



Media Release

RAM Ratings reaffirms Gamuda's AA₃/Stable/P1 issue ratings

RAM Ratings has reaffirmed the ratings of debt programmes under Gamuda Berhad (Gamuda or the Group) and its subsidiaries, Bandar Serai Development Sdn Bhd and Gamuda Land (T12) Sdn Bhd. The debt facilities of the subsidiaries are irrevocably and unconditionally guaranteed by the Group.

Issuer	Facility	Rating/ Outlook	Rating Action
Gamuda Berhad	RM5.0 bil Islamic Medium-Term Notes Programme (2015/2045)	AA ₃ /Stable	Reaffirmed
	RM800 mil Islamic Medium-Term Notes Programme (2013/2038)	AA ₃ /Stable	Reaffirmed
	RM800 mil Islamic Medium-Term Notes Programme (2008/2028)	AA ₃ /Stable	Reaffirmed
	RM2.0 bil Islamic Commercial Papers Programme (2022/2029)	P1	Reaffirmed
Bandar Serai Development Sdn Bhd	RM1.0 bil Islamic Medium-Term Notes Programme (2014/2044)	AA ₃ (s)/Stable	Reaffirmed
Gamuda Land (T12) Sdn Bhd	RM2.0 bil Islamic Medium-Term Notes Programme (2020/2050)*	AA ₃ (s)/Stable	Reaffirmed
	RM500 mil Islamic Commercial Papers Programme (2020/2027)*	P1(s)	Reaffirmed
	* Combined limit of RM2.0 bil		

The reaffirmation of the ratings is supported by Gamuda's better than expected performance and a resurgence in construction jobs. The Group's RM14.80 bil construction order book and RM5.80 bil of unbilled property sales as at end-October 2022 (end-July 2021: RM4.55 bil and RM4.60 bil, respectively) provides robust earnings outlook for the medium term despite the loss of stable highway concession income. The construction order book is estimated to have ballooned to more than RM16 bil currently and is seen to expand further.

Gamuda enters a new growth phase, supported by a strong balance sheet. Total debts of RM5.01 bil and a cash balance of RM4.74 bil (including investment securities) as at end-October 2022 translate into an improved net gearing of 0.02 times (not including incorporated joint ventures) (end-July 2022 debts, cash and net gearing: RM4.79 bil, RM3.50 bil and 0.13 times, respectively). The Group's substantial cash hoard will lessen the need for new debts. Balance sheet strength over the next three years is anticipated to be adequate, with gearing and net gearing

rising to about 0.6 times and 0.5 times, respectively. Funds from operations net debt coverage is expected to weaken to about 0.20 times from 0.48 times in fiscal 2022. These ratios approximate pre-pandemic levels.

Fast-paced expansion into multiple countries, particularly maiden and large construction projects in Australia, heighten Gamuda's execution risks. To minimise these risks, the Group transferred key management and a substantial number of technical staff to the country well before securing its first contract. Given its focus on large-scale infrastructure jobs, Gamuda is susceptible to earnings volatility stemming from a lumpy order book.

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