

STATEMENT FROM THE GROUP CHIEF FINANCIAL OFFICER

GROUP SEGMENTAL PERFORMANCE (CONT'D.)

Strong construction order book of RM4.5 billion and unbilled property sales of RM4.6 billion will see the Group through the next two years

Moving forward, the resilience of the Group is underpinned by its RM4.5 billion construction order book and RM4.6 billion unbilled property sales which will see it through the next two years. On top of that, the Group has a healthy balance sheet with a low gearing of 0.2 times and a strong cash position.

Lower traffic plying the four expressways amid more lockdowns in Malaysia

The concession division's earnings had declined 28 percent due to lower traffic plying the Group's four expressways as more lockdowns were imposed in Malaysia this year as COVID-19 cases surged. Gamuda Water's essential water services continued unimpeded.

ENGINEERING AND CONSTRUCTION

Strong order book of RM4.5 billion – excluding the RM5 billion order book from Penang South Islands' (PSI) Silicon Island project; construction works continued unimpeded due to rigorous COVID-19 control measures

The construction division delivered a solid earnings performance this year, earnings jumped 46 percent to RM253.0 million from last year's RM173.1 million mainly due to higher earnings contribution from MRT Putrajaya Line as the first phase traversing from Kwasa Damansara station to Kampung Baru station nears completion with operations to commence in November 2021. Excluding PSI's Silicon Island (Island A), the construction order book stands at RM4.5 billion.

(a) Recent Award: Taiwan – 161kV Songshu to Guangfeng underground transmission line (RM460 million)

Gamuda's 50 percent-owned joint venture with a Taiwanese company has in August 2021 won the tender to construct a 161kV underground transmission line and auxiliary electrical and mechanical system with a contract price of NTD3,087 million for Taiwan Power Company Ltd., a state-owned electric power industry enterprise in Taiwan. Construction duration is about three and a half years.

(b) Klang Valley Mass Rapid Transit (KVMRT): MRT Putrajaya Line

As of 31 July 2021, MRT Putrajaya Line's overall cumulative progress is on schedule; Elevated works package at 97 percent and Underground works package at 90 percent. Overall progress for Phase 1 (Kwasa Damansara station to Kampung Baru station) is substantially completed with system integration testing and operational readiness in progress. For Phase 2 Underground works and Elevated packages, the station structural, mechanical installation, fit-out works, and trackworks are progressing well. Delivery and assembly of system equipment and electric train for Phase 2 are currently ongoing.

ENGINEERING AND CONSTRUCTION: NET PROFIT

RM253 MILLION
INCREASE OF 46%

ENGINEERING AND CONSTRUCTION (CONT'D.)

(c) Penang Transport Master Plan (PTMP)

The Penang State Government (PSG) and the Company's 60 percent-owned SRS Consortium Sdn Bhd (SRS) have executed a Public Private Partnership (PPP) agreement on 25 March 2021 whereby SRS will undertake the construction and development of the Silicon Island (Island A) of the PSI via a project development model in a 70:30 PPP joint venture with the PSG. Key terms of the Joint Venture Agreement are:

- PSG gets a 30 percent stake in the joint venture.
- All equity capital and borrowings will be funded by SRS. SRS assumes all project risks including underwriting all borrowings required for the project with no recourse to PSG.
- Phase 1 reclamation works shall be awarded to Gamuda Engineering Sdn Bhd, a wholly-owned subsidiary of the Company. The contract price shall be determined after verification by an Independent Consulting Engineer to be appointed by PSG.

On 8 September 2021, the Appeal Board of the Department of Environment set aside the approval of the PSI Environmental Impact Assessment (EIA), ruling that the approval did not comply with Section 34A(4)(a) of the Environmental Quality Act 1974. This was because the Penang Structure Plan 2030 was not in force at the time the EIA approval was given.

The PSG intends to file a Judicial Review, and will also resubmit the EIA for approval so that the PSI Project, which is critical to the recovery of the State's economy post COVID-19, can continue as planned. This could delay the reclamation works by six to eight months.

(d) Sarawak

(i) Pan Borneo Highway Package (WPC-04) (Pantu Junction to Btg Skrang)

The Sarawak Pan Borneo Highway package (WPC-04) project's scope which includes the widening and upgrading of the existing 89.3km long highway from two-lane single carriage road to a four-lane dual carriageway of JKR R5 standard, is progressing on schedule with overall cumulative progress at 63 percent as of July 2021. Naim Engineering Sdn Bhd – Gamuda Berhad JV is the contractor.

(ii) Batang Lupar Bridge at Sri Aman Town

Naim Engineering Sdn Bhd – Gamuda Berhad JV accepted the award of the Second Trunk Road (Package B3) Proposed Batang Lupar Bridge No. 2 at Sri Aman Town project valued at RM224 million on 24 February 2020. Extension of Time (EOT) No. 1 due to impact from the MCO was granted on 18 August 2020. With a total extension of 79 days, the new target completion date will be on 9 June 2024. Overall cumulative progress as of the end of July 2021 was on schedule at six percent.

(e) Taiwan

(i) Marine Bridge

The Group's 70 percent-owned joint venture with a Taiwanese company is constructing a 1.23km marine bridge worth NTD3,955 million (equivalent to RM522 million) for CPC Corporation Taiwan, a state-owned petroleum company which is expected to be completed in November 2022. Offshore piling works and external casing are progressing well according to schedule. The overall cumulative progress as of the end of July 2021 was on schedule at 59 percent.

(ii) Seawall for Reclamation Project

Gamuda's 70 percent-owned joint venture with a Taiwanese company has in December 2019 won the tender to construct 4,014 metres of seawall structure with contract price of NTD6,817 million (RM932 million) for Taiwan International Ports Corporation, a state-owned port operation company. Completion is targeted for March 2025. Caisson construction is in progress. The overall cumulative progress as of the end of July 2021 was on track at 19 percent.

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ENGINEERING AND CONSTRUCTION (CONT'D.)

(f) Gamuda Australia

Gamuda (Australia) Branch and Gamuda Engineering (Australia) Pty Ltd are well established and expected to contribute positively. We are actively bidding for multibillion worth of projects in New South Wales, Victoria, Queensland and Western Australia.

Notable projects currently under tender:

- AUD2.5 billion (RM7.5 billion) Sydney Metro West – Western Tunnelling Package; project award has been extended to Q1, 2022 due to change of tender specifications by client
- AUD2.5 billion (RM7.5 billion) Western Sydney Airport Metro line (Station Box and Tunnelling package); outcome expected in December 2021
- AUD1.5 billion (RM4.5 billion) Coffs Harbour Bypass 12km Road Project – shortlisted to participate in the tender process in early October 2021 with the outcome expected in mid-2022

(g) Singapore: Gali Batu Multi-Storey Bus Depot

The Land Transport Authority of Singapore (LTA) awarded the SGD260 million (RM800 million) contract for the Gali Batu Multi-Storey Bus Depot to Greatearth Corporation-Gamuda Berhad Singapore Branch Joint Venture on 12 November 2019. The project consists of a three-storey administrative building, a five-storey dormitory and a five-storey main depot equipped with parking spaces for 715 buses, refuelling and washing facilities, repair and maintenance facilities with cutting-edge technology to cater for the operation of electric buses. The original contract duration is 41 months.

Excavation work and piling works for the bus depot are ongoing at the site. The overall cumulative status as of the end of July 2021 was on track at 15 percent.

Our 55 percent joint venture partner, Greatearth Corporation filed a statutory declaration on 3 September 2021 of the company's inability to continue business, and notified us of their intention to withdraw from this contract. We are currently pursuing a full novation of the contract to Gamuda Berhad Singapore Branch with LTA, and a settlement agreement with Greatearth Corporation in parallel.

(h) Gamuda Digital IBS

Gamuda Digital Industrialised Building Systems (IBS) currently operates from its larger Banting factory while its smaller Sepang factory remained shut down since last year as the pace of building construction slowed because the contractors were only able to operate at half capacity due to stringent health and safety control measures imposed by the authorities. Digital IBS produces solid walls and slabs, double-wall, pre-stressed slab, bathroom pods and other special elements that applies to both high-end and affordable, landed and high-rise residential and commercial unit. Digital IBS produced the units for Gamuda Land as well as other property developers.

Various cost reduction initiatives have been implemented to bring down the operational cost as well as redesigning the construction architecture of the range of precast products, to gain a competitive edge over conventional construction methods.