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MMC LEVERAGES ON ITS STRONG CORE BUSINESS FOR LONG TERM GROWTH

MMC will continue leveraging on the strong capabilities of its core businesses to further capitalise on growth opportunities in the country, as developments in infrastructure are expected to gain traction for the rest of the year. MMC expects a steady performance this year driven by volume improvement at its two ports in Johor under the ports & logistics division, steady dispatch factor from Malakoff's power plants and higher sales volumes from Gas Malaysia under the energy & utilities division as well as higher contributions from the Klang Valley Mass Rapid Transit (KVMRT) – SBK Line project, specifically from our role as the Project Delivery Partner (PDP) and as the underground works package contractor.

MMC is committed to continue investing in its core businesses to achieve its full potential. For 2013, a major capital expenditure drive would further enhance the efficiency and increase capacity at our operating companies in order to remain as competitive players with significant market share in the respective industries. MMC's ports, Port of Tanjung Pelepas (PTP) and Johor Port are embarking on capacity expansion and facilities upgrading exercises. PTP is expected to spend approximately RM1.6 billion for the development of two new berths and electrification of its rubber tyred gantries, among others while Johor Port is allocating approximately RM421 million on capital expenditure and several projects to enhance the port's capabilities. Malakoff expects to spend around RM2.4 billion of which 95% will be for the ongoing construction of its new 1,000MW coal fired power plant in Tanjung Bin which is scheduled to be completed in 2016.

For the financial year ended 31 December 2012, MMC posted profit after tax and minority interest (PATMI) of RM921.8 million compared to RM332.6 million a year ago. The higher PATMI was mainly due to the exceptional gain from the listing of Gas Malaysia in June last year.

Present at a press conference following the company's 37th Annual General Meeting (AGM), MMC's Group Managing Director, Datuk Hj Hasni Harun said, "The Group has achieved another strong year for 2012, with its highest ever profit before tax of RM1.8 billion, that was primarily due to the one-off gain from Gas Malaysia's listing exercise. We remain positive on the long term fundamentals of the MMC Group as our solid portfolio of diverse businesses are expected to continue growing organically. We will continue with our on-going strategy of unlocking the value of our assets and at the same time reduce the borrowings of the Group. Besides the efforts to list Malakoff on the local bourse no later than the first half of 2014 we are also committed to unlock the value of our vast landbank in excess of 4,500 acres, strategically located at the Iskandar Malaysia's Flagship Zones C and E."

MMC's **ports and logistics division** controls an estimated 42% of the Malaysian container market share in 2012. PTP handled 7.7 million twenty foot equivalent units (TEU) in 2012 as compared to 7.5 million TEU in the previous year while Johor Port's annual throughput has increased to 32.9 million freight weight tonnes (FWT) from 32.5 million FWT in 2011.

MMC's **energy and utilities division** continued to perform well last year with Malakoff achieving higher average dispatch factor of 60.1% for its power plants against 55.1% in 2011 whilst Gas Malaysia achieved higher sales volume of 127.6 million British thermal units (MMBtu) in 2012 from the previous year's volume of 124.9 million MMBtu. Gas Malaysia is expected to be allocated additional 110 million standard cubic feet per day (MMScfd) of dry gas which is spread over the next three years based on the new Gas Supply Agreement signed with PETRONAS in February 2012.

Malakoff's subsidiary, Segari Energy Ventures (SEV), was one of the successful bidders in the competitive bidding exercise conducted by the Energy Commission for the 10-year extension of the first-generation power purchase agreements which concession was initially due to expire in 2017. This extension secures SEV's business until 2027. Furthermore, the acquisition of 40% stake in Hidd Power Company, Bahrain in May 2012 would contribute immediately to the earnings whilst the 1,000 MW extension at Tanjung Bin power plant will be coming on stream in 2016. Recently, Malakoff together with a strategic partner was announced as one of the shortlisted bidders of the new 2,000MW coal-fired power plant and is well positioned to submit a competitive bid given its track record as Malaysia's largest independent power producer with 23% market share of the installed generation capacity in Peninsular Malaysia.

MMC's **engineering and construction division** was successful in securing the underground works package for the KVMRT – SBK Line project in March 2012. This is in addition to its role as the Project Delivery Partner for the project. The project is progressing well with overall completion of 8.15% whilst the underground works package is 26.79% complete as at April 2013. The first tunnel boring machine is expected to commence tunnelling activities for the 9.5km underground section from Semantan to Maluri this quarter.

Hasni added, "Within the Group, we have strong and competitive entities which are leaders in their respective industries. These companies are well-positioned to leverage on their capabilities and proven track records to pursue growth opportunities."

"Moving ahead, we are identifying new opportunities that would increase our construction order book which currently stands at RM5.0 billion and strengthen our capabilities further. MMC's immediate business prospects for its engineering and construction division are underscored by our active role in the KVMRT project both as the Project Delivery Partner and underground works package contractor. The project-based income complements its stable organically growing core businesses within the energy & utilities and ports & logistics divisions."

Commenting on MMC's prospects in railway infrastructure projects, Hasni said, "We plan to participate in the bidding for the recently announced high speed rail project. In addition we are seeking to be the PDP and underground works package contractor for the KVMRT Line 2 and Line 3. More update on the upcoming new lines for the KVMRT is expected in the next few months and we are excited about the prospects. Our extensive track record, coupled with unparalleled industry knowledge and large pool of capable talents in the engineering and construction sector will put us in a strong position to bid as a tunnelling contractor in the next two KVMRT lines."

MMC is also committed to deliver value to shareholders and this is demonstrated by a declaration of a final dividend of 4.5 sen per share for 2012, which is 12.5% higher than the 4 sen paid for the financial year 2011. This final dividend under the single tier system was approved by MMC's shareholders at the AGM and will be paid out to shareholders on 28 June 2013.

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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 energy & utilities, ports & logistics and engineering & construction.

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

MMC's key businesses in its ports & logistics division include the operations of Port of Tanjung Pelepas (Malaysia's largest container terminal) and Johor Port (Malaysia's leading multi-purpose port). MMC also has an associate stake in Red Sea Gateway Terminal Company Limited which operates a container terminal at Jeddah Islamic Port, Kingdom of Saudi Arabia.

MMC's engineering & construction division has further established itself in the sector following our leading role as the Project Delivery Partner and underground works package contractor for the 51km Klang Valley Mass Rapid Transit (KVMRT) project (Sungai Buloh - Kajang line). This is in addition to MMC's unprecedented track record of implementing a railway engineering breakthrough in the construction of Bukit Berapit twin-bore tunnel, Southeast Asia's longest rail tunnel as part of the 329km Ipoh – Padang Besar Electrified Double Track Project as well as the innovative Stormwater Management and Road Tunnel (SMART) motorway, the first-of-its-kind dual purpose tunnel in the world.

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