Total	393.39	55,119		

6. Segmental Reporting: Engineering, Construction & Environment

Engineering, Construction & Environment (RM' Million)	Q4 FY17	Q4 FY16	Y-o-Y Growth %	12M 2017	12M 2016	Y-o-Y Growth %
Revenue	159	378	(57.9)%	1,774	858	106.8%
Segmental Profit	46	2	2,807.6%	93	12	700.3%
<i>Margin (%)</i>	<i>28.9%</i>	<i>0.4%</i>		<i>5.2%</i>	<i>1.4%</i>	

Segmental Profit and Margin



Performance Discussion

63% Group revenue contribution: Infra projects, 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 Klang Valley

RM468 mn New Project wins in 2017: DASH: RM369 mn, TNBHQ: RM40 mn, Larkin Stadium: RM59 mn

LRT 3 PDP JV with George Kent – RM15.2 mn profit earned and booked under Share of Joint Ventures

Higher profit in 2017 due to: Improved margins from maturing projects, focus on cost saving initiatives and efficient utilization of resources

External construction order book : RM6.2 bn

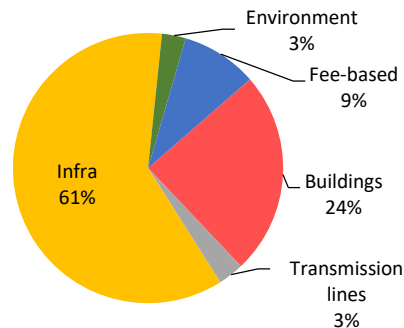
Unbilled construction order book : RM5.2 bn

6. Segmental Reporting: Engineering, Construction & Environment

Unbilled External Order Book – RM5,154 mn

RM'mil	Contract Value	Completion
Buildings:		
Johor Land Tower	184	85%
Aman Desaru	139	90%
Desaru Convention Centre	60	65%
Desa Desaru	223	60%
Westin Desaru Resort	196	55%
Giant Hypermarket - Setapak	52	95%
Giant Kajang	58	90%
PR1MA Kajang	173	25%
PR1MA Brickfields	335	0%
Indoor Stadium - Larkin	59	0%
TNB HQ Campus (Phase 1)	40	0%
Transmission lines:		
Lenggeng Extension	51	95%
Kg Cempaka LILO - OHTL	16	95%
Jabi Serting Hilir	126	65%
Infra:		
MRT2 V210 Package - 2.6km Guideway	642	15%
NPE Bridge	127	75%
Kwasa Utama C8 (provisional TCC)	2,648	0%
DASH - Package CB2	369	0%
Environment:		
Sungai Pahang Rehabilitation Phase 3	178	65%
Fee-based orders:		
Kwasa Utama, C8 - management contract	187	
PDP LRT3	270	
Kwasa Land - PDP Infra	112	
Total E&C	6,245	

External Order Book Analysis



Top Five Projects

No	Project Name	Order Book Value	% of Total Order Book
1.	Kwasa Utama C8 (provisional TCC)	2,648	49.6%
2.	MRT2 V210 Package - 2.6Km guideway	583	10.9%
3.	DASH - Package CB2	369	6.9%
4.	PR1MA Brickfields	335	6.3%
5.	PDP LRT3	270	5.1%



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