



## **Gagasan Nadi Cergas optimistic of FY2020 prospects**

- ***Posts net profit of RM25.3 million on RM289.6 million in FY2019***
- ***2nd interim single tier dividend of 0.5 sen per share in respect of FY2019 brings total dividend payout to 30% of net profit***
- ***Order book of approximately RM522 million to be recognized until 2021***

Selangor, Malaysia, 26 February 2020 - Construction group and concessionaire **Gagasan Nadi Cergas Berhad** (Gagasan Nadi Cergas, the Group, 佳搏有限公司, Bloomberg: 0206:MK, Reuters: GAGA.KL) is optimistic of its prospects for the financial year ending 31 December 2020 (FY2020), despite the projected challenging operating environment in the near term.

Going forward, Gagasan Nadi Cergas believes the Group's prospects are intact in light of public interest projects to build new essential buildings such as quality tertiary education facilities and hospitals.

On top of that, the Group reiterated that the proposed acquisition of polytechnic hostel asset concessionaire, Konsortium PAE Sepakat Sdn Bhd (KPS), for RM158.0 million is on-track and is expected to be completed in first half of 2020.

Barring any unforeseen circumstances, the proposed acquisition is expected to contribute positively towards Gagasan Nadi Cergas's earnings for the financial year ending 31 December 2020 onwards.

Based on KPS's audited financial statement for the financial year ended 31 December 2018 (FY2018), KPS recorded RM15.3 million in profit after tax (PAT) and had net assets of RM234.5 million. The price tag of RM158.0 million represents a 32.6% discount to KPS's net assets.

***Haji Wan Azman bin Wan Kamal, Group Managing Director of Gagasan Nadi Cergas Berhad:***

“On the back of uptick of tender activity for essential buildings, we are encouraged by the renewed public service efforts in uplifting the lives of Malaysians by prioritising the building of hospitals, airports, educational institutions and affordable homes. As such, we will continue to aggressively tender for these jobs, which is well within our forte.

Going forward, we expect to deliver stronger performance in FY2020, driven by our replenishment of our order book and boosted further through oncoming contribution from our proposed acquisition KPS from 3Q19 onwards. The proposed addition of KPS will see the Group enjoy enlarge recurring income streams as well as expansion of facilities management services. This would aid in navigating the challenging environment prevailing in the construction sector.”



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To-date, the Group has received approvals from Securities Commission Malaysia for its Islamic medium-term notes (IMTNs) and convertible sukuk (CS) programme to be used for funding the acquisition. The Group is currently in the midst of obtaining necessary approval from Bursa Malaysia Securities Berhad (Bursa Securities) for issuance of circular to hold an Extraordinary General Meeting to seek shareholders' approval for the proposed corporate exercise.

As at 31 December 2019, Gagasan Nadi Cergas's unbilled order book stood at a healthy level of approximately RM522 million to be recognised over the next three years.

### **For the financial year ending 31 December 2019 (FY2019)**

Gagasan Nadi Cergas recorded 3.8% marginally lower revenue of RM289.6 million in FY2019 compared to RM300.1 million a year ago due to lower progress billings from the construction segment.

In tandem with lower revenue contribution, the Group's net profit declined 28.9% to RM25.3 million in FY2019 from RM32.8 million a year ago. This was also attributed by higher administration expenses.

The Board of Directors declared a second interim single tier dividend of 0.5 sen per share in respect of FY2019, with entitlement date on 13 March 2020 and payable on 30 March 2020. Together with the earlier-paid first interim single tier dividend of 0.5 sen per share, total interim dividends in respect of FY2019 amounted to 1.0 sen per share with total payout of RM7.5 million or 30% of FY2019 net profit. This is in line with Gagasan Nadi Cergas's dividend policy.

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**About Gagasan Nadi Cergas Berhad ([www.nadicergas.com](http://www.nadicergas.com))**

Gagasan Nadi Cergas is primarily involved in four business segments, namely building construction, provision of facilities management services, operations of district cooling system for the supply of chilled water and electricity distribution, and property development.

Among notable projects completed by the Group include German-Malaysian Institute, the Malaysia Institute of Aviation Technology, 4th Military Camp for the General Operations Force, and seven student hostels in polytechnic campuses across six peninsular states. Gagasan Nadi Cergas has also participated in undertaking housing initiative programmes such as Rumah Selangorku, Federal Land Development Authority (FELDA) housing, 1Malaysia People's Housing (PR1MA) and Housing for Civil Servants (PPAM).

Gagasan Nadi Cergas currently holds two 20-year student hostel concession projects, namely International Islamic University Malaysia (IIUM) in Kuantan, Pahang and Universiti Teknikal Malaysia Melaka (UTeM) in Durian Tunggal, Melaka until 2034 and 2037 respectively.

Gagasan Nadi Cergas also operates a district cooling system for the supply of chilled water for the German-Malaysian Institute in Selangor until 2028.

In property development, the Group is currently undertaking the mixed development of the ASEAN Football Federation (AFF) headquarters and serviced apartments in Putrajaya.

The Group is registered with Pusat Khidmat Kontraktor (PKK) and Construction Industry Development Board (CIDB) as a Grade G7 contractor, which allows the Gagasan Nadi Cergas to tender for projects with unlimited value as well as Bumiputera allocated projects.

**Issued for and on behalf of GAGASAN NADI CERGAS BERHAD by Aquilas Advisory (Malaysia). For media enquiries, please contact:**

Julia Pong	<a href="mailto:julia@aquilas.com.my">julia@aquilas.com.my</a>	T: +603-2711 1391 / +6012-3909 258
Hanif Kamarudin	<a href="mailto:hanif@aquilas.com.my">hanif@aquilas.com.my</a>	T: +603-2711 1391 / +6011-2380 6132