

ANALYST BRIEFING

Quarter ended 30 Sept 2019

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1. MRCB Group Overview

2 core activities:

Property Development & Investment
Engineering, Construction & Environment

Other activities:

Facilities Management & Parking

Pioneered Transport Oriented Development (“TOD”) in Malaysia

Property investment is conducted through 27.94% 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



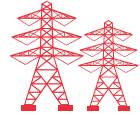
Infrastructure



**Commercial
and Residential**



Environment



**Transmission
Lines**

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

3. MRCB Financial Summary

MRCB YTD 2019 Overview

Revenue

RM **848** mil.

▼ 43% y-o-y

PBT

RM **33** mil.

▼ 71% y-o-y

PAT

RM **11** mil.

▼ 85% y-o-y

Net Gearing

0.27x

Total Assets

RM **8,423** mil.

Total Equity

RM **4,815** mil.

EPS

0.40 sen

▼ 76% y-o-y

Market Cap

RM **3,243** mil.

MRCB Segment Overview

	Property Development	Engineering & Construction	Others
Revenue RM mil.	371	421	56
Revenue Contribution	44%	50%	6%
Operating Profit RM mil. Margin %	70 18.8%	3 0.8%	3 4.6%

YTD 2019 Key Numbers

RM398 mil.
Property Sales

RM1.7 bil.
Property
Unbilled Sales

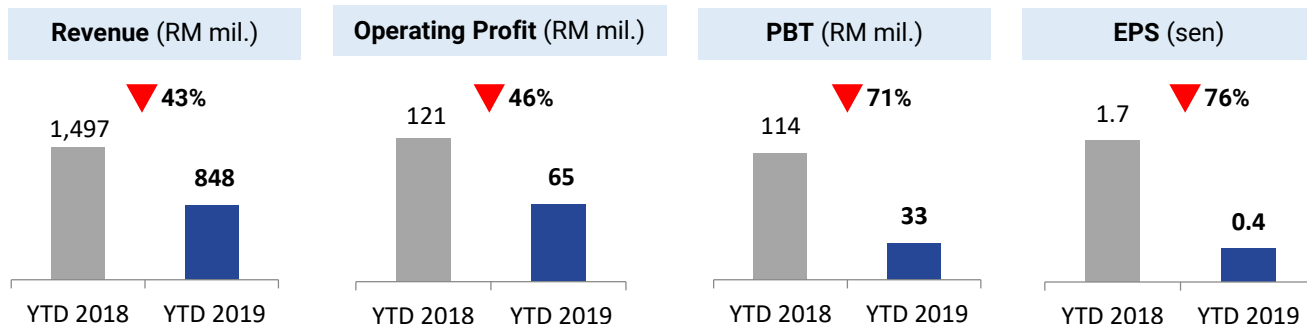
RM22.3 bil.
External
Construction
Order Book

RM20.9 bil.
Construction
Unbilled Order
Book

1. EPS; Weighted Average No of Shares as at 30 Sept 2019 = 4,403,830,101

2. Market Cap as at 30 Sept 2019; Number of Shares as at 30 Sept 2019 = 4,412,046,269 x RM0.735

4. YTD 2019 Highlights



Key Highlights

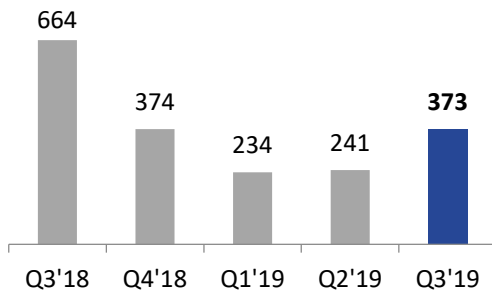
- Higher revenue and profits recorded in 2018 due to one-off land sales of RM387 mil, which contributed one-off pre-tax profit gains of RM66.8 mil.
- Revenue and profits further impacted by property development projects still being at the early stage of construction when recognition is minimal and re-timing of income recognition for the LRT3 Project.
- LRT3 contributed much lower PAT of RM1.24 mil. YTD 2019 vs RM20.7 mil. YTD 2018 (booked under Share of Results of JV).
- MQREIT and MRCB Quill Management contributed PAT of RM12.4 mil.
- Net gearing at 0.27 times vs. 0.71 times as at Sept 2018.

5. Financial Performance – Profit & Loss

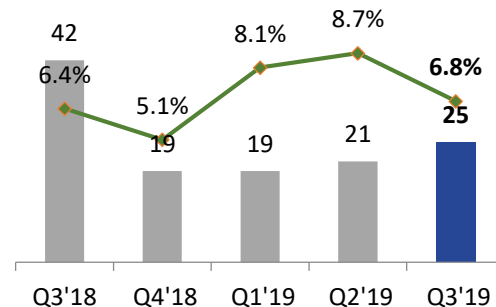
RM' Million	Q3 FY19	Q3 FY18	Y-o-Y Growth %	9M 2019	9M 2018	Y-o-Y Growth %
Revenue	373	664	(43.8)%	848	1,497	(43.4)%
Other Operating Income	11	10	6.4%	88	37	139.6%
Total Revenue	383	674	(43.1)%	936	1,533	(39.0)%
Operating Expenses	358	631	(43.3)%	871	1,413	(38.4)%
Operating Profit	25	42	(40.4)%	65	121	(45.9)%
<i>Operating Profit Margin (%)</i>	<i>6.8%</i>	<i>6.4%</i>		<i>7.7%</i>	<i>8.1%</i>	
Finance costs	14	15	(9.4)%	39	36	7.0%
Share of results of associates	4	9	(59.5)%	9	15	(40.2)%
Share of results of joint ventures	(1)	4	(121.9)%	(3)	15	(118.2)%
Profit before taxation	14	40	(64.7)%	33	114	(71.5)%
Taxation	12	22	(45.0)%	21	38	(44.0)%
Profit for the period	2	18	(88.2)%	11	76	(85.1)%
<i>PAT Margins (%)</i>	<i>0.6%</i>	<i>2.8%</i>		<i>1.3%</i>	<i>5.1%</i>	
EPS	0.06	0.45	(86.7)%	0.40	1.70	(76.5)%

5. Financial Performance – Quarterly Analysis

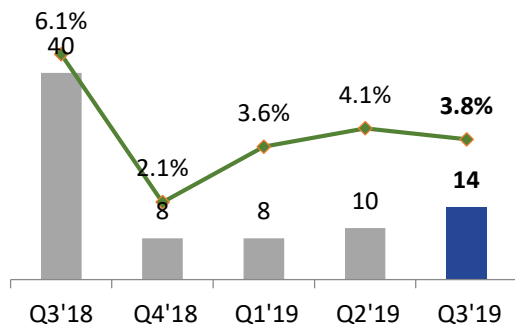
Revenue



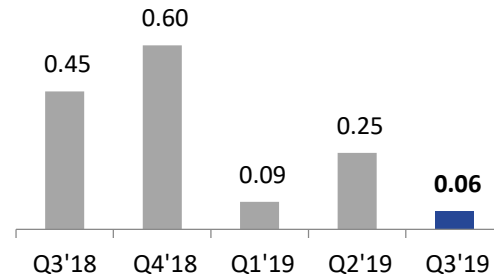
Operating Profit and Margin



PBT and Margin



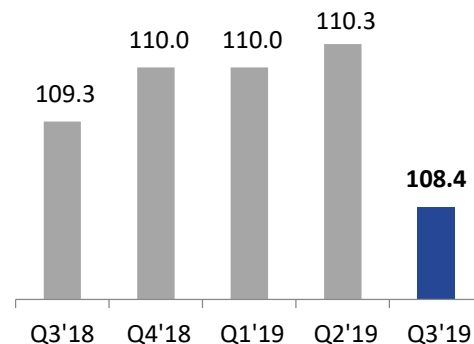
EPS (sen)



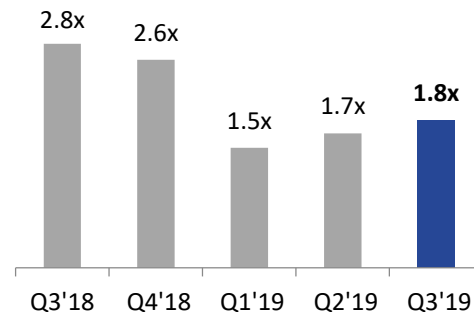
5. Financial Performance – Balance Sheet

RM' Million	3QFY2019	2QFY2019
Total Assets		
Current Assets	3,206	3,189
Non-Current Assets	5,217	5,153
Total Assets	8,423	8,342
Total Liabilities		
Current Liabilities	1,799	1,822
Non-Current Liabilities	1,809	1,614
Total Liabilities	3,608	3,436
Total Equity		
Shareholder's Equity	4,784	4,857
Non Controlling Interests	31	48
Total Equity	4,815	4,905
Net assets per share attributable to the equity holders of the Company (sen)	108.4	110.3

NAV Per Share (sen)



Interest Coverage*



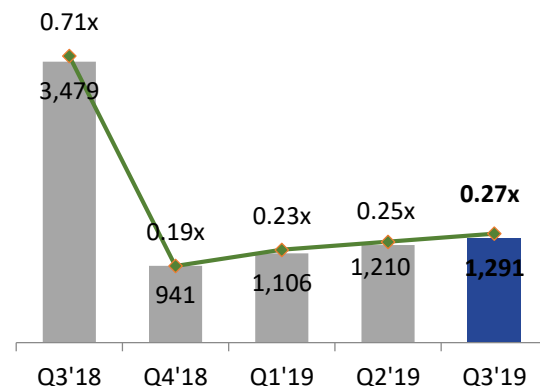
NAV per share; Number of Shares as at 30 Sept 2019 = 4,412,046,269

*Based on Profit from operations

5. Financial Performance – Borrowings

Leverage Profile (RM mil.)	3QFY2019	2QFY2019
Debt		
Short Term Borrowings	705	656
Long Term Borrowings	1,020	824
HP creditors	1	1
Total Debt	1,726	1,481
Less: Deposits, cash and bank balances	435	271
Net Debt	1,291	1,210
Total equity	4,815	4,905
Net Gearing	0.27x	0.25x

Net Debt and Gearing

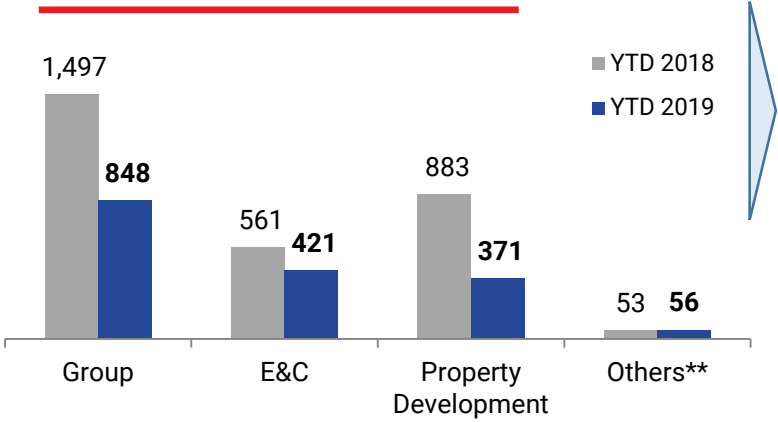


Key Highlights

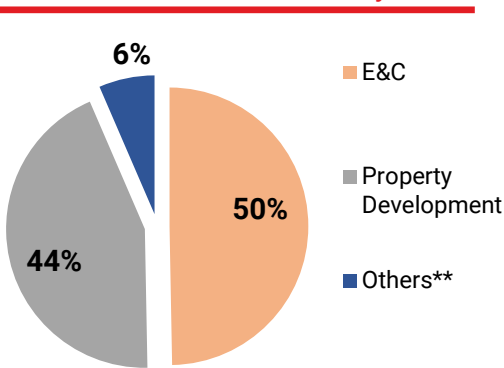
Net gearing slightly increased from 0.25 times in 2QFY2019 to 0.27 times in 3QFY2019 due to slight increase of debt.

6. Segmental Reporting: Overview

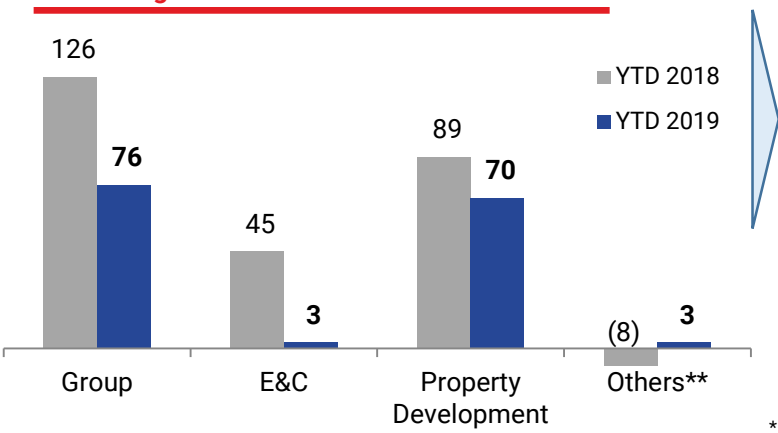
Revenue Trend – RM848 mil.



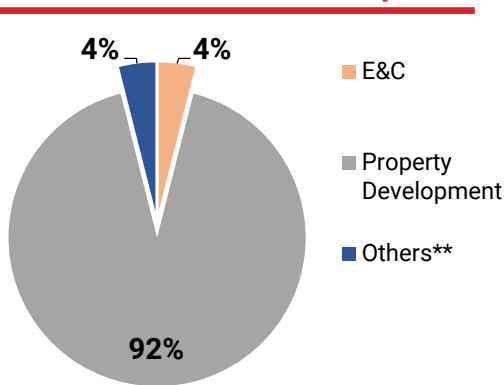
Revenue Contribution Analysis



Segmental Profit Trend – RM76 mil.



Profit Contribution Analysis

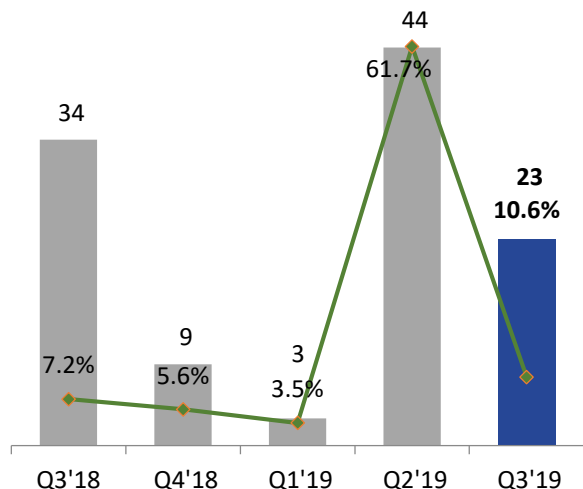


* All figures are in RM mil. and margins in %
** Others include Facilities Management & Parking and Others

7. Segmental Reporting: Property Development & Investment

RM' Million	3QFY19	3QFY18	Y-o-Y Growth %	9M 2019	9M 2018	Y-o-Y Growth %
Revenue	215	469	(54.2)%	371	883	(57.9)%
Segmental Profit	23	34	(32.4)%	70	89	(21.4)%
Margin (%)	10.6%	7.2%		18.8%	10.1%	

Segmental Profit and Margin



Performance Discussion

Contributed 44% of Group revenue

Revenue contributors: Ongoing projects which include Sentral Suites, 9 Seputeh and the office towers in PJ Sentral as well as the completed Sentral Residences and Kalista Park Homes.

MQREIT and MRCB Quill Management contributed PAT of RM12.4 mil.

Revenue and profit declined due to :

- Higher revenue and profit in 2018, due to one-off land sales of RM387 mil, which contributed one-off pre-tax profit gains of RM66.8 mil.
- Construction completion of VIVO in 9 Seputeh and Kalista Park Homes in Bukit Rahman Putra, which resulted in revenue from sales of completed units not being booked until completion of SPA
- Minimal revenue and profit recognised from:-
 - **Sentral Suites** (25% completed)
 - **TRIA, 9 Seputeh** (17% completed)
 - **1060 Carnegie** in Melbourne, which will only be recognised upon completion and handover to customers

YTD 2019 Sales: RM398 mil, unbilled sales: RM1.7 bil.

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

7. Segmental Reporting: Property Development Projects

Total sales of RM398 mil. YTD 2019

Property Sales YTD 2019 – RM398 mil.

Project / Sales (RM' mil.)	Total Project GDV	% Sales Achieved as at 30/9/19	Sales Recorded YTD 2019
Residential			
1060 Carnegie	300	82%	33
Bukit Rahman Putra			
Kalista	101	80%	17
Alstonia Hilltop	245	22%	54
Sentral Suites	1,528	77%	90
9 Seputeh,			
VIVO, Parcel C	977	77%	13
TRIA, Parcel B	932	40%	125
Sentral Residences	1,440	95%	66
The Easton, Burwood	191	90%	0
Total	5,714		398

Unbilled Sales – RM1,678 mil.

Project / Sales (RM' mil.)	Project Completion	Revenue Recognised in 1H2019	Unbilled Sales
Residential			
Sentral Suites	25%	141	925
1060 Carnegie	92%	0	237
9 Seputeh / TRIA, Parcel B	17%	26	330
Alstonia Hilltop	7%	2	53
Commercial			
PJ Sentral/ MYIPO	56%	51	116
PJ Sentral/ MBSB	93%	24	17
Total		244	1,678

Note: Sales refers to properties that have been sold to buyers, which will progressively be recognised as revenue as the properties are constructed.

Unbilled Sales excludes the recognition of sales from completed unsold units.

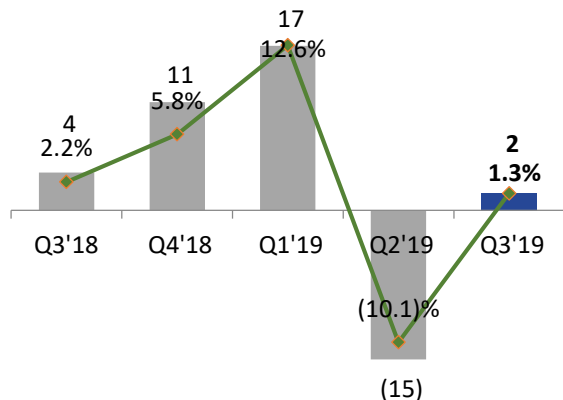
7. Segmental Reporting: Property Development Projects

	Land Size (Acres)	GDV RM' mil.	% Stake	Start Date	Completion Date
Transport Oriented Developments					
KL Sentral: Lot F	5.70	2,993	100%	2018	2025
PJ Sentral Garden City	11.91	2,700	100%	2013	2026
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
Total	149.87	24,463			
Commercial Developments					
Pulai Land Johor	67.52	770	100%	TBD	TBD
Residential Developments					
9 Seputeh	17.63	2,680	100%	2014	2024
Sentral Suites	4.75	1,534	100%	2016	2020
1060 Carnegie, Melbourne	1.00	305	100%	2018	2020
Bukit Rahman Putra	14.18	547	100%	2016	2021
Bandar Sri Iskandar (Phase 2C, 2D & 3)	11.53	766	70%	2014	2025
Total	116.61	6,602			
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	282.11	31,065			

8. Segmental Reporting: Engineering, Construction & Environment

RM' Million	3QFY19	3QFY18	Y-o-Y Growth %	9M 2019	9M 2018	Y-o-Y Growth %
Revenue	137	177	(22.5)%	421	561	(25.0)%
Segmental Profit	2	4	(53.8)%	3	45	(92.7)%
Margin (%)	1.3%	2.2%		0.8%	8.0%	

Segmental Profit and Margin



Performance Discussion

Contributed 50% of Group revenue

Revenue contributors: MRT2, DASH, TNB HQ Campus, SUKE, Larkin Stadium and other smaller scale civil engineering projects in Klang Valley

Lower profit due to: prudent expensing of certain costs while awaiting for the completion of the final accounts of completed projects and the results of legal proceedings relating to certain projects

LRT3: RM1.24 mil. profit earned and booked under Share of Joint Ventures vs. RM20.7 mil. YTD 2018

Projects completed in Q3 2019 : TNB Balai Islam and Giant Setapak

External construction order book : RM22.3 bil.

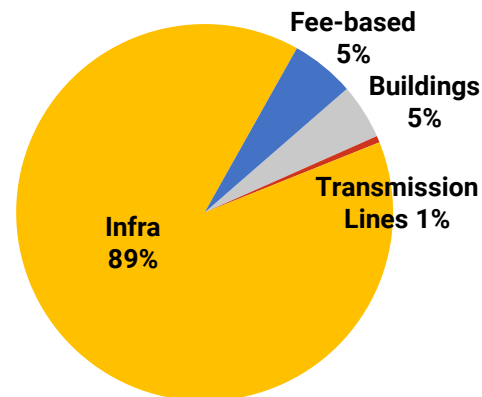
Unbilled construction order book : RM20.9 bil.

8. Segmental Reporting: Engineering, Construction & Environment

Unbilled External Order Book – RM20,920 mil.

External Contracts RM'mil	Contract Value	Completion
Buildings:		
Desaru Convention Centre	62	96%
Desa Desaru	218	97%
Westin Desaru Resort	208	98%
PR1MA Kajang	173	85%
PR1MA Brickfields	335	6%
Indoor Stadium - Larkin	65	72%
Transmission lines:		
Jabi Serting Hilir	126	99%
Infra:		
MRT2 V210 Package - 2.6km Guideway	483	65%
NPE Bridge Phase 3 & 4	16	32%
Kwasa Utama C8 (provisional TCC)	2,958	13%
DASH - Package CB2	341	41%
LRT3	*5,686	23%
Bukit Jalil Sentral (provisional contract costs)	10,116	0%
SUKE - CA2 Package	317	10%
Fee-based orders:		
Kwasa Utama, C8 - management contract	177	
Kwasa Land - PDP Infra	176	11%
Bukit Jalil Sentral - management contract	841	
Semarak City Phase 1 - management contract	27	
Total	22,323	

External Order Book Analysis



Top Projects

No	Project Name	Order Book Value	% of Total Order Book
1.	Bukit Jalil Sentral	10,957	49.1%
2.	LRT3	5,686	25.5%
3.	Kwasa Utama C8	3,135	14.0%
4.	MRT2 – V210 Package	483	2.2%
5.	DASH – CB2 Package	341	1.5%
6.	PR1MA Brickfields	335	1.5%



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