

## Gamuda bidding on projects worth RM18b

	▶ GAMUDA BHD			
	2009A	2010F	2011F	2012F
<b>TURNOVER</b> (RM mil)	2,727.0	3,075.0	4,350.0	4,214.0
<b>NET PROFIT</b> (RM mil)	194.0	278.0	446.0	448.0
<b>EPS</b> (sen)	9.6	13.8	22.2	22.3
<b>ROAE</b> (%)	6.2	8.6	13.0	11.9

▶ Recommendation:

**Buy**

**Target Price RM4.20**

By HwangDBS Vickers Research (Jan 14)

### Flurry Of Contracts in 2010

IN SPITE of having the highest executable orderbook in the industry at RM5.7 billion, Gamuda is not resting on its laurels and is actively bidding for some RM3 billion projects in the Middle East and another RM1 billion locally, apart from the 3 mega projects worth RM17-18 billion.

Hence, there could be a flurry of contract wins in 1HCY10.

### Earnings to rebound FY10F

FY09 was a kitchen sinking year for Gamuda. We expect earnings to rebound strongly in FY10F-FY11F driven by normalisation of margins for its double tracking project and expectations of new order win of RM4.1 billion over the next two financial years. Local property sales have also been robust, with 1QFY10 sales of RM250 million, implying Gamuda will likely have to revise its FY10 sales target of RM600 million.

### Key Concerns In Price

Two key concerns — devaluation of Vietnam Dong and Splash have weighed down

the stock. Overall, we think the Dong weakness is net positive as 30% of the outstanding construction work in Yenso Park of RM1.1 billion is priced in Dong and will be cheaper in Ringgit terms while the balance 70% is priced in US\$ and should be neutral. The RM8 billion GDV property portion is priced in US\$ and will only be launched in 2QCY10.

The sale of Splash is still in limbo and is now awaiting a new offer from the Federal government. This should roughly be similar to the Selangor State's offer of RM631 million for its 40% stake. Collectively, Yenso Park and Splash contribute RM0.62 of our SOP value of RM4.20.