

ANALYST BRIEFING

Quarter ended 30 June 2018

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1. MRCB Group Overview

2 core activities:

Property Development & Investment
Engineering, Construction & Environment

Other activities:

Infrastructure and Concession
Facilities Management & Parking

Pioneered Transport Oriented Development (“TOD”) in Malaysia

Property investment is conducted through 27.9% 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 Investment Properties Via MQREIT



- Dispose investment properties in MQREIT
- In return MRCB receives 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



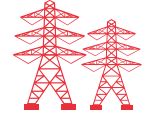
Infrastructure



**Commercial
and Residential**



Environment




**Transmission
Lines**

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

3. MRCB Financial Summary

MRCB 1H FY2018 Overview


Revenue

RM **833** mil.
 33% y-o-y

PBT

RM **74** mil.
 20% y-o-y

PAT

RM **58** mil.
 28% y-o-y

Net Gearing
0.69 x

Total Assets
 RM **10,688** mil.

Total Equity
 RM **4,960** mil.

EPS

1.25 sen
 17% y-o-y

Market Cap
 RM **2,635** mil.

MRCB Segment Overview

	Property Development	Engineering & Construction	Others
Revenue RM mil.	414	384	35
Revenue Contribution	50%	46%	4%
Operating Profit RM mil. <i>Margin %</i>	55 13.3%	41 10.7%	(11) (31.4%)

Key Numbers

RM261 mil.

Property Sales
in 1H FY2018

RM1.7 bil.

Property
Unbilled Sales

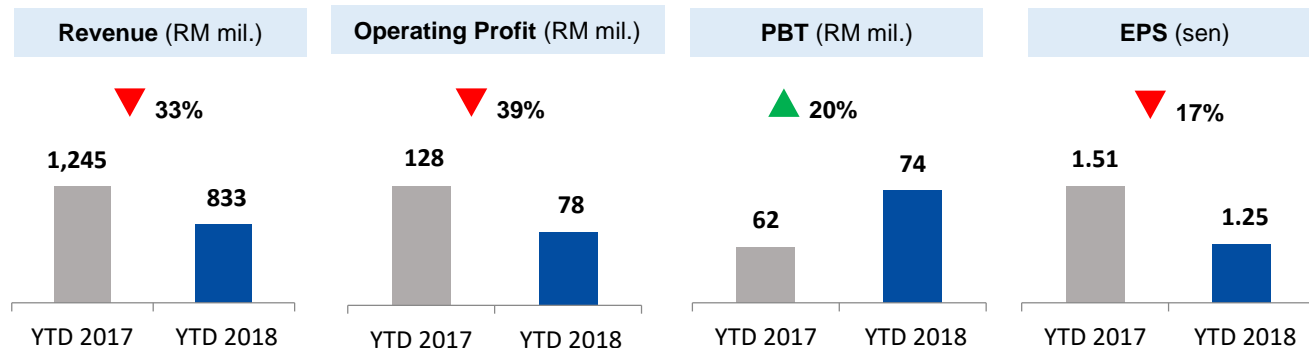
RM6.5 bil.

External
Construction
Orderbook

RM5.1 bil.

Construction
Unbilled
Orderbook

4. YTD 2018 Highlights



Key Highlights

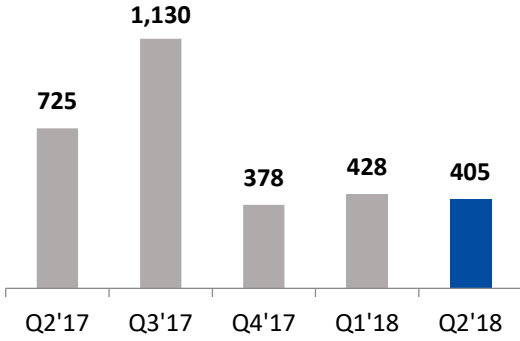
- Higher revenue recognised in YTD'17 mainly due to construction revenue derived from KL Sports City project and tolling revenue from EDL (discontinued on 1 January 2018)
- Higher operating profit in YTD'17 was mainly due to the construction completion of the Easton Burwood, Melbourne, where revenue was booked in its entirety on all the completed units handed over to customers
- Higher PBT in YTD'18 mainly due to stronger performance from the E&C segment and no operating losses from EDL
- E&C's operating profits increased 168.1% in YTD'18 mainly due to on-going projects and better management of construction costs.
- LRT3 contributed RM15 mil. PAT in YTD'18 vs RM3.7 mil. in YTD'17 (booked under Share of Results of JV)
- MQREIT contributed RM9.5 mil.

5. Financial Performance – Profit & Loss

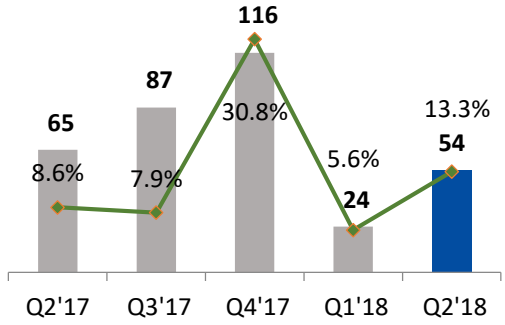
RM' Million	Q2 FY18	Q2 FY17	Y-o-Y Growth %	YTD 2018	YTD 2017	Y-o-Y Growth %
Revenue	405	725	(44.1)%	833	1,245	(33.1)%
Other Operating Income	11	15	(26.5)%	27	32	(16.4)%
Total Revenue	416	740	(43.8)%	860	1,277	(32.7)%
Operating Expenses	362	675	(46.3)%	782	1,149	(32.0)%
Operating Profit	54	65	(17.1)%	78	128	(39.2)%
<i>Operating Profit Margin (%)</i>	13.3%	9.0%		9.4%	10.3%	
Finance costs	(17)	(37)	(55.2)%	(21)	(73)	(71.0)%
Share of results of associates	3	4	(35.2)%	6	2	211.3%
Share of results of joint ventures	3	3	18.0%	11	4	181.3%
Profit before taxation	43	35	24.4%	74	62	19.5%
Taxation	(11)	(8)	36.7%	(16)	(16)	(3.7)%
Profit for the period	32	27	20.8%	58	45	27.8%
<i>PAT Margins (%)</i>	7.9%	3.7%		6.9%	3.6%	
EPS	0.76	1.10	(30.9)%	1.25	1.51	(17.2)%

5. Financial Performance – Quarterly Analysis

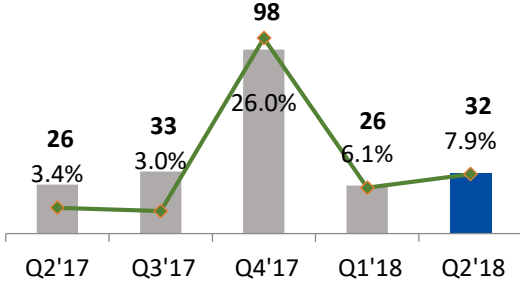
Revenue



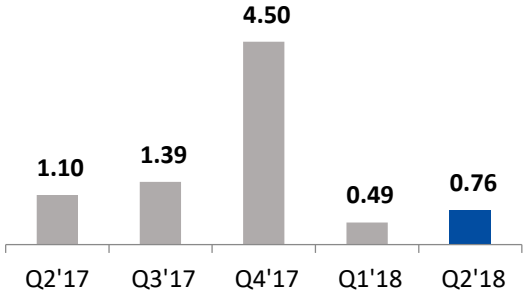
Operating Profit and Margin



PAT and Margin



EPS (sen)

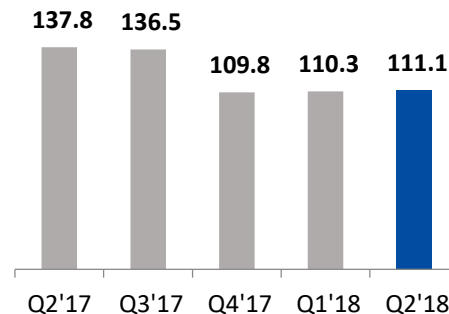


- 2017 - All figures are restated.
- Figures are in RM mil. and margins in %

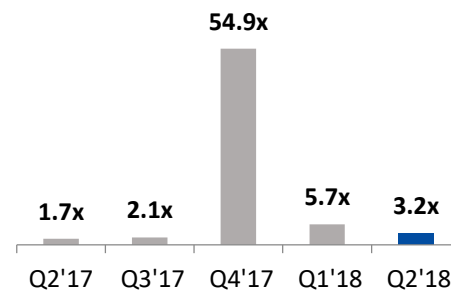
5. Financial Performance – Balance Sheet

RM' Million	Q2 FY18	Q1 FY18
Total Assets		
Current Assets	4,720	6,057
Non-Current Assets	5,968	4,390
Total Assets	10,688	10,448
Total Liabilities		
Current Liabilities	3,893	3,872
Non-Current Liabilities	1,835	1,635
Total Liabilities	5,728	5,507
Total Equity		
Shareholder's Equity	4,876	4,841
Non controlling interests	84	100
Total Equity	4,960	4,941
Net assets per share attributable to the equity holders of the Company (sen)	111.00	110.30

NAV Per Share (sen)



Interest Coverage*

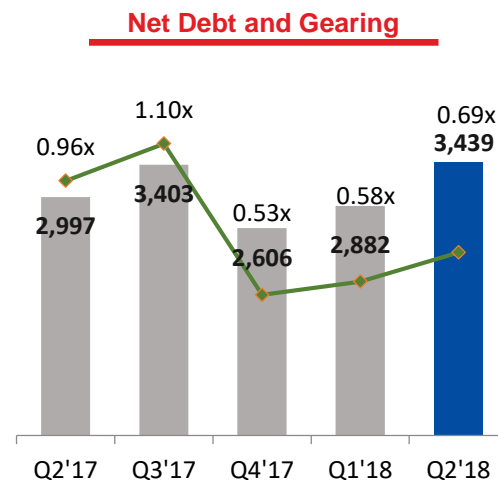


- 2017 - All figures are restated.
- Figures are in RM mil. and margins in %

*Based on Profit from operations

5. Financial Performance – Borrowings

Leverage Profile (RM mil.)	Q2 2018	Q1 2018
Debt		
Short Term Borrowings	2,581	2,459
Long Term Borrowings	1,311	1,136
HP creditors	2	3
Total Debt	3,894	3,598
Less: Cash and Cash Equivalents	455	716
Net Debt	3,439	2,882
Total equity	4,960	4,941
Net Gearing	0.69x	0.58x



Key Highlights

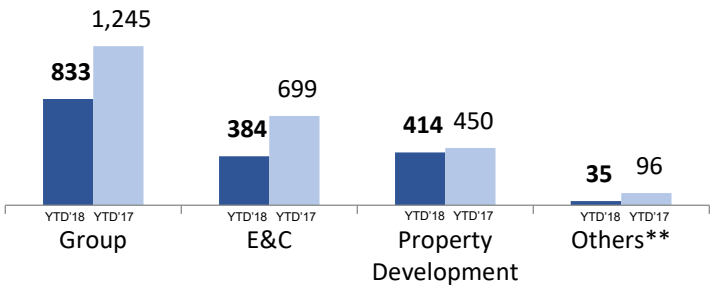
- The increase in net gearing from 0.58 times in Q1 2018 to 0.69 times in Q2 2018 due to increase in borrowings mainly from the drawdown of a new term loan for land acquisition purposes.
- Net gearing will be reduced after the settlement of the Bukit Jalil and EDL loans.

5. Financial Performance – Reduction in Borrowings

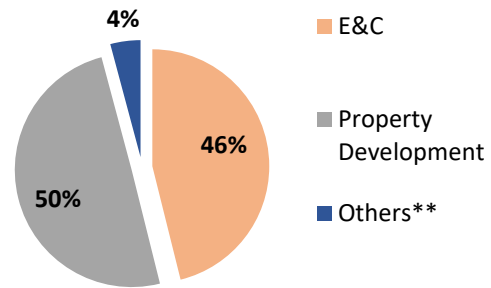
RM million	1H FY2018	← Post →			
		EPF's subscription in Bkt Jalil Sentral	EDL Compensation	Disposal of Ascott	Disposal of Celcom
Bank Borrowings	2,871	1,733	1,733	1,733	1,733
EDL Financing	1,023	1,023	-	-	-
Total Borrowings	3,894	2,756	1,733	1,733	1,733
Cash & Bank Balances	(455)	(455)	(455)	(585)	(649)
Net Borrowings/(Cash)	3,439	2,301	1,278	1,148	1,084
Total Equity	4,960	4,960	4,960	4,960	4,960
Net Gearing (times)	0.69	0.46	0.26	0.23	0.22

6. Segmental Reporting: Overview

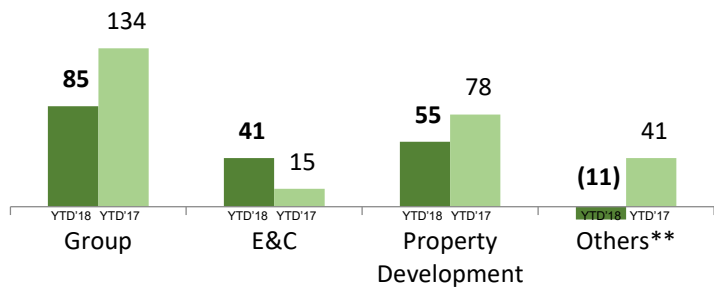
Revenue Trend – RM833 mil.



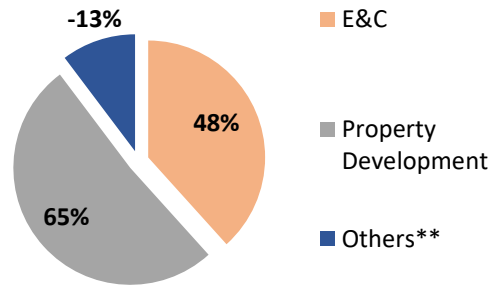
Revenue Contribution Analysis



Segmental Profit Trend – RM85 mil.



Profit Contribution Analysis

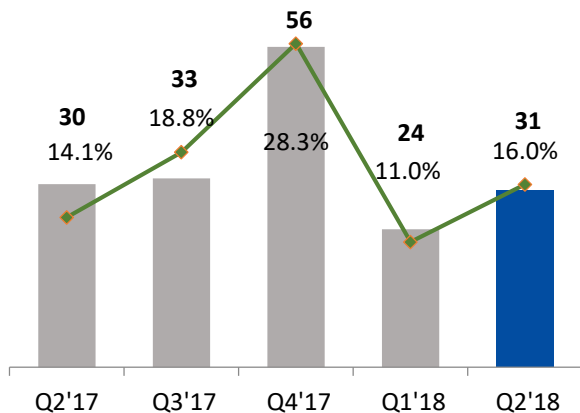


* All figures are in RM mil. and margins in %
 ** Others include Infrastructure & Concession and Facilities Management & Parking

7. Segmental Reporting: Property Development & Investment

RM' Million	Q2 FY18	Q2 FY17	Y-o-Y Growth %	YTD 2018	YTD 2017	Y-o-Y Growth %
Revenue	193	213	(9.0)%	414	450	(8.1)%
Segmental Profit	31	30	2.8%	55	78	(29.4)%
Margin (%)	16.0%	14.1%		13.3%	17.3%	

Segmental Profit and Margin



Performance Discussion

Contributed 50% of Group revenue

Revenue contributors: 9 Seputeh, PJ Sentral, Sentral Suites, Kalista Homes, Sentral Residences, Q Sentral and Easton Burwood

In Q2'18, the Group sold a piece of development land in Penang which contributed a PBT of RM31.3 mil.

MQREIT contributed RM9.5 mil.

Revenue and profit decline due to:

- YTD 2017 - the completion and handing over of Easton Burwood to its customers
- New projects still at early phase of construction therefore lower revenue and profit booked

Total Sales of RM261 mil. achieved YTD 2018

Unbilled Sales: RM1.7 bil.

7. Segmental Reporting: Property Development Projects

Total sales of RM261 mil. as at Q2 2018

Property Sales YTD 2018 – RM261 mil.

Project / Sales (RM' mil.)	GDV	% Sales	YTD 2018
Residential			
1060 Carnegie	305	72%	12
Bukit Rahman Putra, Kalista	101	58%	5
Sentral Suites	1,529	64%	98
9 Seputeh, VIVO Parcel C	952	78%	9
TRIA Phase 1, Parcel B	566	23%	87
Sentral Residences	1,438	90%	35
Bandar Seri Iskandar Begonia 2	20	91%	3
Viscaria	17	72%	5
The Easton, Burwood	194	80%	7
Total	5,122		261

Unbilled Sales – RM1,672 mil.

Project / Sales (RM' mil.)	Completion	YTD 2018	Unbilled Sales
Residential			
349, Sentral Suites	18%	83	785
1060 Carnegie	0%	0	229
Bukit Rahman Putra, Kalista	51%	0	40
9 Seputeh / TRIA, Parcel B	7%	6	176
9 Seputeh / VIVO, Parcel C	84%	119	128
Caspia 3	59%	6	5
Commercial			
PJ Sentral/ MYIPO	29%	0	201
PJ Sentral/ MBSB	60%	29	96
Menara Putra	97%	10	12
Total		253	1,672

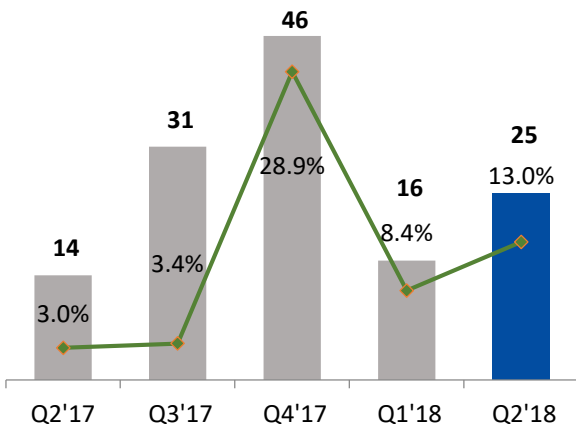
7. Segmental Reporting: Property Development Projects

	Land Size (Acres)	GDV RM' mil.	% Stake	Start Date	Completion Date
Transport Oriented Developments					
KL Sentral: Lot F	5.70	2,993	74%	2018	2025
PJ Sentral Garden City	11.91	2,619	100%	2013	2022
Penang Sentral	22.65	2,865	100%	2015	2027
Cyberjaya City Centre	45.31	5,350	70%	2017	2024
Kwasa Sentral	64.30	10,555	70%	2018	2030
Bukit Jalil Sentral*	76.14	20,700	20%	2018	2038
Total	226.01	45,082			
Commercial Developments					
Pulai Land Johor	67.52	770	100%	TBD	TBD
Residential Developments					
9 Seputeh	17.63	2,680	100%	2014	2024
Lot 349, Sentral Suites	4.92	1,529	100%	2016	2020
Carnegie, Melbourne	1.00	305	100%	2018	2020
Bukit Rahman Putra (incl. Kalista)	14.18	547	100%	2016	2021
Bandar Sri Iskandar (Phase 2C, 2D & 3)	11.53	766	70%	2014	2025
Total	116.78	6,597			
Others					
Suria Subang	3.20	NA	100%	NA	NA
Selbourne 2 Shah Alam	2.37	NA	100%	NA	NA
Metro Spectacular Land, Jalan Putra	10.06	NA	51%	NA	NA
Total	15.63	-			
Grand Total	358.42	51,679			
Adjusted Grand Total after disposal	282.28	30,979			

8. Segmental Reporting: Engineering, Construction & Environment

RM' Million	Q2 FY18	Q2 FY17	Y-o-Y Growth %	YTD 2018	YTD 2017	Y-o-Y Growth %
Revenue	193	468	(58.8)%	384	699	(45.1)%
Segmental Profit	25	14	78.0%	41	15	168.1%
Margin (%)	13.0%	3.0%		10.7%	2.2%	

Segmental Profit and Margin



Performance Discussion

Contributed 46% of Group revenue

Revenue contributors: MRT2, environmental project at Sungai Pahang, on going construction of several commercial buildings in Johor, related construction projects in Peninsular Malaysia and other smaller scale civil engineering projects in Klang Valley

LRT 3 PDP JV : RM15.0 mil. profit earned and booked under Share of Joint Ventures vs. RM3.7 mil. in YTD'17

Higher profit in Q2 2018 due to: Improved margins from maturing projects and focus on cost saving initiatives, value engineering

External construction order book : RM6.5 bil. expected to grow to approx. RM21.7 bil.

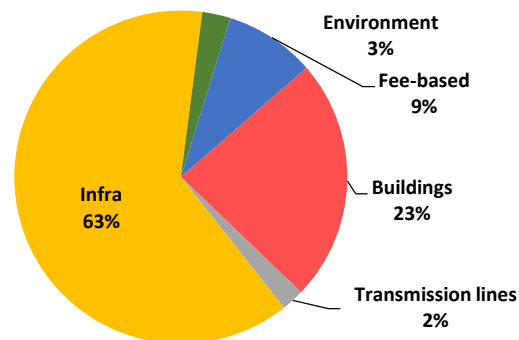
Unbilled construction order book : RM5.1 bil.

8. Segmental Reporting: Engineering, Construction & Environment

Unbilled External Order Book – RM5,067 mil.

RM'mil	Contract Value	Completion
Buildings:		
Johor Land Tower	184	95%
Aman Desaru	139	96%
Desaru Convention Centre	60	80%
Desa Desaru	220	80%
Westin Desaru Resort	196	75%
Giant Hypermarket - Setapak	55	97%
Giant Kajang	60	98%
PR1MA Kajang	173	40%
PR1MA Brickfields	335	0%
Indoor Stadium - Larkin	59	10%
TNB HQ Campus (Phase 1)	44	10%
Transmission lines:		
Kg Cempaka LILO - OHTL	16	95%
Jabi Serting Hilir	126	80%
Infra:		
MRT2 V210 Package - 2.6km Guideway	604	25%
NPE Bridge	127	86%
Kwasa Utama C8 (provisional TCC)	2,958	1%
DASH - Package CB2	369	5%
Environment:		
Sungai Pahang Rehabilitation Phase 3	178	90%
Fee-based orders:		
Kwasa Utama, C8 - management contract	187	
PDP LRT3	270	
Kwasa Land - PDP Infra	112	
Total	6,472	
LRT3 (potential)*	4,500	
Bukit Jalil Sentral (provisional sum)	11,007	
Adjusted Grand Total	21,709	

External Order Book Analysis



Top Five Projects

No	Project Name	Order Book Value	% of Total Order Book
1.	Kwasa Utama C8 (provisional TCC)	2,958	45.7%
2.	MRT2 V210 Package - 2.6Km guideway	604	9.8%
3.	DASH - Package CB2	369	6.0%
4.	PR1MA Brickfields	335	5.4%
5.	PDP LRT3	270	4.4%



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