

# Analyst Briefing

QUARTER ENDED 31 March 2018



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# 1. MRCB Group Overview

## MRCB Q1 FY2018 Overview


Revenue

RM **428** mn

 18% y-o-y


PBT

RM **31** mn

 13% y-o-y

PAT

RM **26** mn

 38% y-o-y

Net Gearing

**0.58** x

Total Assets


RM **10,448** mn

Total Equity

RM **4,941** mn

EPS

**0.49** sen

 23% y-o-y

Market Cap

RM **4,435** mn

## MRCB Segment Overview

	Property Development	Engineering & Construction	Others
Revenue RM mn	<b>220</b>	<b>191</b>	<b>16</b>
Revenue Contribution to Group	<b>52%</b>	<b>45%</b>	<b>3%</b>
Segmental Profit RM mn <i>Margin %</i>	<b>24</b> <i>10.9%</i>	<b>16</b> <i>8.4%</i>	<b>(13)</b> <i>(81.3%)</i>

## Key Numbers

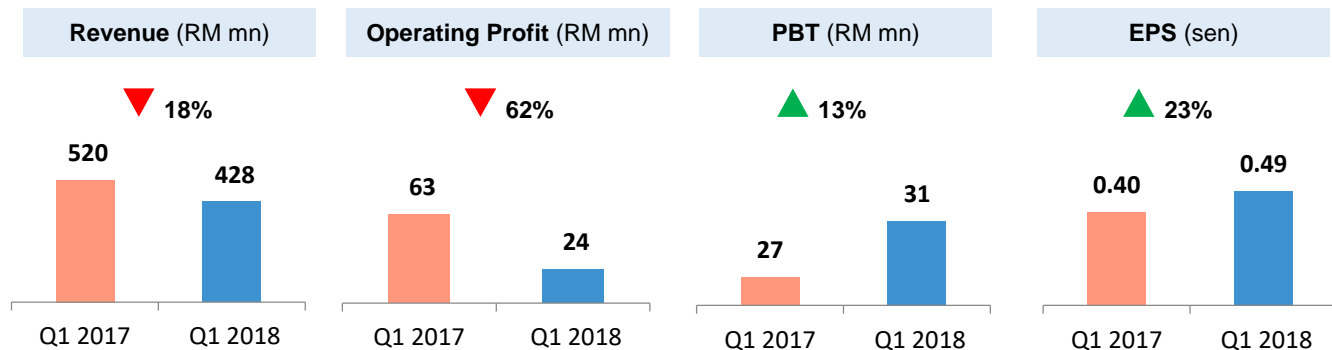
**RM101 mn**  
Property Sales

**RM1.6 bn**  
Property Unbilled Sales

**RM4.9 bn**  
Construction Unbilled Orderbook

**RM6.2 bn**  
External Construction Orderbook

## 2. YTD 2018 Highlights



### Key Highlights

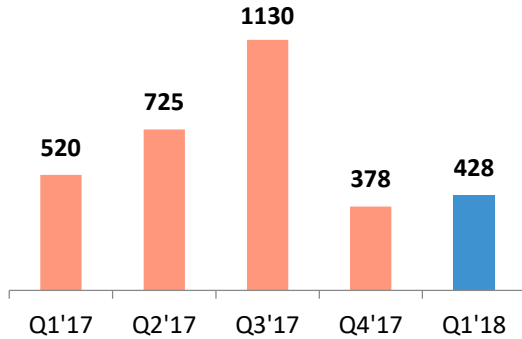
- Higher revenue recognised in Q1'17 mainly due to construction revenue derived from KL Sports City project
- Higher operating profit in Q1'17 was mainly due to the construction completion of the Easton Burwood, Melbourne, where revenue was booked in its entirety on all the completed units handed over to customers
- Higher PBT in Q1'18 mainly due to stronger performance from the E&C segment
- E&C's operating profits increased 12-fold in Q1'18 mainly due to the on-going projects and better management of construction costs. (There were no operating loss incurred from the infrastructure segment due to abolishment of toll effective 1 Jan 2018.)
- LRT3 contributed RM8.9 mn PAT in Q1'18 vs RM1.3 mn in Q1'17 (booked under Share of Results of JV)

### 3. Financial Performance – Profit & Loss

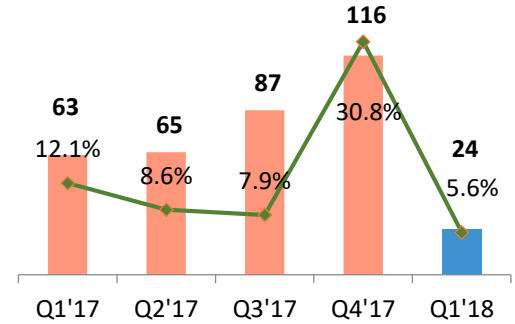
Profit & Loss (RM' Million)	Q1 2018	Q1 2017	Y-o-Y Growth %	YTD 2018	YTD 2017	Y-o-Y Growth %
Revenue	428	520	(17.7)%	428	520	(17.7)%
Other Operating Income	16	17	(7.6)%	16	17	(7.6)%
Total Revenue	443	537	(17.4)%	443	537	(17.4)%
Operating Expenses	(419)	(474)	(11.5)%	(419)	(474)	(11.5)%
<b>Operating Profit</b>	<b>24</b>	<b>63</b>	<b>(61.8)%</b>	<b>24</b>	<b>63</b>	<b>(61.8)%</b>
Operating Profit Margin (%)	5.4%	11.8%		5.4%	11.8%	
Finance costs	(4)	(35)	(87.9)%	(4)	(35)	(87.9)%
Share of results of associates	3	(2)	215.2%	3	(2)	215.2%
Share of results of joint ventures	8	1	506.3%	8	1	506.3%
Profit before taxation	31	27	13.3%	31	27	13.3%
Taxation	(5)	(8)	(41.4)%	(5)	(8)	(41.4)%
<b>Profit for the period</b>	<b>26</b>	<b>19</b>	<b>38.1%</b>	<b>26</b>	<b>19</b>	<b>38.1%</b>
PAT Margins (%)	5.8%	3.5%		5.8%	3.5%	
<b>EPS</b>	<b>0.49</b>	<b>0.40</b>	<b>22.5%</b>	<b>0.49</b>	<b>0.40</b>	<b>22.5%</b>

# 3. Financial Performance – Quarterly Analysis

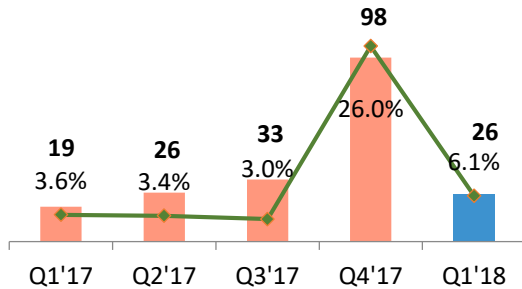
## Revenue



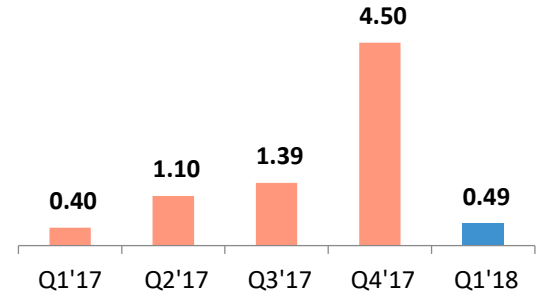
## Operating Profit and Margin



## PAT and Margin



## EPS (sen)

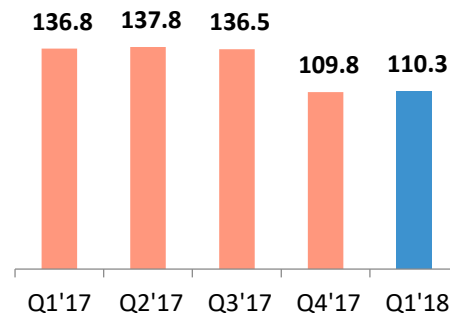


- 2017 - All figures are restated.
- Figures are in RM mn and margins in %

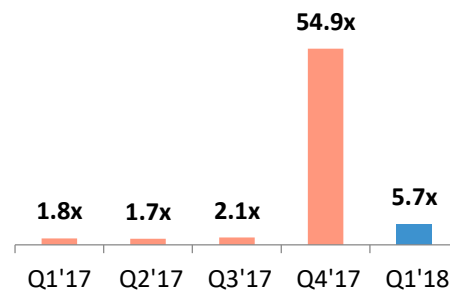
# 3. Financial Performance – Balance Sheet

RM' Million	Q1 2018	Q4 2017
<b>Total Assets</b>		
Current Assets	6,057	5,972
Non-Current Assets	4,390	4,339
<b>Total Assets</b>	<b>10,448</b>	<b>10,311</b>
<b>Total Liabilities</b>		
Current Liabilities	3,872	4,005
Non-Current Liabilities	1,635	1,385
<b>Total Liabilities</b>	<b>5,507</b>	<b>5,390</b>
<b>Total Equity</b>		
Shareholder's Equity	4,841	4,817
Non controlling interests	100	104
<b>Total Equity</b>	<b>4,941</b>	<b>4,922</b>
<b>Net assets per share attributable to the equity holders of the Company (sen)</b>	<b>110.30</b>	<b>109.80</b>

## NAV Per Share (sen)



## Interest Coverage\*

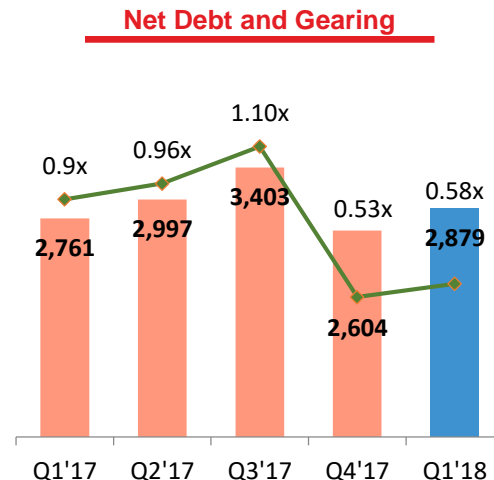


- 2017 - All figures are restated.
- Figures are in RM mn and margins in %

\*Based on Profit from operations

# 3. Financial Performance – Borrowings

Leverage Profile (RM mn)	Q1 2018	Q4 2017
<b>Debt</b>		
Short Term Borrowings	2,459	2,491
Long Term Borrowings	1,136	891
HP creditors	3	2
<b>Total Debt</b>	<b>3,598</b>	<b>3,384</b>
Less: Cash and Cash Equivalents	716	778
<b>Net Debt</b>	<b>2,882</b>	<b>2,606</b>
Total equity	4,941	4,929
<b>Net Gearing</b>	<b>0.58x</b>	<b>0.53x</b>



## Key Highlights

- The increase in net gearing from 0.53 times in Q4 2017 to 0.58 times in Q1 2018 due to increase in borrowings.
- Increased borrowings mainly due to additional drawdown of Bukit Jalil loan of RM207 mn during the financial period under review.

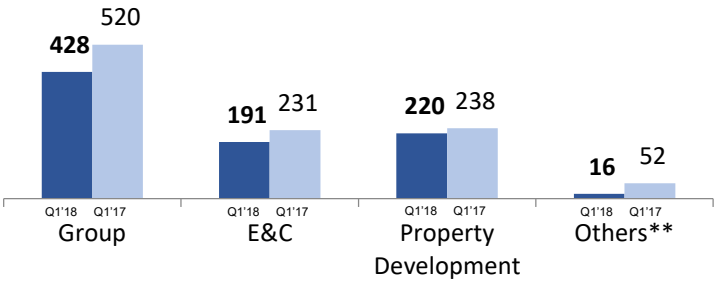


### 3. Financial Performance – Reduction in Borrowings

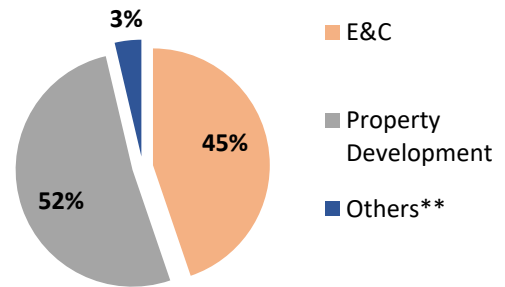
RM million	Q1 2018	EPF to subscribe in the Bkt Jalil Project	Dispose EDL	Dispose Ascott	Dispose Celcom
<b>Bank Borrowings</b>	2,536	1,398	1,398	1,398	1,398
<b>EDL Financing</b>	1,059	1,059	-	-	-
<b>Total Borrowings</b>	3,595	2,457	1,398	1,398	1,398
<b>Cash &amp; Bank Balances</b>	(716)	(716)	(716)	(846)	(910)
<b>Net Borrowings/(Cash)</b>	2,879	1,741	682	552	488
<b>Total Equity</b>	4,941	4,941	4,941	4,941	4,941
<b>Net Gearing (times)</b>	0.58	0.35	0.14	0.11	0.10

# 4. Segmental Reporting: Overview

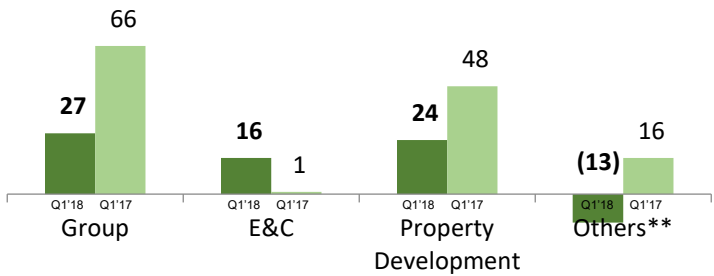
**Revenue Trend – RM428 mn**



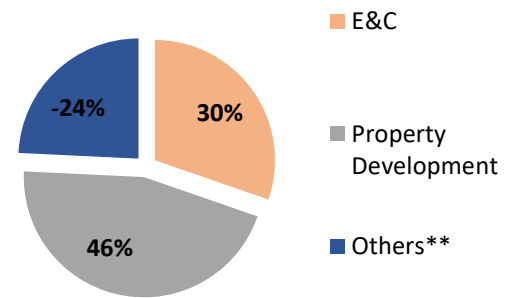
**Revenue Contribution Analysis**



**Segmental Profit Trend – RM27 mn**



**Profit Contribution Analysis**



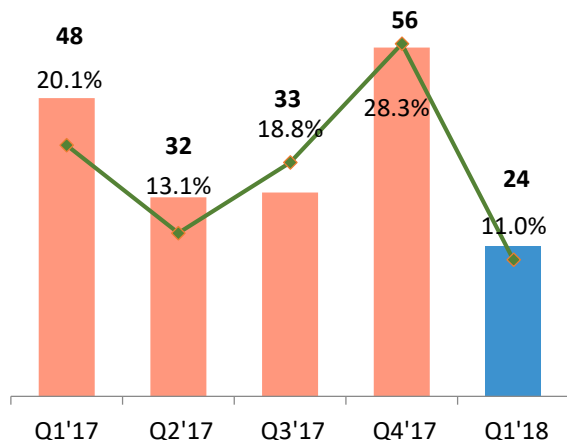
\* All figures are in RM mn and margins in %

\*\* Others include Infrastructure & Concession and Facilities Management & Parking

# 5. Segmental Reporting: Property Development & Investment

RM' Million	Q1 2018	Q1 2017	Y-o-Y Growth %	YTD 2018	YTD 2017	Y-o-Y Growth %
Revenue	220	238	(7.2)%	220	238	(7.2)%
<b>Segmental Profit</b>	<b>24</b>	<b>48</b>	<b>(49.5)%</b>	<b>24</b>	<b>48</b>	<b>(49.5)%</b>
Margin (%)	10.9%	20.1%		10.9%	20.1%	

## Segmental Profit and Margin



## Performance Discussion

**52% Group revenue contribution:** 9 Seputeh, PJ Sentral, Sentral Suites and Kalista Homes

**MQREIT & MRCB Quill Management – RM4.3 mn**

**Revenue and profit decline due to:**

- Q1 2017 - the completion and handing over of Easton Burwood to its customers
- New projects still at early phase of Construction

**YTD 2018 Total Sales of RM101 mn**

**Unbilled Sales: RM1.6 bn**

# 5. Segmental Reporting: Property Development Projects

**Total sales of RM101 mn in Q1 2018**

## Property Sales YTD 2018 – RM101 mn

Project / Sales (RM' mn)	GDV	% Sales	YTD 2018
<b>Residential</b>			
1060 Carnegie	305	72%	-
Bukit Rahman Putra, Kalista	101	55%	-
Sentral Suites	1,529	61%	42
9 Seputeh, VIVO Parcel C	952	78%	-
TRIA Phase 1, Parcel B	566	23%	36
Sentral Residences	1,438	89%	10
Bandar Seri Iskandar Begonia 2	20	91%	1
Viscaria	17	72%	5
The Easton, Burwood	194	80%	7
<b>Total</b>	<b>5,122</b>		<b>101</b>
<b>Commercial</b>			
Q Sentral	1,254	100%	-
<b>Total</b>	<b>1,254</b>		<b>-</b>
<b>Grand Total</b>	<b>6,376</b>		<b>101</b>

## Unbilled Sales – RM1,597 mn

Project / Sales (RM' mn)	Completion	YTD 2018	Unbilled Sales
<b>Residential</b>			
349, Sentral Suites	10%	81	773
1060 Carnegie	0%	0	252
Bukit Rahman Putra, Kalista	36%	0	35
9 Seputeh / TRIA, Parcel B	5%	2	48
9 Seputeh / VIVO, Parcel C	75%	59	167
Caspia 3	20%	1	8
Begonia 2	85%	0	3
<b>Total</b>			
<b>Commercial</b>			
PJ Sentral/ MYIPO	31%	0	197
PJ Sentral/ MBSB	59%	27	98
Menara Putra	96%	6	16
<b>Total</b>			
<b>Others</b>		0	
<b>Total</b>		<b>179</b>	<b>1,597</b>

# 5. Segmental Reporting: Property Development Projects

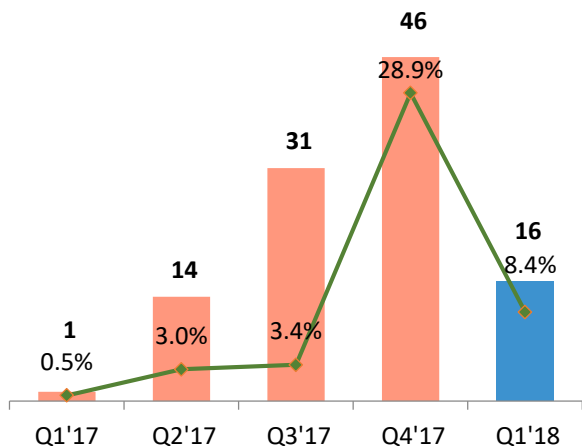
	Land Size (Acres)	GDV RM' mn	% Stake	Start Date	Completion Date
<b>Transport Oriented Developments</b>					
KL Sentral: Sentral Residences	2.35	1,438	51%	2011	2017
KL Sentral: Lot F	5.70	2,993	74%	2018	2025
PJ Sentral Garden City	11.91	2,619	100%	2013	2022
Penang Sentral	22.65	2,865	100%	2015	2027
Cyberjaya City Centre	45.31	5,350	70%	2017	2024
Kwasa Sentral	64.30	10,555	70%	2018	2030
KL Sports City*	76.14	20,700	20%	2018	2038
<b>Total</b>	<b>228.36</b>	<b>46,520</b>			
<b>Commercial Developments</b>					
Pulai Land Johor	67.52	770	100%	TBD	TBD
<b>Residential Developments</b>					
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
Semarak City*	27.41	3,163	30%	2015	2025
Bukit Rahman Putra (incl. Kalista)	14.18	547	100%	2016	2021
Lot 94, Jalan Kia Peng German Embassy*	1.87	1,012	100%	2018	2023
Bandar Sri Iskandar (Phase 2C, 2D & 3)	11.53	766	70%	2014	2025
<b>Total</b>	<b>78.54</b>	<b>10,772</b>			
<b>Others</b>					
Suria Subang	3.20	NA	100%	NA	NA
Batu Ferringhi, Penang	3.34	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
<b>Total</b>	<b>18.97</b>	<b>-</b>			
<b>Grand Total</b>	<b>393.39</b>	<b>57,292</b>			
<b>Adjusted Grand Total after disposals</b>	<b>287.97</b>	<b>32,417</b>			

\* Will be removed upon disposal completion

# 6. Segmental Reporting: Engineering, Construction & Environment

RM' Million	Q1 2018	Q1 2017	Y-o-Y Growth %	YTD 2018	YTD 2017	Y-o-Y Growth %
Revenue	191	231	(17.4)%	191	231	(17.4)%
<b>Segmental Profit</b>	<b>16</b>	<b>1</b>	<b>1176.2%</b>	<b>16</b>	<b>1</b>	<b>1176.2%</b>
<i>Margin (%)</i>	8.4%	0.5%		8.4%	0.5%	

## Segmental Profit and Margin



## Performance Discussion

**45% Group revenue contribution:** Environmental project at Sungai Pahang, MRT2, on going construction of several commercial buildings in Johor, power transmission, related construction projects in Peninsular Malaysia and other smaller scale civil engineering projects in Klang Valley

**LRT 3 PDP JV :** RM8.9 mn profit earned and booked under Share of Joint Ventures Q1'18 vs. RM1.3 mn in Q1'17

**Higher profit in Q1 2018 due to:** Improved margins from maturing projects, focus on cost saving initiatives and efficient utilization of resources

**External construction order book : RM6.2 bn**

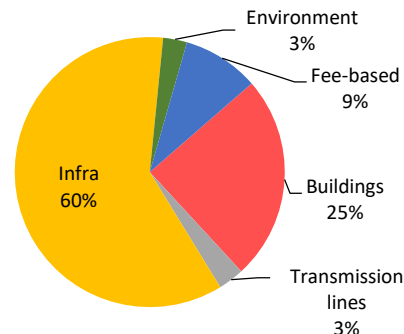
**Unbilled construction order book : RM4.9 bn**

# 6. Segmental Reporting: Engineering, Construction & Environment

## Unbilled External Order Book – RM4,946 mn

RM'mil	Contract Value	Completion
<b>Buildings:</b>		
Johor Land Tower	184	90%
Aman Desaru	139	95%
Desaru Convention Centre	60	75%
Desa Desaru	223	70%
Westin Desaru Resort	196	65%
Giant Hypermarket - Setapak	52	95%
Giant Kajang	59	95%
PR1MA Kajang	173	35%
PR1MA Brickfields	335	0%
Indoor Stadium - Larkin	59	5%
TNB HQ Campus (Phase 1)	44	5%
<b>Transmission lines:</b>		
Lenggeng Extension	51	100%
Kg Cempaka LILO - OHTL	16	95%
Jabi Serting Hilir	126	75%
<b>Infra:</b>		
MRT2 V210 Package - 2.6km Guideway	604	20%
NPE Bridge	127	85%
Kwasa Utama C8 (provisional TCC)	2,648	0%
DASH - Package CB2	369	5%
<b>Environment:</b>		
Sungai Pahang Rehabilitation Phase 3	178	75%
<b>Fee-based orders:</b>		
Kwasa Utama, C8 - management contract	187	
PDP LRT3	270	
Kwasa Land - PDP Infra	112	
<b>Total</b>	<b>6,212</b>	
<b>Adjusted Total (with Bukit Jalil project)</b>	<b>17,219</b>	

## External Order Book Analysis



## Top Five Projects

No	Project Name	Order Book Value	% of Total Order Book
1.	Kwasa Utama C8 (provisional TCC)	2,648	42.6%
2.	MRT2 V210 Package - 2.6Km guideway	604	9.7%
3.	DASH - Package CB2	369	5.9%
4.	PR1MA Brickfields	335	5.4%
5.	PDP LRT3	270	4.3%



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