

ANALYST BRIEFING

Quarter ended 30 September 2018

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1. MRCB Group Overview

2 core activities:

Property Development & Investment
Engineering, Construction & Environment

Other activities:

Infrastructure and Concession
Facilities Management & Parking

Pioneered Transport Oriented Development (“TOD”) in Malaysia

Property investment is conducted through 27.9% owned MRCB-Quill REIT



2. Business Model – Property Development & Investment

Bespoke Buildings Pre-let on Long Term Leases



- Purpose built buildings
- Carries more value due to customisation
- Profits from lease income and possible disposal in the future

Bespoke Buildings for Sale



- Pre-sell to owner occupiers or other purchaser
- Purpose built buildings
- Profits recognised progressively based on percentage completion of construction

Build Residential and Retail Commercial Developments



- Mostly within MRCB TODs
- Entire development is self-sustaining and integrated with easy transport access
- Profits recognised progressively based on percentage completion of construction

Income from Land Sales



- Extract maximum value from urban land bank
- Free up capital that can then be deployed elsewhere

Income from Investment Properties via MQREIT



- Dispose investment properties to MQREIT, in return of cash and units in the REIT
- Cash is recycled in future property transactions
- MRCB earns long term stream of income from dividend

2. Business Model – Engineering, Construction & Environment



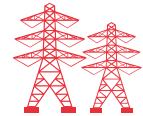
Infrastructure



**Commercial
and Residential**



Environment



**Transmission
Lines**

- Largest Bumiputera construction company
- Full service and autonomous construction company
- Strong track record and extensive engineering skillsets which allows us to focus on projects with high mechanical and engineering content and infrastructure
- Target high margin and complex projects, with high barriers to entry
- Grow PDP / Fee Based segment
- Profits from external construction clients (whilst our internal construction works are eliminated upon group consolidation).

3. MRCB Financial Summary

MRCB 3Q FY2018 Overview

Revenue

RM **1,497** mil.

▼ 37% y-o-y

PBT

RM **114** mil.

▼ 1% y-o-y

PAT

RM **76** mil.

▼ 2% y-o-y

Net Gearing
0.71 x

Total Assets

RM **10,469** mil.

Total Equity

RM **4,887** mil.

EPS

1.70 sen

▼ 42% y-o-y

Market Cap

RM **3,164** mil.

MRCB Segment Overview

	Property Development	Engineering & Construction	Others
Revenue RM mil.	883	561	53
Revenue Contribution	59%	37%	4%
Operating Profit RM mil. <i>Margin %</i>	89 10.1%	45 8.0%	(8) (15.5%)

Key Numbers

RM356 mil.

Property Sales
in YTD'18

RM1.6 bil.

Property
Unbilled Sales

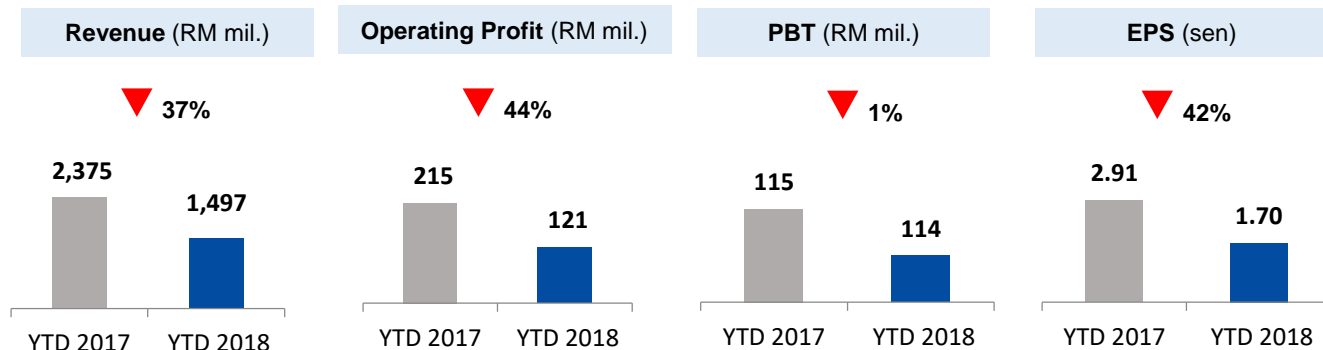
RM11.6 bil.

External
Construction
Orderbook

RM10.5 bil.

Construction
Unbilled
Orderbook

4. YTD 2018 Highlights



Key Highlights

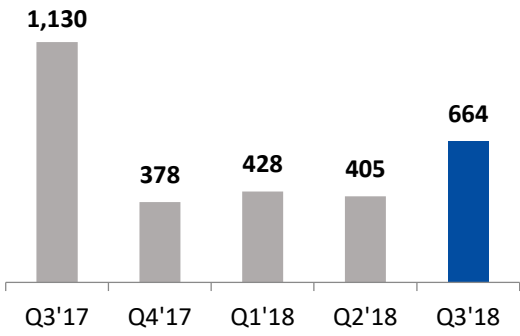
- Higher revenue recognised in YTD'17 mainly due to construction revenue derived from KL Sports City project and tolling revenue from EDL (discontinued on 1 January 2018)
- Higher operating profit in YTD'17 was mainly due to the construction completion of the Easton Burwood, Melbourne, where revenue was booked in its entirety on all the completed units handed over to customers
- YTD'18 PBT was impacted by the deferment of LRT3's construction programme due to the project being re-modelled to a fixed price contract.
- Property Development & Investment recorded higher revenue by 42% in YTD'18 vs YTD'17 largely due to the completion of the Jalan Kia Peng land disposal to SOCSO (contributed a PBT of RM37.6 mil)
- LRT3 contributed RM20.7 mil. PAT in YTD'18 vs RM7.2 mil. in YTD'17 (booked under Share of Results of JV)
- MQREIT contributed RM13.8 mil.

5. Financial Performance – Profit & Loss

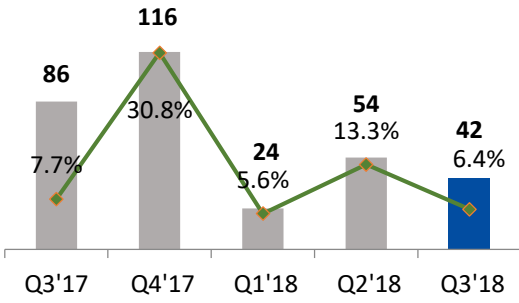
RM' Million	Q3 FY18	Q3 FY17	Y-o-Y Growth %	9M 2018	9M 2017	Y-o-Y Growth %
Revenue	664	1,130	(41.3)%	1,497	2,375	(37.0)%
Other Operating Income	10	8	24.9%	37	40	(8.3)%
Total Revenue	674	1,138	(40.8)%	1,533	2,415	(36.5)%
Operating Expenses	(631)	(1,051)	(39.9)%	(1,413)	(2,200)	(35.8)%
Operating Profit	42	86	(51.0)%	121	215	(43.9)%
<i>Operating Profit Margin (%)</i>	<i>6.4%</i>	<i>7.7%</i>		<i>8.1%</i>	<i>9.1%</i>	
Finance costs	(15)	(41)	(63.6)%	(36)	(114)	(68.3)%
Share of results of associates	9	4	109.2%	15	6	139.2%
Share of results of joint ventures	4	4	(0.6)%	15	8	85.8%
Profit before taxation	40	54	(24.5)%	114	115	(1.0)%
Taxation	(22)	(21)	6.7%	(38)	(37)	2.1%
Profit for the period	18	33	(44.0)%	76	78	(2.4)%
<i>PAT Margins (%)</i>	<i>2.8%</i>	<i>2.9%</i>		<i>5.1%</i>	<i>3.3%</i>	
EPS	0.45	1.39	(67.6)%	1.70	2.91	(41.6)%

5. Financial Performance – Quarterly Analysis

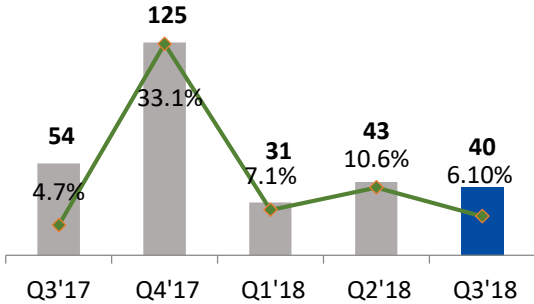
Revenue



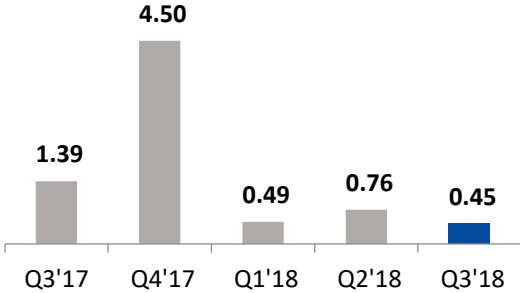
Operating Profit and Margin



PBT and Margin



EPS (sen)

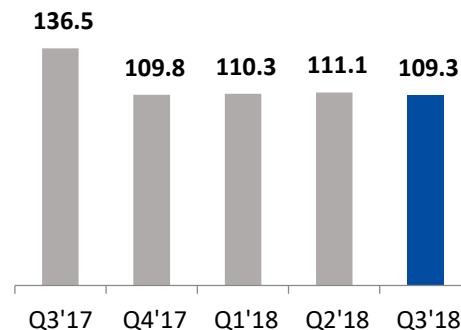


- 2017 - All figures are restated.
- Figures are in RM mil. and margins in %

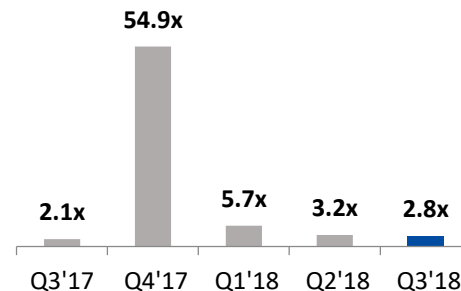
5. Financial Performance – Balance Sheet

RM' Million	Q3 FY18	Q2 FY18
Total Assets		
Current Assets	4,608	4,720
Non-Current Assets	5,861	5,968
Total Assets	10,469	10,688
Total Liabilities		
Current Liabilities	4,143	3,893
Non-Current Liabilities	1,439	1,835
Total Liabilities	5,582	5,728
Total Equity		
Shareholder's Equity	4,804	4,876
Non controlling interests	83	84
Total Equity	4,887	4,960
Net assets per share attributable to the equity holders of the Company (sen)	109.30	111.00

NAV Per Share (sen)



Interest Coverage*

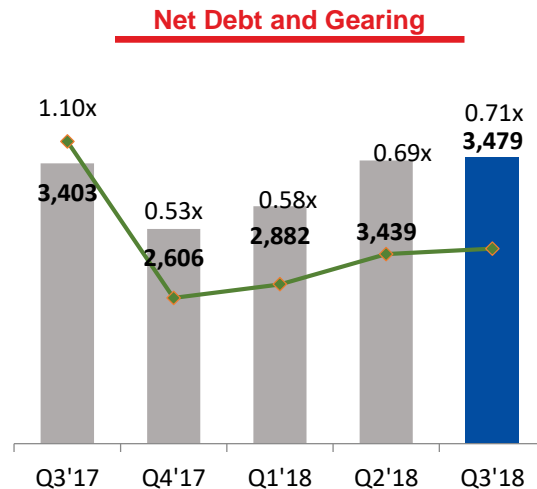


- 2017 - All figures are restated.
- Figures are in RM mil. and margins in %

*Based on Profit from operations

5. Financial Performance – Borrowings

Leverage Profile (RM mil.)	Q3 2018	Q2 2018
Debt		
Short Term Borrowings	2,850	2,581
Long Term Borrowings	909	1,311
HP creditors	2	2
Total Debt	3,761	3,894
Less: Cash and Cash Equivalents	282	455
Net Debt	3,479	3,439
Total equity	4,887	4,960
Net Gearing	0.71x	0.69x



Key Highlights

- The increase in net gearing from 0.69 times in Q2 2018 to 0.71 times in Q3 2018 due to less cash reserves mainly due to the payment of the dividend to the shareholders.
- Net gearing will be reduced after the settlement of the Bukit Jalil and EDL loans.

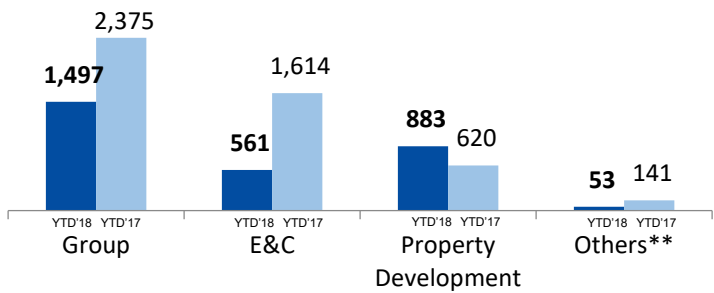
5. Financial Performance – Reduction in Borrowings

RM million	3Q FY2018	← Post →			
		EDL Concession Termination	EPF's subscription in Bkt Jalil Sentral	Disposal of Ascott	Disposal of Celcom
Bank Borrowings	2,738	2,738	1,600	1,600	1,600
EDL Financing	1,023	-	-	-	-
Total Borrowings	3,761	2,738	1,600	1,600	1,600
Cash & Bank Balances	(282)	(509)*	(509)	(639)	(703)
Net Borrowings/(Cash)	3,479	2,229	1,091	961	897
Total Equity	4,887	4,887	4,887	4,887	4,887
Net Gearing (times)	0.71	0.46	0.22	0.20	0.18

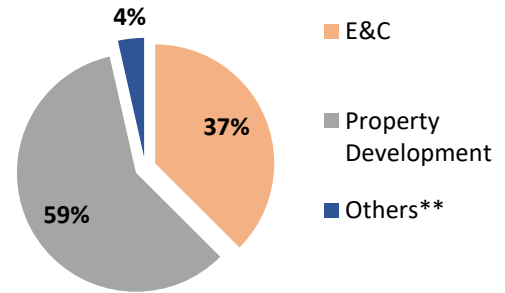
*Additional of RM227 million to the cash & bank balances upon the completion of the EDL termination.

6. Segmental Reporting: Overview

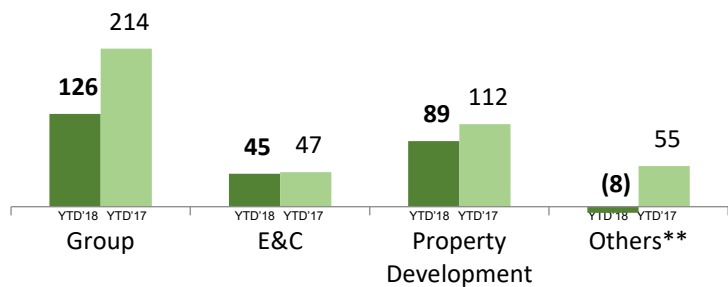
Revenue Trend – RM1,497 mil.



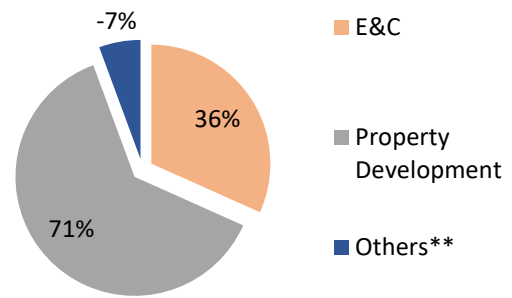
Revenue Contribution Analysis



Segmental Profit Trend – RM126 mil.



Profit Contribution Analysis



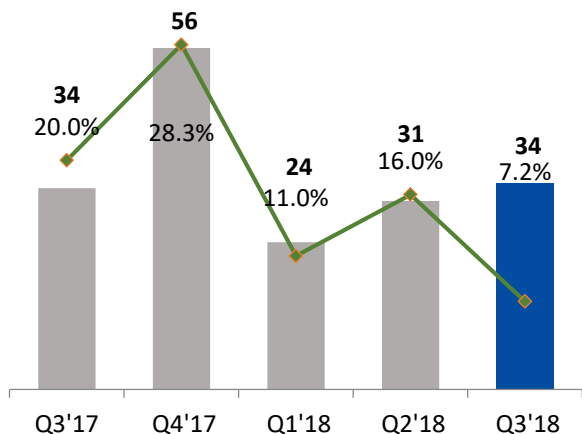
* All figures are in RM mil. and margins in %

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

7. Segmental Reporting: Property Development & Investment

RM' Million	Q3 FY18	Q3 FY17	Y-o-Y Growth %	9M 2018	9M 2017	Y-o-Y Growth %
Revenue	469	170	176.0%	883	620	42.4%
Segmental Profit	34	34	(0.6)%	89	112	(20.6)%
Margin (%)	7.2%	20.0%		10.1%	18.0%	

Segmental Profit and Margin



Performance Discussion

Contributed 59% of Group revenue

In Q3'18, the Group completed the disposal of the Jalan Kia Peng land to SOCSO for a cash consideration of RM323 mil, which contributed a PBT of RM37.6 mil.

Revenue was also contributed by ongoing projects which include 9 Seputeh, PJ Sentral, Sentral Suites, Kalista Homes, Sentral Residences, Q Sentral and Easton Burwood

MQREIT contributed RM13.8 mil.

Revenue increase due to :

- Completion of the sale of the Jalan Kia Peng land

Profit decline due to:

- YTD 2017 - the completion and handing over of Easton Burwood to its customers
- New projects still at early phase of construction therefore lower revenue and profit booked

YTD'18 Sales: RM356 mil, unbilled sales: RM1.6 bil.

Newly appointed CEO of Property, Raymond Cheah

* All figures are in RM mil. and margins in %

7. Segmental Reporting: Property Development Projects

Total sales of RM356 mil. YTD 2018

Property Sales YTD 2018 – RM356 mil.

Project / Sales (RM' mil.)	GDV	% Sales	YTD 2018
Residential			
1060 Carnegie	305	72%	12
Bukit Rahman Putra, Kalista	101	55%	5
Sentral Suites	1,529	67%	168
9 Seputeh,			
VIVO Parcel C	952	78%	10
TRIA Phase 1, Parcel B	604	37%	103
Sentral Residences	1,439	91%	40
Bandar Seri Iskandar			
Begonia 2	20	91%	3
Viscaria	17	72%	8
The Easton, Burwood	194	80%	7
Total	5,161		356

Unbilled Sales – RM1,626 mil.

Project / Sales (RM' mil.)	Completion	YTD 2018	Unbilled Sales
Residential			
349, Sentral Suites	20%	99	807
1060 Carnegie	16%	0	231
Bukit Rahman Putra, Kalista	70%	16	24
9 Seputeh / TRIA, Parcel B	10%	9	186
9 Seputeh / VIVO, Parcel C	88%	151	98
Caspia 3	80%	11	3
Commercial			
PJ Sentral/ MYIPO	30%	2	194
PJ Sentral/ MBSB	70%	51	74
Menara Putra	97%	13	9
Total		352	1,626

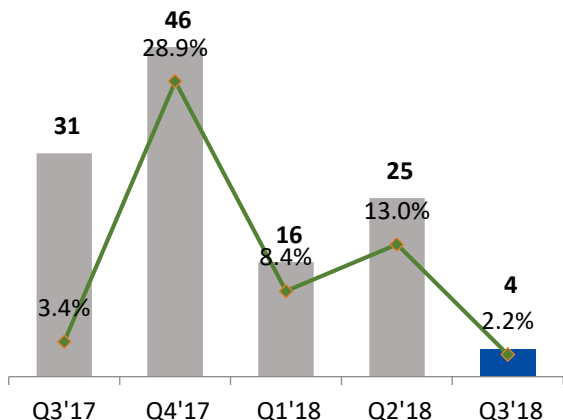
7. Segmental Reporting: Property Development Projects

	Land Size (Acres)	GDV RM' mil.	% Stake	Start Date	Completion Date
Transport Oriented Developments					
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
Bukit Jalil Sentral*	76.14	20,700	20%	2018	2038
Total	226.01	45,082			
Commercial Developments					
Pulai Land Johor	67.52	770	100%	TBD	TBD
Residential Developments					
9 Seputeh	17.63	2,680	100%	2014	2024
Sentral Suites	4.92	1,529	100%	2016	2020
Carnegie, Melbourne	1.00	305	100%	2018	2020
Bukit Rahman Putra (incl. Kalista)	14.18	547	100%	2016	2021
Bandar Sri Iskandar (Phase 2C, 2D & 3)	11.53	766	70%	2014	2025
Total	116.78	6,597			
Others					
Suria Subang	3.20	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
Total	15.63	-			
Grand Total	358.42	51,679			
Adjusted Grand Total after disposal	282.28	30,979			

8. Segmental Reporting: Engineering, Construction & Environment

RM' Million	Q3 FY18	Q3 FY17	Y-o-Y Growth %	9M 2018	9M 2017	Y-o-Y Growth %
Revenue	177	916	(80.6)%	561	1,614	(65.2)%
Segmental Profit	4	31	(87.8)%	45	47	(3.7)%
Margin (%)	2.2%	3.4%		8.0%	2.9%	

Segmental Profit and Margin



Performance Discussion

Contributed 37% of Group revenue

Revenue contributors: MRT2, environmental project at Sungai Pahang, on going construction of several commercial buildings in Johor, related construction projects in Peninsular Malaysia and other smaller scale civil engineering projects in Klang Valley

Projects completed in Q3'18 : Aman Desaru and Johor Land Tower

LRT 3 PDP JV : RM20.7 mil. profit earned and booked under Share of Joint Ventures vs. RM7.2 mil. in YTD'17

Lower revenue and profit in Q3 2018 due to:

Large construction revenue contribution from the National Sports Complex project last year.

External construction order book : RM11.6 bil.

Expected to grow to approx. RM22.6 bil. (incl: 50% JV LRT3, RM5.9 bil and Bkt Jalil, RM11 bil)

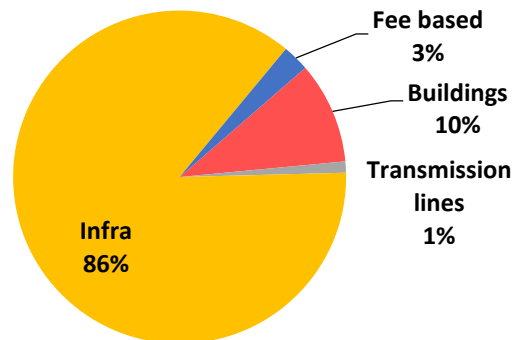
Unbilled construction order book : RM10.5 bil.

8. Segmental Reporting: Engineering, Construction & Environment

Unbilled External Order Book – RM10,486 mil.

RM'mil	Contract Value	Completion
Buildings:		
Desaru Convention Centre	60	85%
Desa Desaru	220	90%
Westin Desaru Resort	196	90%
Giant Hypermarket - Setapak	55	97%
PR1MA Kajang	173	55%
PR1MA Brickfields	335	0%
Indoor Stadium - Larkin	59	20%
TNB HQ Campus (Phase 1)	44	25%
Transmission lines:		
Jabi Serting Hilir	126	90%
Infra:		
MRT2 V210 Package - 2.6km Guideway	604	30%
NPE Bridge	127	95%
Kwasa Utama C8 (provisional TCC)	2,958	1%
DASH - Package CB2	369	10%
LRT3	5,928	10%
Fee-based orders:		
Kwasa Utama, C8 - management contract	187	
Kwasa Land - PDP Infra	112	
Total	11,553	
Bukit Jalil Sentral (provisional sum)	11,007	
Adjusted Grand Total	22,560	

External Order Book Analysis



Top Five Projects

No	Project Name	Order Book Value	% of Total Order Book
1.	LRT3	5,928	51.3%
2.	Kwasa Utama C8 (provisional TCC)	2,958	25.6%
3.	MRT2 V210 Package - 2.6Km guideway	604	5.2%
4.	DASH - Package CB2	369	3.2%
5.	PR1MA Brickfields	335	2.9%



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