

# GDB Holdings Berhad

**TP: RM0.33** (+17.9%)

*Ends New Contract Drought*

Last Traded: RM0.28

**BUY**

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### First Major New Job Since Listing

GDB has accepted a construction job from Trans Resources Corporation Sdn Bhd as the Principal Works Contractor for a mixed development at Ara Damansara.

The contract is for main builder's works – architectural, civil & structural works and M&E works for Phase I of the transit-oriented mixed development which comprises two 18-storey serviced apartment blocks, on a 8-storey podium with 7-storey car park, and 1-storey related facility on top of the podium.

The contract carries a project sum of RM135mn. The project shall commence on 16 April 2019 for a duration of 30 months.

### Our View

The long awaited new job (excluding a smallish RM2.6mn job it secured in 2018) ends the new contract drought since it last secured a major job in 2017.

With this job win, its outstanding order book is estimated at about RM670mn, translating into 2.4x FY18 revenue.

Assuming a gross margin of 9.5%, this project is expected to contribute RM8.8mn of net profit, or an EPS of 1.4sen/share throughout the construction period.

### Impact

Maintain our FY19 to FY21 earnings forecasts as the job win is within our FY19 order book replenishment assumption of RM400mn.

### Valuation

Maintain our **Buy** call on **GDB** with an unchanged target price of **RM0.33**, based on unchanged 8x CY19 earnings.

### Share Information

Bloomberg Code	GDB MK
Bursa	GDB
Stock Code	0198
Listing	Ace Market
Share Cap (mn)	625.0
Market Cap (RMmn)	175.0
52-wk Hi/Lo (RM)	0.45/0.22
12-mth Avg Daily Vol ('000 shrs)	1214.9
Estimated Free Float (%)	18.7
Beta	na

### Major Shareholders (%)

CHC Holdings Sdn Bhd	51.80
Alexander Lo	22.22

### Forecast Revision

	FY19	FY20
Forecast Revision (%)	-	-
Net profit (RMmn)	25.7	21.0
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Buy (Maintained)	

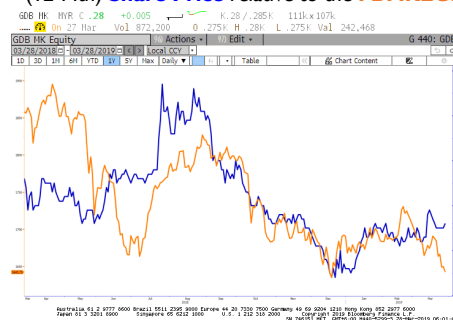
### Financial Indicators

	FY19	FY20
Net Debt / Equity (%)	net cash	net cash
CFPS (sen)	0.6	1.1
Price / CFPS (x)	45.3	24.9
ROA (%)	10.4	7.6
NTA/Share (sen)	19.3	21.1
Price/NTA (x)	1.5	1.3

### Share Performance (%)

Price Change	GDB	FBM KLCI
1 mth	5.7	(3.8)
3 mth	19.1	(2.9)
6 mth	(20.0)	(8.4)
12 mth	(15.2)	(11.6)

### (12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

## Earnings Summary (RMmn)

Profit & Loss (RMmn)					
YE Dec 31	2017	2018	2019F	2020F	2021F
Revenue	296.8	274.6	390.0	318.9	340.0
EBITDA	34.7	42.1	38.1	30.9	33.6
Depreciation	(4.2)	(5.2)	(3.4)	(2.6)	(4.1)
EBIT	30.5	36.9	34.7	28.4	29.6
Finance cost	0.0	0.0	0.0	0.0	0.0
PBT	30.5	36.9	34.7	28.4	29.6
Taxation	(8.0)	(9.1)	(9.0)	(7.4)	(7.7)
NCI	0.0	0.0	0.0	0.0	0.0
Net profit	22.5	27.9	25.7	21.0	21.9
Core profit	23.4	28.6	25.7	21.0	21.9
GDPS (sen)	na	2.0	1.5	1.5	1.5
Div Yield (%)	na	7.1	5.4	5.4	5.4

Cash Flow (RMmn)					
YE Dec 31	2017	2018	2019F	2020F	2021F
PBT	30.5	36.9	34.7	28.4	29.6
Adjustments	7.7	4.5	0.5	(0.5)	0.8
Changes in WC	(10.9)	(9.0)	(10.8)	2.8	(0.8)
Interest & tax	(8.5)	(9.0)	(9.0)	(7.4)	(7.7)
<b>Operational cash flow</b>	<b>18.8</b>	<b>16.8</b>	<b>15.3</b>	<b>23.3</b>	<b>21.8</b>
Capex	(5.4)	(3.5)	(5.0)	(10.0)	(10.0)
Others	(2.4)	0.9	2.9	3.1	3.3
<b>Investment cash flow</b>	<b>(7.9)</b>	<b>(2.6)</b>	<b>(2.1)</b>	<b>(6.9)</b>	<b>(6.7)</b>
Debt raised/(repaid)	(4.0)	0.0	0.0	0.0	0.0
Dividend	(9.8)	(6.3)	(9.4)	(9.4)	(9.4)
Others	(1.1)	42.1	0.0	0.0	0.0
<b>Financial cash flow</b>	<b>(15.0)</b>	<b>35.8</b>	<b>(9.4)</b>	<b>(9.4)</b>	<b>(9.4)</b>
<b>Net cash flow</b>	<b>(4.0)</b>	<b>50.1</b>	<b>3.9</b>	<b>7.0</b>	<b>5.7</b>
<b>Beginning cash</b>	<b>30.0</b>	<b>26.0</b>	<b>10.8</b>	<b>14.7</b>	<b>21.7</b>
<b>Ending cash</b>	<b>26.0</b>	<b>76.1</b>	<b>14.7</b>	<b>21.7</b>	<b>27.4</b>
Adjustments	(20.5)	0.0	0.0	0.0	0.0
<b>Cash</b>	<b>5.5</b>	<b>10.8</b>	<b>14.7</b>	<b>21.7</b>	<b>27.4</b>

Assumptions (RMmn)					
YE Dec 31	2017	2018	2019F	2020F	2021F
New job wins	744.9	2.6	400.0	400.0	400.0

Balance Sheet (RMmn)					
YE Dec 31	2017	2018	2019F	2020F	2021F
Fixed assets	13.0	11.2	12.9	20.3	26.2
Others	-	-	-	-	-
<b>NCA</b>	<b>13.0</b>	<b>11.2</b>	<b>12.9</b>	<b>20.3</b>	<b>26.2</b>
Cash	5.5	10.8	14.7	21.7	27.4
Short term fund + FD	25.9	72.5	72.5	72.5	72.5
Others	107.7	118.2	181.8	152.7	161.3
<b>CA</b>	<b>139.2</b>	<b>201.5</b>	<b>269.0</b>	<b>246.9</b>	<b>261.3</b>
<b>Total assets</b>	<b>152.2</b>	<b>212.8</b>	<b>281.9</b>	<b>267.2</b>	<b>287.5</b>
ST borrowings	-	-	-	-	-
Other liabilities	112.2	108.6	161.4	135.1	142.9
<b>CL</b>	<b>112.2</b>	<b>108.6</b>	<b>161.4</b>	<b>135.1</b>	<b>142.9</b>
<b>Shareholders' funds</b>	<b>39.9</b>	<b>104.1</b>	<b>120.4</b>	<b>132.0</b>	<b>144.5</b>
LT borrowings	-	-	-	-	-
Other LT liabilities	0.1	-	-	-	-
<b>NCL</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital</b>	<b>152.2</b>	<b>212.8</b>	<b>281.9</b>	<b>267.2</b>	<b>287.5</b>

Ratio					
YE Dec 31	2017	2018	2019F	2020F	2021F
EBITDA Margins (%)	11.7	15.3	9.8	9.7	9.9
Core EPS (sen)	3.8	4.6	4.1	3.4	3.5
EPS Growth (%)	45.7	22.0	(10.3)	(18.3)	4.3
PER (x)	7.5	6.1	6.8	8.3	8.0
GDPS (sen)	na	2.0	1.5	1.5	1.5
Div Yield (%)	na	7.1	5.4	5.4	5.4
Net cash (RMmn)	31.5	83.3	87.2	94.2	99.9
Net gearing (%)	netcash	netcash	netcash	netcash	netcash
ROE (%)	69.9	39.7	22.9	16.6	15.8
ROA (%)	17.9	15.7	10.4	7.6	7.9
NTA (sen)	6.4	16.7	19.3	21.1	23.1
P/NTA(x)	4.4	1.7	1.5	1.3	1.2

## Stock Recommendation Guideline

- BUY** : Total return within the next 12 months exceeds required rate of return by 5%-point.  
**HOLD** : Total return within the next 12 months exceeds required rate of return by between 0-5%-point.  
**SELL** : Total return is lower than the required rate of return.  
**Not Rated**: The company is not under coverage. The report is for information only.

**Total Return** is defined as expected share price appreciation plus gross dividend over the next 12 months. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

**Required Rate of Return** of 7% is defined as the yield for one-year Malaysian government treasury plus assumed equity risk premium.

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As of Thursday, March 28, 2019, the analyst, Ooi Beng Hooi, who prepared this report, has interest in the following securities covered in this report:  
(a) nil

**Kaladher Govindan – Head of Research**

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