

ANALYST BRIEFING

Quarter ended 31 March 2020

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1. MRCB Group Overview

2 core activities:

Property Development & Investment
Engineering, Construction & Environment

Other activities:

Facilities Management & Parking

Pioneered Transport Oriented Development (“TOD”) in Malaysia

Property investment is conducted through 27.94% owned MRCB-Quill REIT



2. Business Model – Property Development & Investment

Bespoke Buildings Pre-let on Long Term Leases



- Purpose built buildings
- Carries more value due to customisation
- Profits from lease income and possible disposal in the future

Bespoke Buildings for Sale



- Pre-sell to owner occupiers or other purchaser
- Purpose built buildings
- Profits recognised progressively based on percentage completion of construction

Build Residential and Retail Commercial Developments



- Mostly within MRCB TODs
- Entire development is self-sustaining and integrated with easy transport access
- Profits recognised progressively based on percentage completion of construction

Income from Land Sales



- Extract maximum value from urban land bank
- Free up capital that can then be deployed elsewhere

Income from Investment Properties via MQREIT



- Dispose investment properties to MQREIT, in return of cash and units in the REIT
- Cash is recycled in future property transactions
- MRCB earns long term stream of income from dividend

2. Business Model – Engineering, Construction & Environment



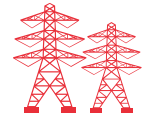
Infrastructure



**Commercial
and Residential**



Environment



**Transmission
Lines**

- Largest Bumiputera construction company
- Full service and autonomous construction company
- Strong track record and extensive engineering skillsets which allow us to focus on projects with high mechanical and engineering content and infrastructure
- Target higher margin and complex projects, with high barriers to entry
- Grow Fee Based segment
- Profits from external construction clients (whilst our internal construction works are eliminated upon group consolidation)

3. Our Response To COVID-19

Ensuring a Sustainable Business

Immediate Response

- **Activated Business Continuity Plan**
 - Work-from-home implemented seamlessly
 - Work at all sites resumed upon implementation of CMCO
 - Repurposed marketing budget into rebates/packages for customers
 - Conducted sales and marketing activities digitally
- **Conducted deep business impact assessment**
 - Ongoing risk assessment and mitigation
- **Ensured wellbeing of staff and customers**
 - Introduced SOPs to ensure well-being of employees/customers are safeguarded

Long-term Response to COVID-19 Impact

- **Revisit the Group's Strategy**
 - Review upcoming launches
 - Ongoing review of organisational structure
- **Embark on austerity and cost cutting measures**
 - Cutting corporate overheads
 - All Senior Management have taken a temporary 30% salary cut and reductions in certain benefits/allowances
 - Salary cuts and reduction of allowances for employees above a certain grade level

Increased Corporate Social Responsibility Activities Relating to COVID-19


- **Donated and sponsored RM1.3 million** through MRCB's CSR activities and Yayasan MRCB

4. MRCB Financial Summary

MRCB Q1 FY2020 Overview


Revenue

RM **426** mil.

 82% y-o-y


PBT

RM **27** mil.

 219% y-o-y

PAT

RM **16** mil.

 906% y-o-y

Net Gearing

0.29x

Total Assets


RM **8,542** mil.

Total Equity

RM **4,840** mil.

EPS

0.35 sen

 289% y-o-y

Market Cap

RM **1,721** mil.

MRCB Segment Overview

	Property Development	Engineering & Construction	Others
Revenue RM mil.	236	175	15
Revenue Contribution	56%	41%	3%
Operating Profit RM mil. <i>Margin %</i>	21 8.7%	13 7.2%	3 20.1%

Q1 FY2020 Key Numbers

RM36 mil.
Property Sales

RM1.3 bil.
Property Unbilled Sales

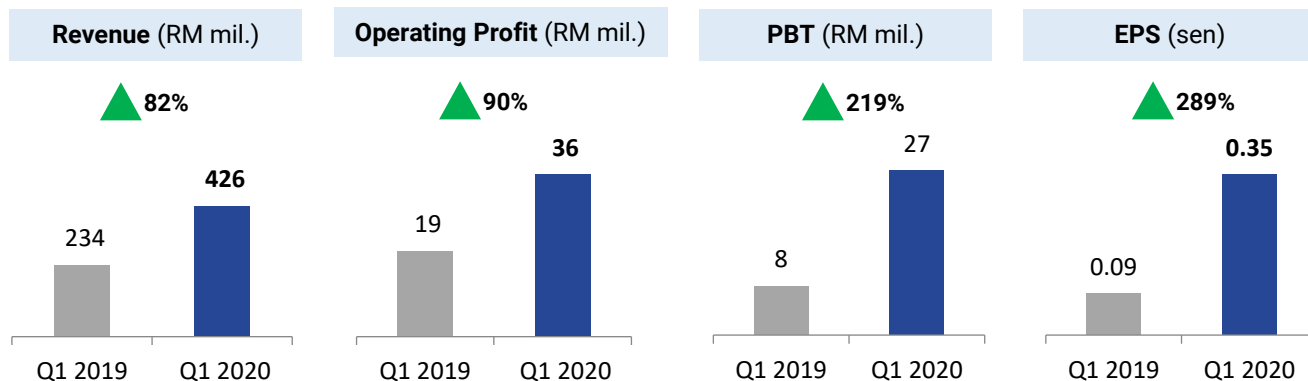
RM21.9 bil.
External Construction Order Book

RM20.7 bil.
Construction Unbilled Order Book

1. EPS; Weighted Average No of Shares as at 31 Mar 2020 = 4,412,046,269

2. Market Cap as at 31 March 2020; Number of Shares as at 31 Mar 2020 = 4,412,046,269 x RM0.390

5. Q1 FY2020 Highlights



Key Highlights

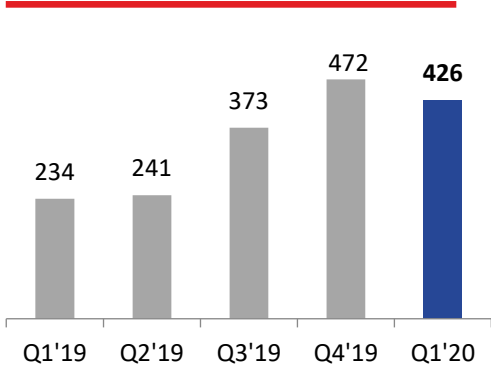
- An 82% increase in revenue and a 219% increase in profits, due to a 2-fold and 6-fold increase in revenue and profits respectively recorded by the Property Development & Investment Division.
- The increase was mainly from 1060 Carnegie in Melbourne and Sentral Suites in KL Sentral.
- LRT3 contributed PAT of RM1.2 mil in Q1 2020 (booked under Share of Results of JV) compared to RM0.5 mil in Q1 2019.
- MQREIT and MRCB Quill Management contributed PAT of RM3.9 mil.

6. Financial Performance – Profit & Loss

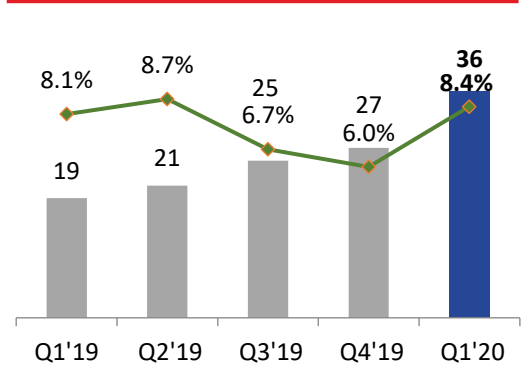
RM' Million	Q1 FY20	Q1 FY19	Y-o-Y Growth %
Revenue	426	234	81.9%
Other Operating Income	8	12	(31.9)%
Total Revenue	434	246	76.6%
Operating Expenses	(398)	(227)	75.4%
Operating Profit	36	19	90.1%
<i>Operating Profit Margin (%)</i>	<i>8.4%</i>	<i>8.1%</i>	
Finance costs	(13)	(12)	1.5%
Share of results of associates	3	3	16.9%
Share of results of joint ventures	0	(1)	(111.8)%
Profit before taxation	27	8	219.3%
Taxation	(11)	(7)	63.7%
Profit for the period	16	2	906.4%
<i>PAT Margins (%)</i>	<i>3.7%</i>	<i>0.7%</i>	
EPS	0.35	0.09	288.9%

6. Financial Performance – Quarterly Analysis

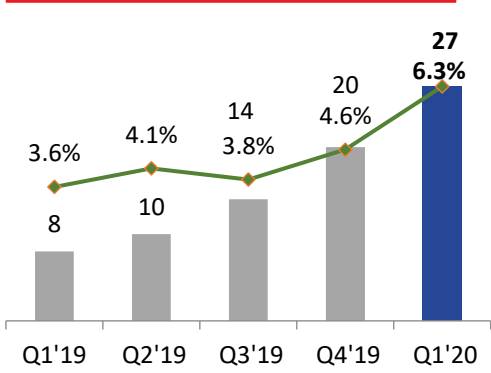
Revenue



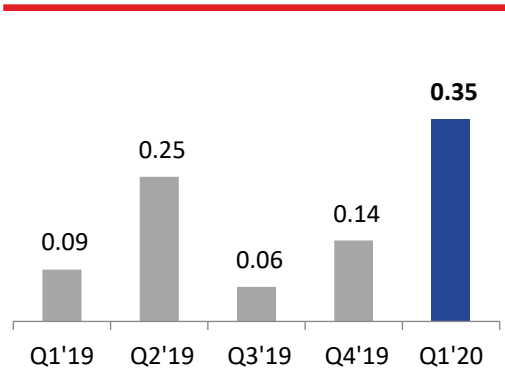
Operating Profit and Margin



PBT and Margin



EPS (sen)



• Figures are in RM mil. and margins in %

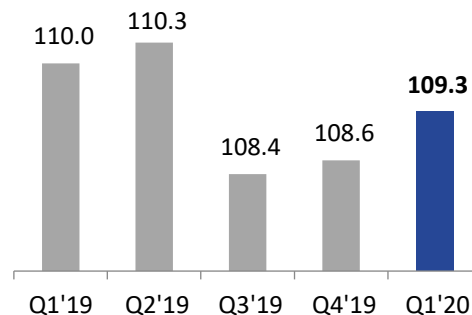
6. Financial Performance – Balance Sheet

RM' Million	31 Mar 2020	31 Dec 2019 (Audited)
Total Assets		
Current Assets	3,289	3,227
Non-Current Assets	5,175	5,177
Assets held for sale	78	78
Total Assets	8,542	8,481
Total Liabilities		
Current Liabilities	1,902	1,859
Non-Current Liabilities	1,799	1,799
Total Liabilities	3,702	3,658
Total Equity		
Shareholder's Equity	4,808	4,792
Non Controlling Interests	32	32
Total Equity	4,840	4,823
Net assets per share attributable to the equity holders of the Company (sen)	109.3	108.6

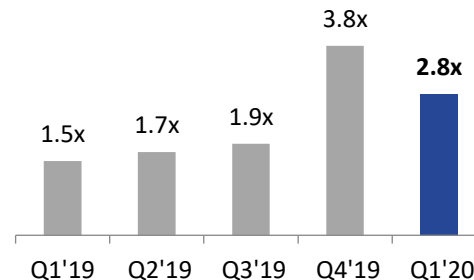
NAV per share; Number of Shares as at 31 Mar 2020 = 4,412,046,269

*Based on Profit from operations

NAV Per Share (sen)

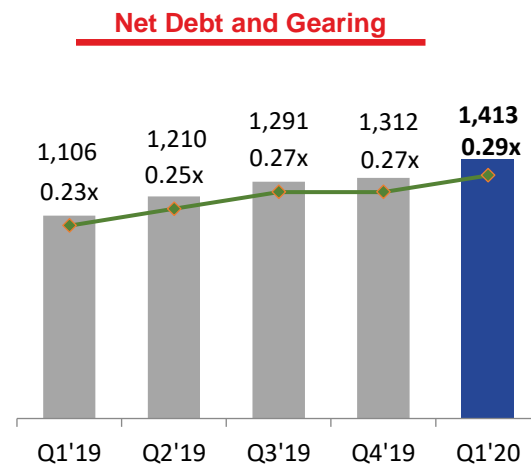


Interest Coverage*



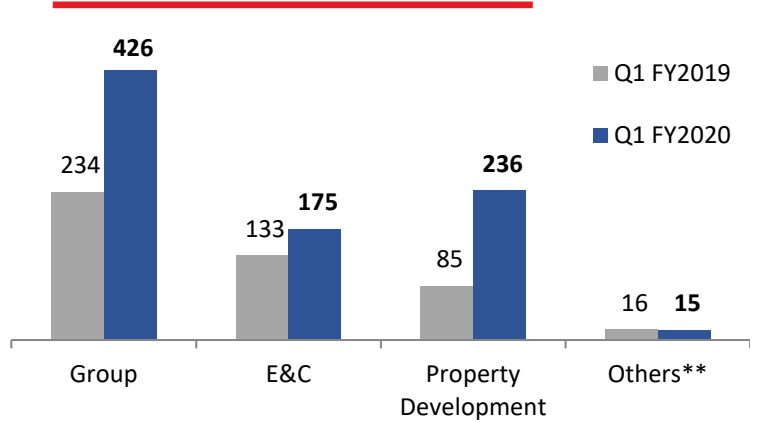
6. Financial Performance – Borrowings

Leverage Profile (RM mil.)	31 Mar 2020	31 Dec 2019
Debt		
Short Term Borrowings	919	825
Long Term Borrowings	1,003	1,003
HP creditors	1	1
Total Debt	1,923	1,829
Less: Deposits, cash and bank balances	510	517
Net Debt	1,413	1,312
Total equity	4,840	4,823
Net Gearing	0.29x	0.27x

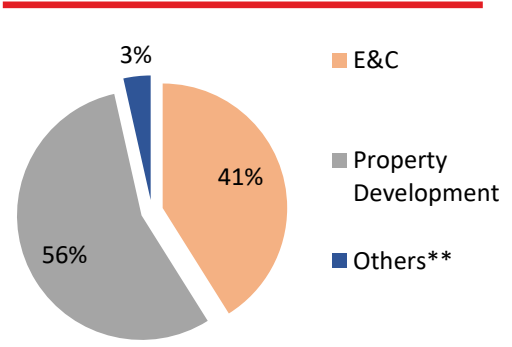


7. Segmental Reporting: Overview

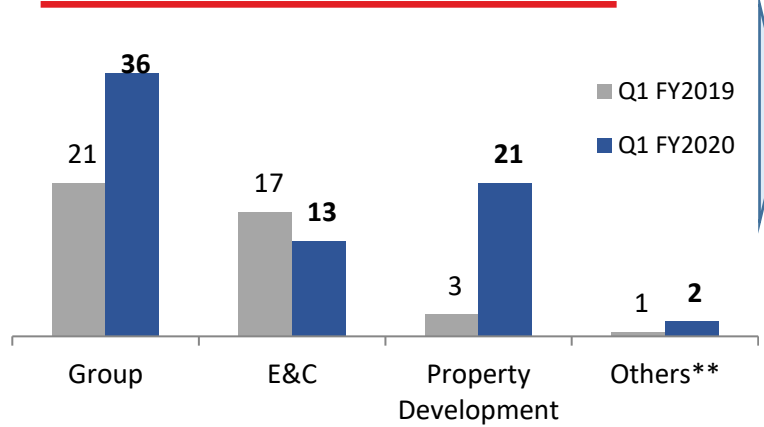
Revenue Trend – RM426 mil.



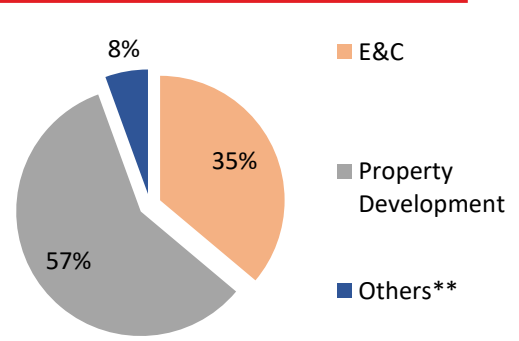
Revenue Contribution Analysis



Segmental Profit Trend – RM36 mil.



Profit Contribution Analysis

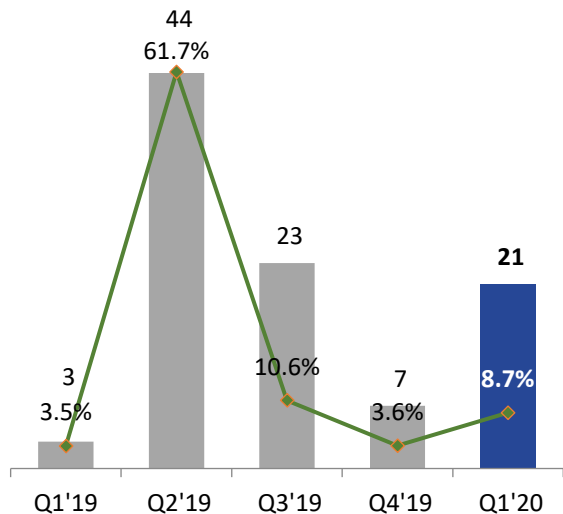


* All figures are in RM mil. and margins in %
 ** Others include Facilities Management & Parking and Others

8. Segmental Reporting: Property Development & Investment

RM' Million	Q1 FY20	Q1 FY19	Y-o-Y Growth %	3M 2020	3M 2019	Y-o-Y Growth %
Revenue	236	85	177.8%	236	85	177.8%
Segmental Profit	21	3	584.7%	21	3	584.7%
Margin (%)	8.7%	3.5%		8.7%	3.5%	

Segmental Profit and Margin



Performance Discussion

178% increase in Revenue and 6-fold increase in Profits

Contributed 56% of Group revenue

Revenue contributors: 1060 Carnegie in Melbourne, Sentral Suites in KL Sentral, 9 Seputeh in Jalan Klang Lama, office towers in PJ Sentral Garden City, Sentral Residences and Kalista Park Homes in Bukit Rahman Putra.

MQREIT and MRCB Quill Management contributed PAT of RM3.9 mil.

Revenue and profit increased due to :

- **1060 Carnegie** in Melbourne (100% completed, recognising revenue and profits in line with settlement and handing over of completed units)
- **Sentral Suites** (34% completed – target 45% by end of 2020)
- **TRIA, 9 Seputeh** (25% completed – target 40% by end of 2020)

Sales in Q1 FY2020: RM36 mil, unbilled sales: RM1.3 bil.

* All figures are in RM mil. and margins in %

8. Segmental Reporting: Property Development Projects

Total sales of RM36 mil. YTD 2020

Property Sales YTD 2020 – RM36 mil.

Project / Sales	Total Project GDV (RM'mil)	% Sales Achieved as at 31/3/20	Sales Recorded Q1 2020 (RM'mil)
Residential			
1060 Carnegie	290	88%	7
Bukit Rahman Putra			
Kalista	102	79%	0
Alstonia Hilltop	248	24%	0
Sentral Suites	1,503	82%	8
9 Seputeh,			
VIVO, Parcel C	980	81%	9
TRIA, Parcel B	934	40%	2
Sentral Residences	1,439	98%	9
SIDEC	61	34%	1
St. Regis	161	10%	0
Total	5,718		36

Unbilled Sales – RM1,299 mil.

Project / Sales	Construction Progress	Revenue Recognised in Q1 2020 (RM' mil.)	Unbilled Sales (RM' mil.)
Residential			
Sentral Suites	34%	56	901
9 Seputeh / TRIA, Parcel B	25%	9	300
Alstonia Hilltop	9%	1	56
Commercial			
PJ Sentral/ MYIPO	83%	28	42
Total		94	1,299

Note: Sales refers to properties that have been sold to buyers, which will progressively be recognised as revenue as the properties are constructed.

Unbilled Sales excludes the recognition of sales from completed unsold units.

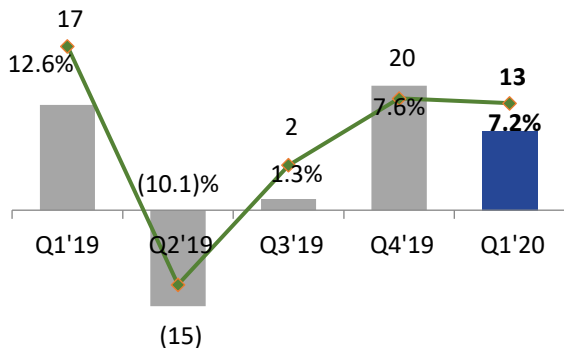
8. Segmental Reporting: Property Development Projects

	Land Size (Acres)	GDV RM' mil.	% Stake	Start Date	Completion Date
Transport Oriented Developments					
KL Sentral: Lot F	5.70	3,949	100%	2022	2027
PJ Sentral Garden City	11.91	2,700	100%	2013	2026
Penang Sentral	21.97	2,698	100%	2015	2027
Cyberjaya City Centre	41.45	5,350	70%	2017	2024
Kwasa Sentral	64.30	10,851	70%	2018	2030
Total	145.33	25,548			
Commercial Developments					
Pulai Land Johor	67.52	770	100%	TBD	TBD
Total	67.52	770			
Residential Developments					
9 Seputeh	17.63	2,680	100%	2014	2026
Sentral Suites	4.75	1,632	100%	2016	2021
1060 Carnegie, Melbourne	1.00	290	100%	2018	2020
Bukit Rahman Putra	14.18	642	100%	2016	2021
Bandar Sri Iskandar (Phase 2C, 2D & 3)	57.40	849	70%	2020	2035
Total	94.96	6,093			
Others					
Suria Subang	3.20	TBD	100%	TBD	TBD
Selbourne 2 Shah Alam	2.37	TBD	100%	TBD	TBD
Metro Spectacular Land, Jalan Putra	10.06	TBD	51%	TBD	TBD
Total	15.63	-			
Grand Total	323.44	32,411			

9. Segmental Reporting: Engineering, Construction & Environment

RM' Million	Q1 FY20	Q1 FY19	Y-o-Y Growth %	3M 2020	3M 2019	Y-o-Y Growth %
Revenue	175	133	31.7%	175	133	31.7%
Segmental Profit	13	17	(24.8)%	13	17	(24.8)%
Margin (%)	7.2%	12.6%		7.2%	12.6%	

Segmental Profit and Margin



Performance Discussion

Contributed 41% of Group revenue

Revenue contributors: DASH, EPF Headquarters at Kwasa Sentral, SUKE, MRT2 and other smaller scale civil engineering projects in Klang Valley.

Lower profit due to: completion of a project in Q1 2019.

LRT3: RM1.2 mil. profit earned and booked under Share of Joint Ventures vs. RM0.5 mil. In Q1 2019.

External construction order book : RM21.9 bil.

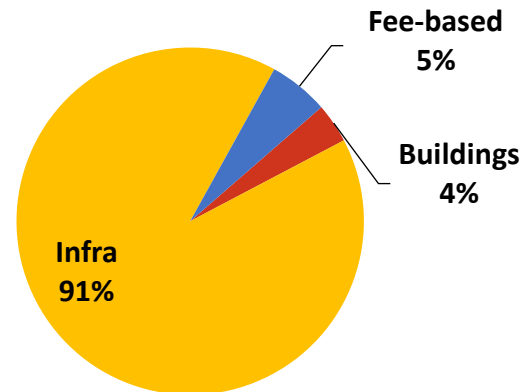
Unbilled construction order book : RM20.7 bil.

9. Segmental Reporting: Engineering, Construction & Environment

Unbilled External Order Book – RM20,741 mil.

External Contracts RM'mil	Contract Value	Completion
Buildings:		
Desaru Convention Centre	62	99%
PR1MA Kajang	173	92%
PR1MA Brickfields	335	11%
Indoor Stadium - Larkin	68	85%
FINAS	170	6%
Infra:		
MRT2 V210 Package - 2.6km Guideway	483	77%
NPE Bridge Phase 3 & 4	16	48%
Kwasa Utama C8 (provisional TCC)	2,958	49%
DASH - Package CB2	341	67%
LRT3	5,686*	30%
Bukit Jalil Sentral (provisional contract costs)	10,116	0%
SUKE - CA2 Package	317	31%
Fee-based orders:		
Kwasa Utama, C8 - management contract	177	
Kwasa Land - PDP Infra	176	13%
Bukit Jalil Sentral - management contract	841	
Semarak City Phase 1 - management contract	27	
Total	21,946	

External Order Book Analysis



Top Projects

No	Project Name	Order Book Value	% of Total Order Book
1.	Bukit Jalil Sentral	10,957	49.9%
2.	LRT3	5,686	25.9%
3.	Kwasa Utama C8	3,135	14.3%
4.	MRT2 – V210 Package	483	2.2%
5.	DASH – CB2 Package	341	1.6%
6.	PR1MA Brickfields	335	1.5%



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