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MMC CORPORATION BERHAD RECORDS HIGHER PROFIT BEFORE ZAKAT AND TAXATION AT RM120 MILLION, UP 35% FOR THIRD QUARTER 2019

KUALA LUMPUR, 26 November 2019 – MMC Corporation Berhad (MMC or the Group), a premier utilities and infrastructure group recorded a higher Profit Before Zakat and Taxation (PBZT) of RM120 million compared to RM89 million in the corresponding quarter of the preceding year, mainly due to higher work progress from Klang Valley Mass Rapid Transit Sungai Buloh-Serdang-Putrajaya Line (KVMRT-SSP Line), higher contribution from Malakoff Corporation Berhad (Malakoff), gain on disposal of an asset held for sale, lower administrative cost across the Group and oil spill compensation at Pelabuhan Tanjung Pelepas (PTP).

These were achieved even without the one-off recognition of negative goodwill which was recorded in 2018 upon finalisation of Penang Port Sdn Bhd's (Penang Port) Purchase Price Allocation (PPA) exercise which was offset by higher finance cost and depreciation due to the adoption of Malaysian Financial Reporting Standards (MFRS) 16 "Leases".

For the quarter ended 30 September 2019, the Group recorded RM1.25 billion in revenue, a 32.0% increase from RM944 million reported in the corresponding quarter of the preceding year, due to higher work progress from KVMRT-SSP Line, offset with lower progress from Langat Sewerage project.

For the financial period ended 30 September 2019, the Group's PBZT increased to RM341 million compared to RM193 million, mainly due to higher contributions from port entities and KVMRT-SSP Line, gain on disposal of assets held for sale and lower administrative costs. These were achieved even without the one-off recognition of negative goodwill in 2018 as explained above which was offset by higher finance cost and depreciation due to the adoption of MFRS 16 "Leases".



The Group recorded RM3.62 billion in revenue, a 5.8% increase from RM3.42 billion due to higher work progress from KVMRT-SSP Line, consolidation of Penang Port's revenue and higher volume handled at PTP. These were offset by lower progress from Langat Sewerage project.

Review of Key Operating Companies

The Ports & Logistics division recorded revenue of RM2.36 billion, an increase of 8.3% compared to RM2.18 billion reported in the corresponding period of the preceding financial year, mainly due to the effect from full consolidation of Penang Port's revenue and higher volume handled at PTP and Johor Port Berhad (Johor Port).

The segment recorded higher PBZT by RM29 million to RM315 million compared with RM286 million reported in the corresponding period of the preceding financial year due to higher volume handled at PTP and Johor Port, oil spill compensation at PTP as well as higher contribution from Red Sea Gateway Terminal. These were achieved even without the one-off recognition of negative goodwill in 2018 as explained above which was offset by higher finance cost and depreciation due to the adoption of MFRS 16 "Leases".

The Energy & Utilities division recorded increase in PBZT to RM107 million compared with RM93 million reported in the corresponding financial period of the preceding financial year due to higher contribution from Malakoff attributed by improved contribution from its coal plant, lower barging and demurrage cost, lower finance cost and fair value gain on acquisition of a subsidiary.

The Engineering division recorded revenue of RM1.18 billion, an increase of 0.3% compared to RM1.17 billion million reported in the corresponding financial period of the preceding financial year mainly due to higher work progress from KVMRT-SSP Line, offset with lower progress from Langat Sewerage project.

The division recorded increase of 11.1% in PBZT to RM192 million from RM173 million reported in the corresponding financial period of the preceding financial year due to higher work progress from KVMRT-SSP Line.

Moving Forward

Continuous investments into the ports' infrastructure, capacities and capabilities along with execution of operational plans are expected to deliver positive results. Operational and cost synergies driven by MMC would further improve the performance of its Ports & Logistics division.

The Energy & Utilities division is expected to contribute positively from the Group's associated companies, namely Malakoff and Gas Malaysia.

Substantial existing order-book provides earnings visibility for the Engineering division anchored by the KVMRT-SSP Line.

Furthermore, the earnings contribution from the Engineering division will be sustained by on-going projects. Overall, the Group expects to strengthen our capabilities with a focus on operating performance and efficiency, whilst exploring new opportunities. Based on the foregoing, the Group expects the financial performance for 2019 to be satisfactory.

"We are committed to delivering continuous growth and will continue to focus on cost optimisation and operational efficiency moving forward." said Dato' Sri Che Khalib Mohamad Noh, Group Managing Director of MMC Corporation Berhad.



Photo caption: An increase in volume handled at PTP and Johor Port have contributed to a higher revenue in MMC's Ports & Logistics division.

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About MMC Corporation Berhad

MMC Corporation Berhad (MMC Group) is a leading utilities and infrastructure group with diversified businesses under four divisions, namely Ports and Logistics, Energy and Utilities, Engineering and Industrial Development.

Its key businesses under the Ports and Logistics division include the operations of Pelabuhan Tanjung Pelepas Sdn Bhd, Johor Port Berhad, Northport (Malaysia) Bhd, Penang Port Sdn Bhd, Tanjung Bruas Port Sdn Bhd and Kontena Nasional Berhad. Internationally, MMC Group has presence in Saudi Arabia via Red Sea Gateway Terminal Company Limited, a container port terminal within the Jeddah Islamic Port.

Under the Energy and Utilities division, MMC Group is the single largest shareholder of both Malakoff Corporation Berhad and Gas Malaysia Berhad.

MMC Group's Engineering division has played a leading role for the implementation of the entire project including the underground works package in completing the 51 km Klang Valley Mass Rapid Transit (KVMRT) Sungai Buloh-Kajang project (SBK Line) and is now the main turnkey contractor for the entire Sungai Buloh-Serdang-Putrajaya project (SSP Line). Prior to this, MMC Group has successfully completed the 329 km 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 Group is currently, undertaking key civil and infrastructure projects in the country namely Langat Centralised Sewerage Treatment Plant and Langat 2 Water Treatment Plant.

Under Industrial Development, MMC Group's Property develops and manages close to 6,000 acres of industrial developments in Iskandar Malaysia, Johor and Kulim, Kedah, which include the Senai Airport City, Tanjung Bin Petrochemical & Maritime Industrial Centre (TBPMIC) and the Northern Technocity (NTC). The Senai Airport City, TBPMIC and NTC developments come under the ambit of Group Property's three operating companies – Senai Airport City Sdn Bhd, Seaport Worldwide Sdn Bhd and Northern Technocity Sdn Bhd respectively.

In other businesses, MMC Group wholly-owns Aliran Ihsan Resources Berhad, a company which specialises in the full spectrum of water treatment and Senai Airport Terminal Services Sdn Bhd, the operator of Senai International Airport in Johor Bahru – a major aviation hub and the main air transportation gateway to Iskandar Malaysia.

Enquiries

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