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MMC CORPORATION BERHAD RECORDS 74.3% PATMI GROWTH FOR THE FIRST SIX MONTHS OF 2016

KUALA LUMPUR, 25 Aug 2016 – MMC Corporation Berhad (“MMC Group”), a premier utilities and infrastructure Group is confident of its prospects where stable performances of its operating companies have resulted in higher Profit for the first half of 2016.

For the second quarter of 2016, MMC Group recorded higher Profit before tax of RM148.1 million compared with RM95.6 million in the previous quarter, mainly attributed to the recognition of gain on sale of land at Senai Airport Free Industrial Zone, absence of effects from discounted receivables concerning Meena Plaza project in Zelan Berhad and higher share of profits contributed by Malakoff.

Correspondingly, the Group’s PATMI for the first six months of 2016 saw a healthy growth from RM101 million in 2015 (excluding the exceptional gains of RM1.34 billion from Malakoff’s May 2015 listing) to RM 176.4 million primarily due to additional contributions arising from consolidation of NCB results and absence of provision for impairment on claims recovery of a discontinued project in Middle East.

However, this was partially offset by the effect of deconsolidation of Malakoff results, post May 2015 listing with MMC Group’s effective interest reduced from 51% to 37.6% and losses from Zelan Berhad resulted from effects of discounted receivables and unrealised loss on foreign exchange concerning Meena Plaza project, Abu Dhabi. The construction of the Klang Valley Mass Rapid Transit (KVMRT) Sungai Buloh-Kajang (SBK) line on the other hand, has achieved 89% progress as at reporting date. As the project is approaching towards completion, it has recorded lesser activities for the underground section works package.

Review of Key Operating Companies

The Ports & Logistics division recorded a revenue of RM1.35 billion, an increase of 53.0% compared with RM884.4 million reported in the corresponding period of the preceding year, primarily due to effect from NCB’s consolidated revenue following completion of acquisition of additional shares in December 2015.

Correspondingly, the segment recorded Profit before tax of RM247.1 million, an increase of 41.6% compared with RM174.5 million reported in the corresponding period of preceding year, mainly attributed to effect from NCB's consolidated results and lower operational costs incurred at Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) given the continuous cost efficiency and productivity program.

Meanwhile, the Energy & Utilities division did not register any revenue in the current financial period due to the deconsolidation of Malakoff results following completion of IPO listing in May 2015. As such, the segment recorded decrease in Profit before tax by RM1.54 billion compared to financial results reported in the same period of the previous year primarily due to absence of exceptional gains of RM1.34 billion and effect from Malakoff post listing.

The Engineering & Construction division on the other hand, recorded revenue of RM495.9 million, an increase of 8.2% compared with RM458.3 million reported in the corresponding period of the preceding year. The increase was mainly due to higher work progress recorded from Rapid Pengerang Cogeneration plant (RAPID COGEN) and Langat Centralised Sewerage Treatment project, however partially offset by lesser activities performed for underground section works for KVMRT-SBK line as constructions draw gradually towards an end.

Conversely, the segment recorded a slight decrease of 2.1% in Profit before tax to RM109.7 million from RM112.1 million reported in the corresponding period of the preceding year, mainly attributed to effects from discounted receivables and unrealized loss on foreign exchange concerning Meena Plaza project in Zelan Berhad as well as lesser contribution recorded from underground section works for KVMRT-SBK line, partially offset by the absence of provision for litigation costs in relation to Stormwater Management & Road Tunnel (SMART) project.

On the other hand, Corporate & Others recorded lower Loss before tax of RM218.8 million compared with RM239.3 million reported in the corresponding period of the preceding year, mainly attributed to gain on sale of land at the Senai Airport Free Industrial Zone and absence of provision for impairment on claims recovery of a discontinued project in Middle East, partially offset by higher finance costs with respect to the additional acquisition of equity interest in NCB.

Moving forward

Ports & Logistics division is expected to grow its revenue on the back of improved performances of all the three ports, PTP, Johor Port and Northport. In addition, MMC will capture operational and cost synergies, which would further enhance the financial performance of its Ports & Logistics division.

The Energy & Utilities division is expected to contribute positively to the Group following the commencement of Malakoff's additional 1,000MW capacity in Tanjung Bin Energy power plant on 21 March 2016 supported with higher gas volume sales at Gas Malaysia.

Substantial existing order-book provides earnings visibility for the Engineering & Construction division anchored by the KVMRT-SSP Line underground work and Project Delivery Partner (PDP) role for elevated portion. In addition to that, the earnings contribution will be further boosted by the on-going mega projects namely Langat 2 Water Treatment Plant, Langat Centralised Sewerage Treatment Project, infrastructure works for the RAPID Pengerang Cogeneration plant and recently awarded PDP role for Pan Borneo Sabah Highway.

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About MMC Corporation Berhad

MMC Corporation Berhad (MMC) is a leading utilities and infrastructure group with diversified businesses under three divisions, namely ports & logistics, energy & utilities and engineering & construction.

Its key businesses under the ports and logistics division include the operations of Port of Tanjung Pelepas Sdn Bhd (Malaysia's largest container terminal), Johor Port Berhad (Malaysia's leading multi-purpose port), Northport (Malaysia) Bhd and Kontena Nasional Berhad. Additionally, MMC extends its operations to Saudi Arabia via its associate stake in Red Sea Gateway Terminal Company Limited, a container port terminal within the Jeddah Islamic Port.

MMC owns and operates Senai International Airport, Johor Bahru, a major aviation hub and the main air transportation gateway to Iskandar Malaysia. Surrounding the airport is an area covering over 2,718 acres known as Senai Airport City which is being transformed into a major integrated industrial and commercial development.

Under the energy & utilities division, MMC is the single largest shareholder of both Malakoff Corporation Berhad (Malaysia's largest independent power producer), and Gas Malaysia Berhad (sole supplier of reticulated natural gas in Peninsular Malaysia to non-power sector). Within the utilities segment, MMC also wholly owns Aliran Ihsan Resources Berhad (a water treatment plant operator).

MMC's engineering & construction division has further established itself in the sector with a leading role as the Project Delivery Partner (PDP) and underground works package contractor for the 51km Klang Valley Mass Rapid Transit (KVMRT) project (Sungai Buloh-Kajang Line) and Line 2 project (Sungai Buloh-Serdang-Putrajaya Line). Prior to this, MMC has successfully completed the 329km Ipoh-Padang Besar Electrified Double Tracking Project as well as the innovative Stormwater Management and Road Tunnel (SMART) motorway, the first-of-its-kind dual-purpose tunnel in the world.

MMC continues to make inroads in the construction industry, securing key civil and infrastructure projects in the country namely Langat Centralised Sewage Treatment Plant, Langat 2 Water Treatment Plant, civil and infrastructure works for RAPID Pengerang Cogeneration Plant. Additionally, MMC has a 20% effective interest in Borneo Highway PDP Sdn Bhd (BHP) which has been appointed as PDP for the Sabah Pan Borneo Highway Project.

Enquiries

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