

ANALYST BRIEFING

Quarter ended 31 Dec 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 FY2019 Overview

Revenue
RM **1,319** mil.
▼ 29% y-o-y

PBT
RM **53** mil.
▼ 57% y-o-y

PAT*
RM **19** mil.
▼ 76% y-o-y

Net Gearing
0.27x

Total Assets
RM **8,505** mil.

Total Equity
RM **4,823** mil.

EPS
0.54 sen
▼ 77% y-o-y

Market Cap
RM **3,221** mil.

MRCB Segment Overview

	Property Development	Engineering & Construction	Others
Revenue RM mil.	567	680	73
Revenue Contribution	43%	52%	5%
Operating Profit RM mil. <i>Margin %</i>	77 13.6%	23 3.4%	2 3.1%

FY2019 Key Numbers

RM537 mil.
Property Sales

RM1.6 bil.
Property
Unbilled Sales

RM21.8 bil.
External
Construction
Order Book

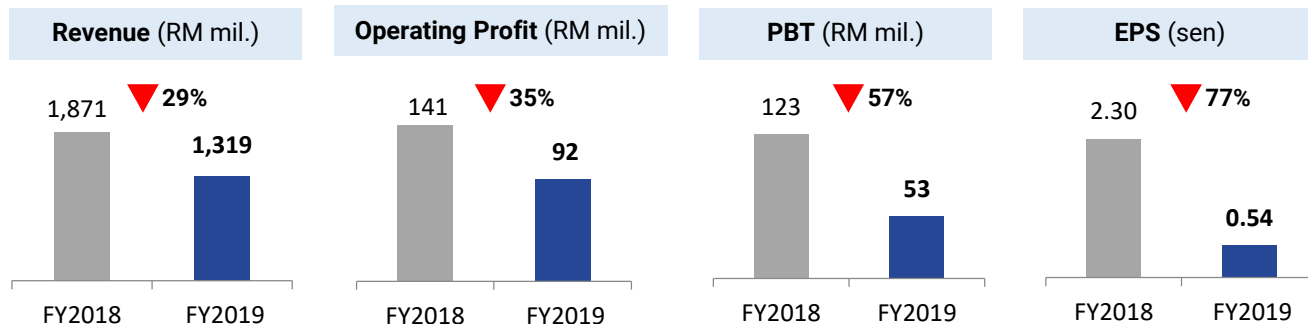
RM20.7 bil.
Construction
Unbilled Order
Book

1. EPS; Weighted Average No of Shares as at 31 Dec 2019 = 4,405,901,026

2. Market Cap as at 31 Dec 2019; Number of Shares as at 30 Dec 2019 = 4,412,046,269 x RM0.730

* PAT from continuing operations

4. FY2019 Highlights



Key Highlights

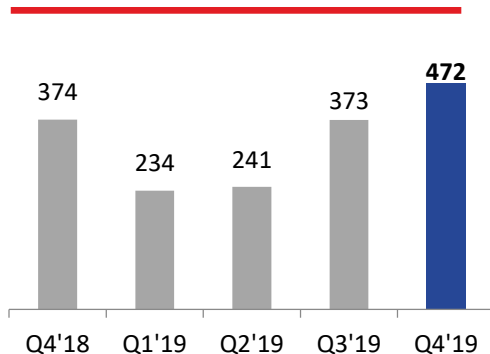
- Higher revenue and profits recorded in 2018 due to one-off land sales of RM387 mil, which contributed one-off pre-tax profit gains of RM66.8 mil.
- Revenue and profits further impacted by property development projects still being at the early stage of construction when recognition is minimal and re-timing of income recognition for the LRT3 Project.
- LRT3 contributed much lower PAT of RM0.6 mil. FY2019 vs RM14.6 mil. FY2018 (booked under Share of Results of JV).
- MQREIT and MRCB Quill Management contributed PAT of RM15.9 mil.
- Net gearing at 0.27 times vs. 0.19 times as at December 2018.

5. Financial Performance – Profit & Loss

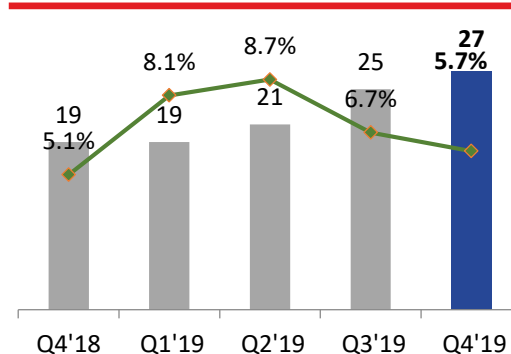
RM' Million	Q4 FY19	Q4 FY18	Y-o-Y Growth %	FY2019	FY2018	Y-o-Y Growth %
Revenue	472	374	26.1%	1,319	1,871	(29.5)%
Other Operating Income	12	15	(15.0)%	101	50	103.0%
Total Revenue	484	389	24.5%	1,420	1,920	(26.0)%
Operating Expenses	457	370	23.7%	1,328	1,779	(25.3)%
Operating Profit	27	19	39.7%	92	141	(35.0)%
<i>Operating Profit Margin (%)</i>	<i>5.7%</i>	<i>5.1%</i>		<i>7.0%</i>	<i>7.6%</i>	
Finance costs	7	7	(3.5)%	46	44	3.7%
Share of results of associates	3	4	(31.4)%	11	18	(38.4)%
Share of results of joint ventures	(2)	(8)	(76.5)%	(5)	7	(163.2)%
Profit before taxation	20	8	165.3%	53	123	(56.9)%
Taxation	13	7	77.6%	34	46	(25.7)%
Profit from continuing operations	7	0	2,207.6%	19	77	(75.7)%
Profit from discontinued operations	0	26	(100)%	0	26	(100)%
Profit for the financial year	7	26	(72.2)%	19	103	(81.8)%
<i>PAT Margins (%)</i>	<i>1.6%</i>	<i>0.1%</i>		<i>1.4%</i>	<i>4.1%</i>	
EPS	0.14	0.60	(76.7)%	0.54	2.30	(76.5)%

5. Financial Performance – Quarterly Analysis

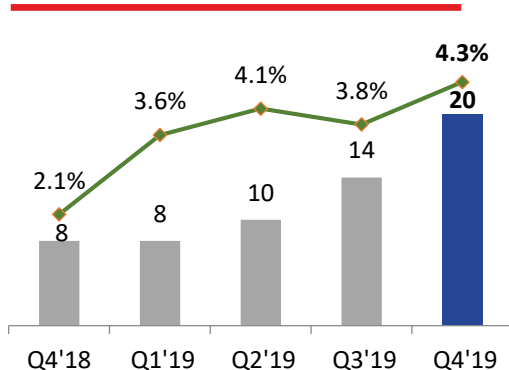
Revenue



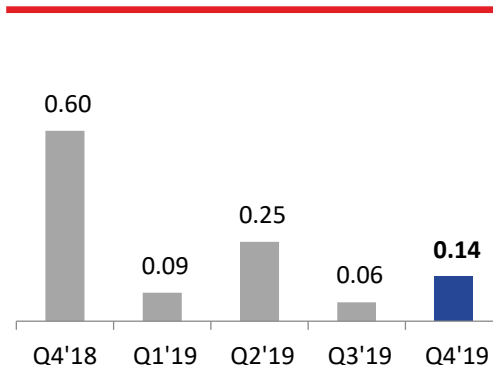
Operating Profit and Margin



PBT and Margin



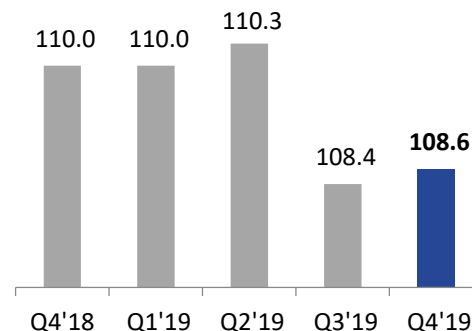
EPS (sen)



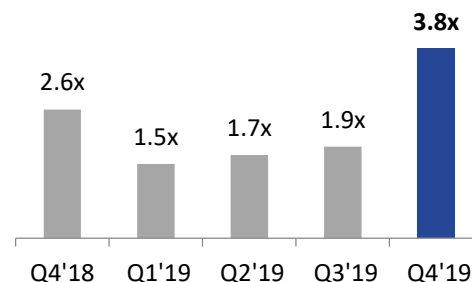
5. Financial Performance – Balance Sheet

RM' Million	Q4 FY2019	Q3 FY2019
Total Assets		
Current Assets	3,251	3,206
Non-Current Assets	5,176	5,217
Assets held for sale	78	
Total Assets	8,505	8,423
Total Liabilities		
Current Liabilities	1,872	1,799
Non-Current Liabilities	1,810	1,809
Total Liabilities	3,682	3,608
Total Equity		
Shareholder's Equity	4,791	4,784
Non Controlling Interests	32	31
Total Equity	4,823	4,815
Net assets per share attributable to the equity holders of the Company (sen)	108.6	108.4

NAV Per Share (sen)



Interest Coverage*

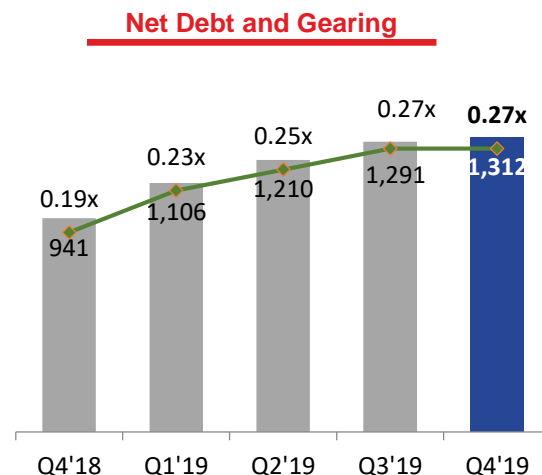


NAV per share; Number of Shares as at 31 Dec 2019 = 4,412,046,269

*Based on Profit from operations

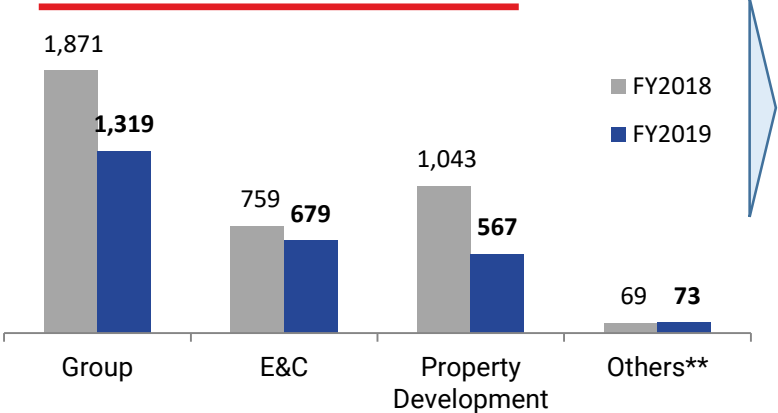
5. Financial Performance – Borrowings

Leverage Profile (RM mil.)	Q4 FY2019	Q3 FY2019
Debt		
Short Term Borrowings	825	705
Long Term Borrowings	1,003	1,020
HP creditors	1	1
Total Debt	1,829	1,726
Less: Deposits, cash and bank balances	517	435
Net Debt	1,312	1,291
Total equity	4,823	4,815
Net Gearing	0.27x	0.27x

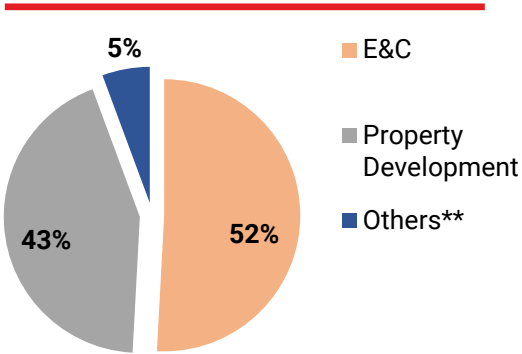


6. Segmental Reporting: Overview

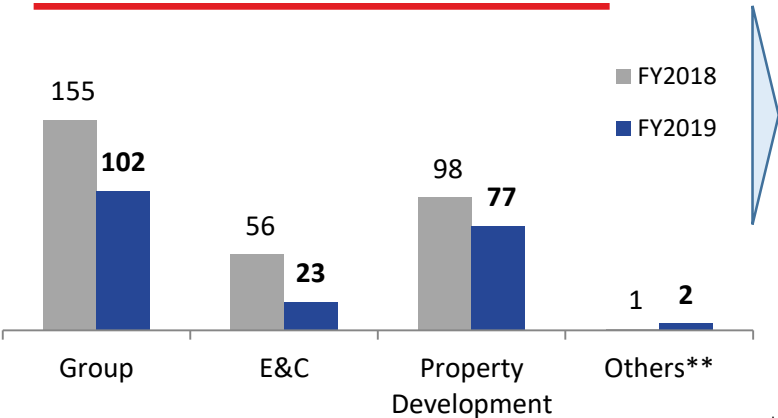
Revenue Trend – RM1,319 mil.



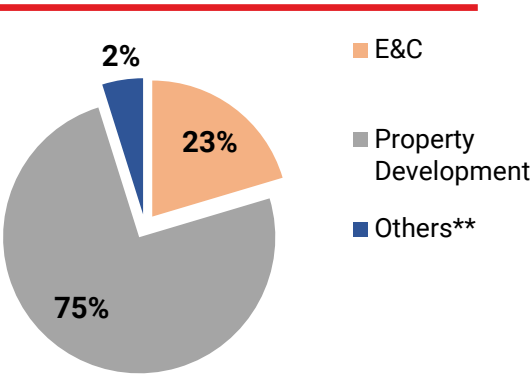
Revenue Contribution Analysis



Segmental Profit Trend – RM102 mil.



Profit Contribution Analysis

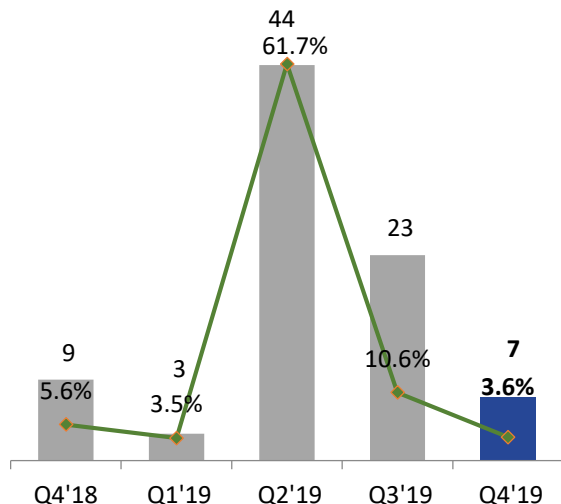


* All figures are in RM mil. and margins in %
** Others include Facilities Management & Parking and Others

7. Segmental Reporting: Property Development & Investment

RM' Million	Q4 FY19	Q4 FY18	Y-o-Y Growth %	FY2019	FY2018	Y-o-Y Growth %
Revenue	195	160	22.3%	567	1,043	(45.6)%
Segmental Profit	7	9	(22.5)%	77	98	(21.5)%
Margin (%)	3.6%	5.6%		13.6%	9.4%	

Segmental Profit and Margin



Performance Discussion

Contributed 43% of Group revenue

Revenue contributors: Sentral Suites in KL Sentral, 9 Seputeh in Jalan Klang Lama, office towers in PJ Sentral Garden City, Sentral Residences and Kalista Park Homes in Bukit Rahman Putra.

MQREIT and MRCB Quill Management contributed PAT of RM15.9 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.
- Revenue from some completed residential units sold during the year not yet recognised pending Sales & Purchase completion.
- Minimal revenue and profit recognised from:-
 - **Sentral Suites** (29% completed – target 50% by end of 2020)
 - **TRIA, 9 Seputeh** (21% completed – target 40% by end of 2020)
 - **1060 Carnegie** in Melbourne, which will only be recognised upon completion and handover to customers

Sales in 2019: RM537 mil, unbilled sales: RM1.6 bil.

7. Segmental Reporting: Property Development Projects

Total sales of RM537 mil. FY2019

Property Sales in 2019 – RM537 mil.

Project / Sales (RM' mil.)	Total Project GDV	% Sales Achieved as at 31/12/19	Sales Recorded in 2019
Residential			
1060 Carnegie	300	86%	22
Bukit Rahman Putra			
Kalista	102	79%	17
Alstonia Hilltop	248	24%	61
Sentral Suites	1,534	82%	161
9 Seputeh,			
VIVO, Parcel C	979	78%	21
TRIA, Parcel B	934	40%	130
Sentral Residences	1,440	97%	91
The Easton, Burwood	191	100%	18
St. Regis	161	10%	16
Total	5,889		537

Unbilled Sales – RM1,636 mil.

Project / Sales (RM' mil.)	Project Completion	Revenue Recognised in 2019	Unbilled Sales
Residential			
Sentral Suites	29%	194	949
1060 Carnegie	100%	0	247
9 Seputeh / TRIA, Parcel B	21%	48	311
Alstonia Hilltop	8%	3	54
Commercial			
PJ Sentral/ MYIPO	71%	93	74
Total		338	1,636

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.

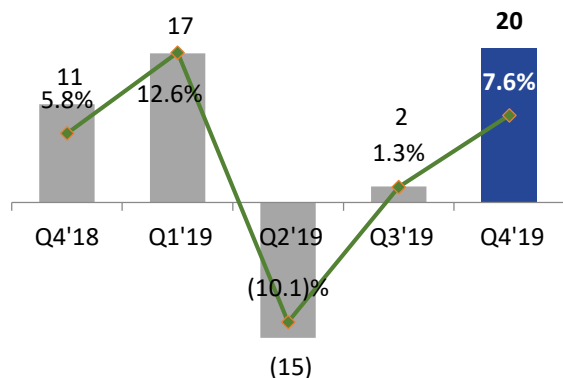
7. Segmental Reporting: Property Development Projects

	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	Q4 FY19	Q4 FY18	Y-o-Y Growth %	FY2019	FY2018	Y-o-Y Growth %
Revenue	259	197	31.1%	680	759	(10.4)%
Segmental Profit	20	11	73.2%	23	56	(59.0)%
Margin (%)	7.6%	5.8%		3.4%	7.4%	

Segmental Profit and Margin



Performance Discussion

Contributed 52% of Group revenue

Revenue contributors: MRT2, DASH, EPF Headquarters at Kwasa, SUKE, TNB Balai Islam 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: RM0.6 mil. profit earned and booked under Share of Joint Ventures vs. RM14.6 mil. FY2018

Projects completed in 2019 : TNB Balai Islam, Giant Setapak, Desa Desaru, Westin Desaru and Jabi-Serting Transmission Line.

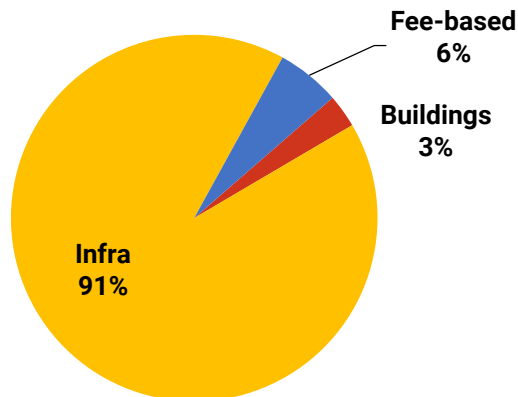
External construction order book : RM21.8 bil.
Unbilled construction order book : RM20.7 bil.

8. Segmental Reporting: Engineering, Construction & Environment

Unbilled External Order Book – RM20,716 mil.

External Contracts RM'mil	Contract Value	Completion
Buildings:		
Desaru Convention Centre	62	99%
PR1MA Kajang	173	89%
PR1MA Brickfields	335	9%
Indoor Stadium - Larkin	68	77%
Infra:		
MRT2 V210 Package - 2.6km Guideway	483	71%
NPE Bridge Phase 3 & 4	16	41%
Kwasa Utama C8	2,958	29%
DASH - Package CB2	341	56%
LRT3	5,686	24%
Bukit Jalil Sentral	10,116	0%
SUKE - CA2 Package	317	22%
Fee-based orders:		
Kwasa Utama, C8 - management contract	177	
Kwasa Land - PDP Infra	176	12%
Bukit Jalil Sentral - management contract	841	
Semarak City Phase 1 - management contract	27	
Total	21,776	

External Order Book Analysis



Top Projects

No	Project Name	Order Book Value	% of Total Order Book
1.	Bukit Jalil Sentral	10,957	50.3%
2.	LRT3	5,686	26.1%
3.	Kwasa Utama C8	3,135	14.4%
4.	MRT2 – V210 Package	483	2.2%
5.	DASH – CB2 Package	341	1.6%
6.	PR1MA Brickfields	335	1.5%



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