







MMC CORPORATION BERHAD

**1HFY2020
BRIEFING PRESENTATION SLIDES**

25 August 2020



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KEY FINANCIAL HIGHLIGHTS

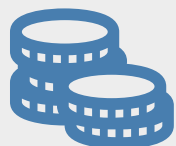




Revenue
RM2,077.5 million



Profit Before Tax ("PBT")
RM242.9 million



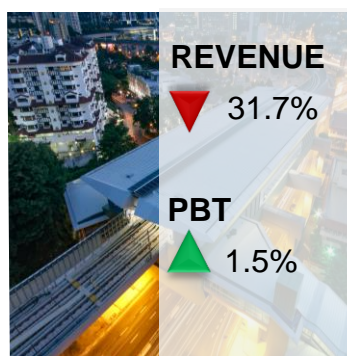
Profit After Tax And
Minority Interest
("PATMI")
RM135.2 million

Ports & Logistics



- Lower volume handled at Northport Malaysia Berhad ("NMB"), Johor Port Berhad ("JPB") and Penang Port Sdn Bhd ("PPSB").
- Lower contribution from Kontena Nasional Berhad ("KNB").
- Partially offset by higher volume handled at Pelabuhan Tanjung Pelepas ("PTP").
- Cushioned by gain on disposal of an asset held for sale at JPB.

Engineering



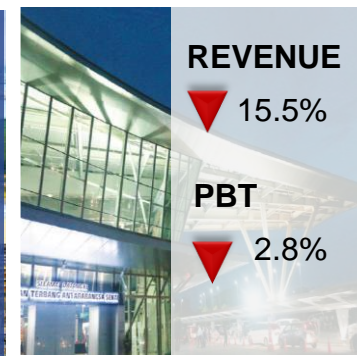
- Lower work progress from KVMRT-SSP Line, affected by Movement Control Order (MCO).
- PBT increased due to higher interest income at KVMRT-SSP Line and lower operating expenses for Engineering division.
- Healthy outstanding orderbook to sustain in the medium term.

Energy & Utilities



- Higher share of profits from associates, specifically from Malakoff due to contribution from Alam Flora and its associates.
- Lower operations and maintenance costs and higher contribution from Tanjung Bin Energy Sdn Bhd ("TBE"), following shorter duration plant outage and settlement agreement reached with its contractor.

Others



- Lower passenger and cargo volumes at Senai Airport.
- Cushioned by land sale at Senai Airport City ("SAC").



GROUP FINANCIAL PERFORMANCE OVERVIEW

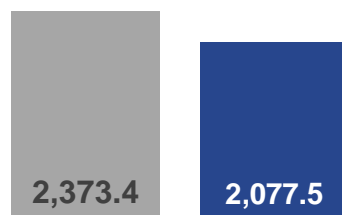


CUMMULATIVE 6 MONTHS (1HFY20) FINANCIAL PERFORMANCE



Revenue (RM Million)

↓ 12.5% YoY



PBT (RM Million)

↑ 10.2% YoY



PATMI (RM Million)

↑ 12.0% YoY



■ 1HFY19 ■ 1HFY20

Revenue

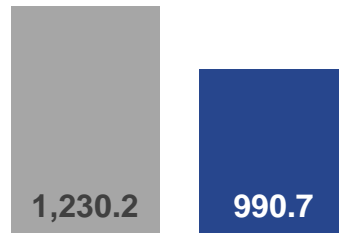
- 12.5% YoY decrease was due to:
 - ✓ Lower work progress from KVMRT-SSP Line
 - ✓ Lower passenger and cargo volumes at Senai Airport
 - ✓ Lower volume handled at NMB, JPB and PPSB.
 - ✓ Lower contribution from logistics services by KNB
 - ✓ Partially offset by higher volume handled at PTP.

PBT

- 10.2% YoY increase was due to:-
 - ✓ Higher volume handled at PTP
 - ✓ Gain on disposal of an asset held for sale at JPB
 - ✓ Higher share of results of associates, namely Malakoff
 - ✓ Offset by lower contribution from NMB and KNB as well as lower passenger and cargo volumes at Senai Airport

Revenue (RM Million)

↓ 19.5% YoY



PBT (RM Million)

↓ 2.9% YoY



PATMI (RM Million)

↑ 15.2% YoY



■ Q2FY19 ■ Q2FY20

Revenue

- 19.5% YoY decrease was due to:
 - ✓ Lower work progress at KVMRT-SSP Line
 - ✓ Lower passenger and cargo volumes at Senai Airport
 - ✓ Lower volume handled across all ports due to MCO

PBT

- 2.9% YoY decrease was due to:-
 - ✓ Lower work progress from KVMRT-SSP Line
 - ✓ Lower passenger and cargo volumes at Senai Airport
 - ✓ Lower volume handled across all ports
 - ✓ Cushioned by higher share of results of associates, namely Malakoff
 - ✓ Cushioned by gain on land sale at SAC and lower operating expenses

BALANCE SHEET AS AT 30 JUNE 2020

Strong Financial Position



Total Assets

RM26.47 B

FY2019: RM26.45 B



Total Equity

RM10.12 B

FY2019: RM10.11 B



Total Liabilities

RM16.35 B

FY2019: RM16.34 B



Cash and Cash Equivalents

RM2.70 B

FY2019: RM1.94 B



Total Borrowings

RM10.62 B

FY2019: RM10.38 B



Current Ratio

0.85x

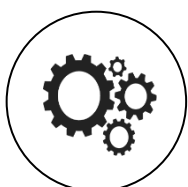
FY2019: 0.74x



Net Assets Per Share

RM3.06

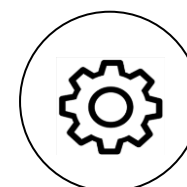
FY2019: RM3.07



Gross Gearing Ratio

1.05x

FY2019: 1.03x



Net Gearing Ratio

0.78x

FY2019: 0.81x



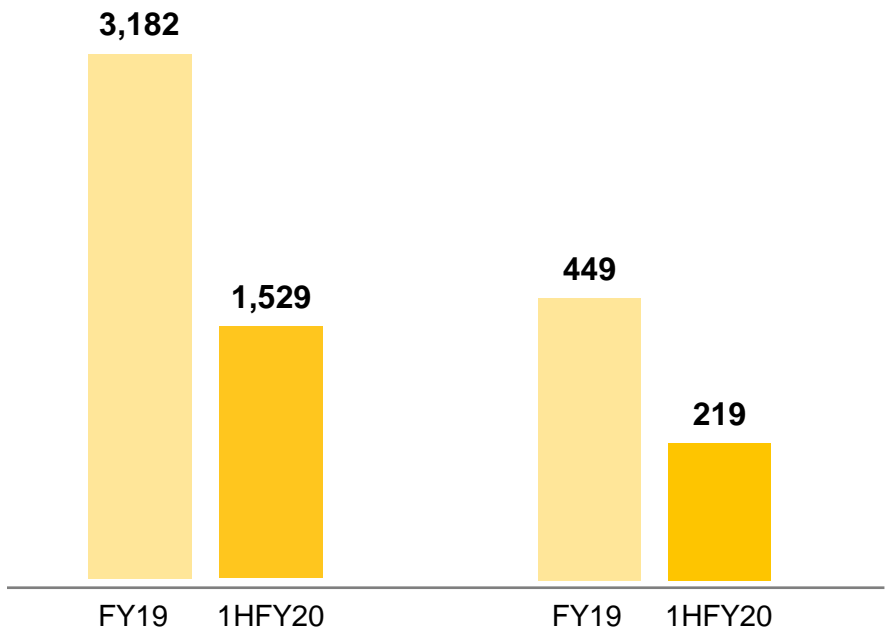
PORTS & LOGISTICS



ANNUAL vs 1HFY20
REVIEW

Revenue
(RM Million)

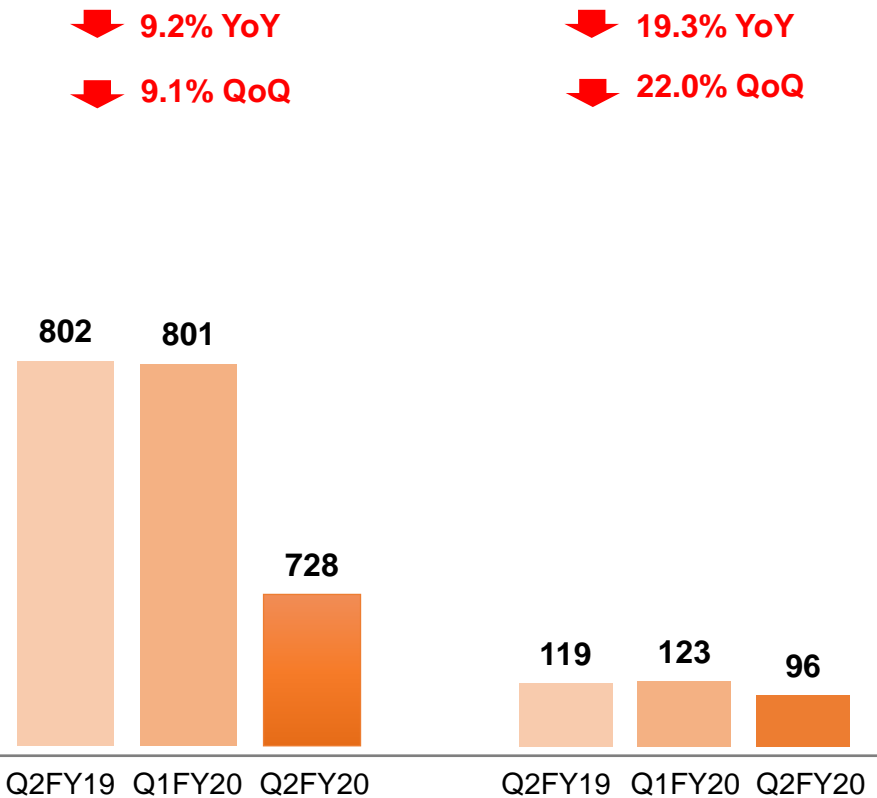
PBT
(RM Million)



Q2FY20 QUARTERLY
REVIEW

Revenue
(RM Million)

PBT
(RM Million)



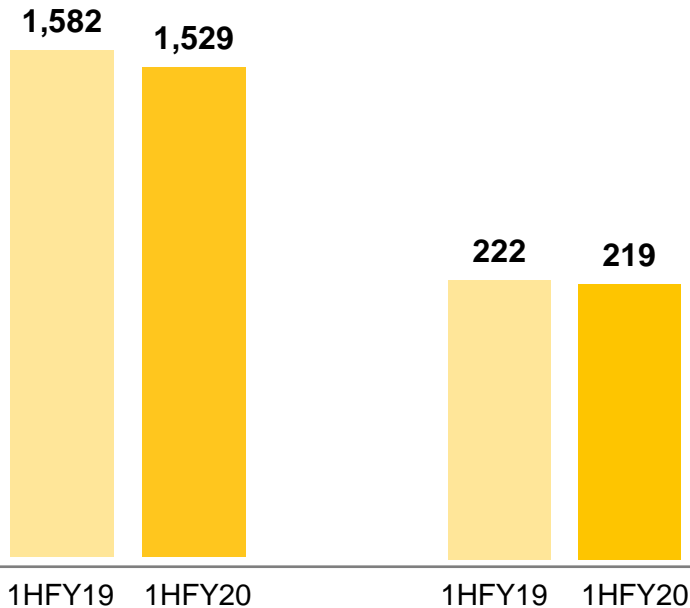
1HFY19 vs 1HFY20 REVIEW

Revenue
(RM Million)

↓ 3.4% YoY

PBT
(RM Million)

↓ 1.4% YoY



Q2FY20 QUARTERLY REVIEW

Revenue
(RM Million)

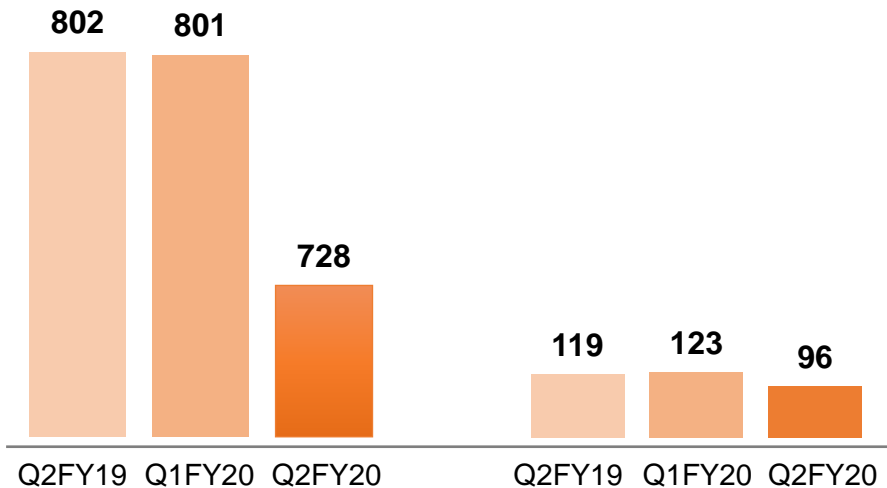
↓ 9.2% YoY

↓ 9.1% QoQ

PBT
(RM Million)

↓ 19.3% YoY

↓ 22.0% QoQ



PORTS & LOGISTICS : FINANCIAL PERFORMANCE



Revenue (RM Million)

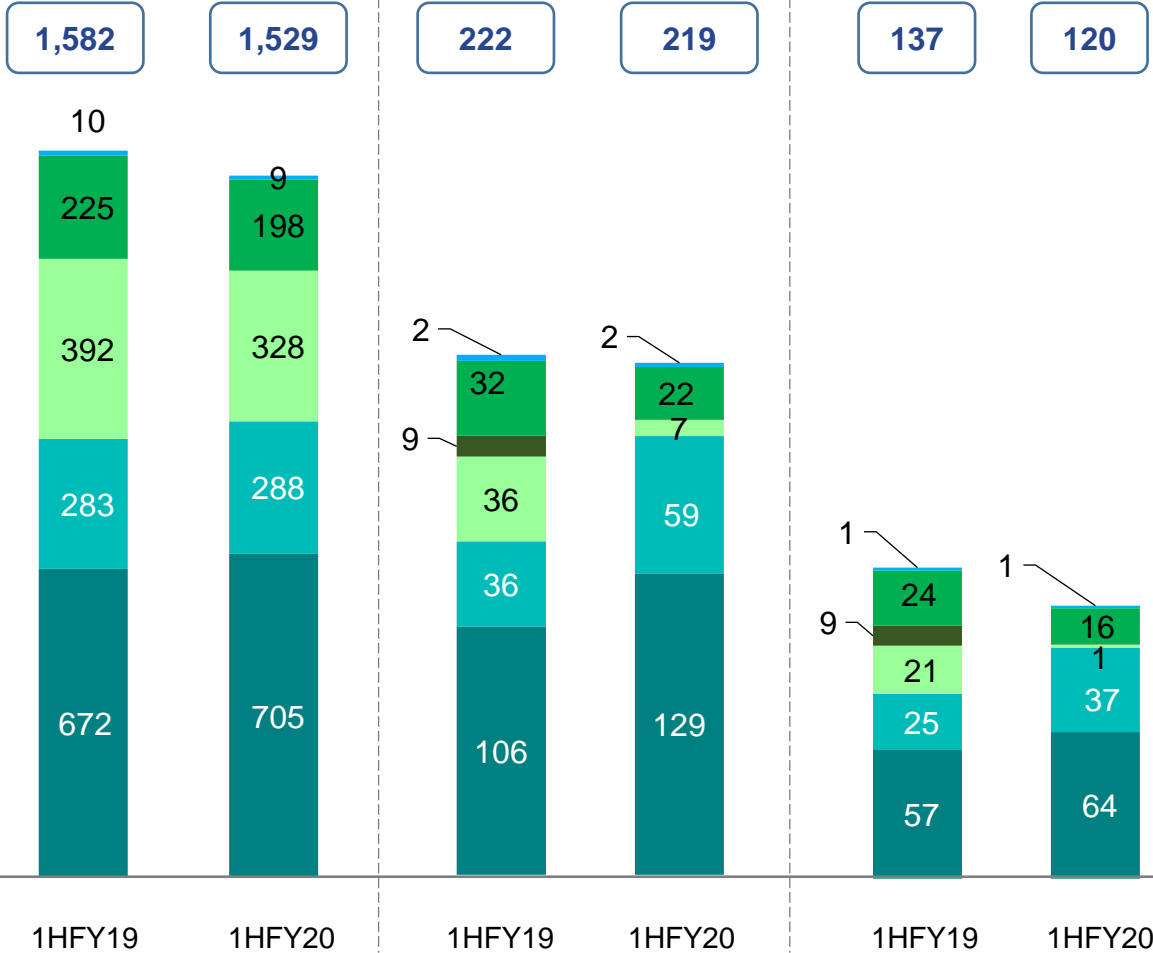
↓ 3.4% YoY

PBT (RM Million)

↓ 1.4% YoY

PATMI (RM Million)

↓ 12.4% YoY



PTP JPB NCB RSGT PPSB TBP

Operational Statistics

Port of Tanjung Pelepas

Throughput (in mil. TEUs)	YTD 2020	Growth (YoY)
Container	4.64	1%

Johor Port Berhad

Throughput (in mil. FWT)	YTD 2020	Growth (YoY)
Liquid bulk	6.22	-12%
Dry bulk	1.67	-12%
Break bulk	0.31	-21%
Total Conventional	8.20	-13%
Container (in mil. TEUs)	0.46	-5%

Northport (M) Bhd

Throughput (in mil. FWT)	YTD 2020	Growth (YoY)
Liquid bulk	1.12	-10%
Dry bulk	1.23	0%
Break bulk	1.19	-14%
RORO	0.29	-58%
Total Conventional	3.83	-16%
Container (in mil. TEUs)	1.19	-11%

Penang Port Sdn Bhd

Throughput (in mil. FWT)	YTD 2020	Growth (YoY)
Liquid	1.80	-18%
Dry bulk	1.60	-16%
Break bulk	0.59	-18%
Total Conventional	3.99	-17%
Container (in mil. TEUs)	0.68	-8%

Tanjung Bruas Port

Throughput	YTD 2020	Growth (YoY)
Conventional (in mil. FWT)	0.36	19%
Container (in '000 TEUs)	5.03	48%

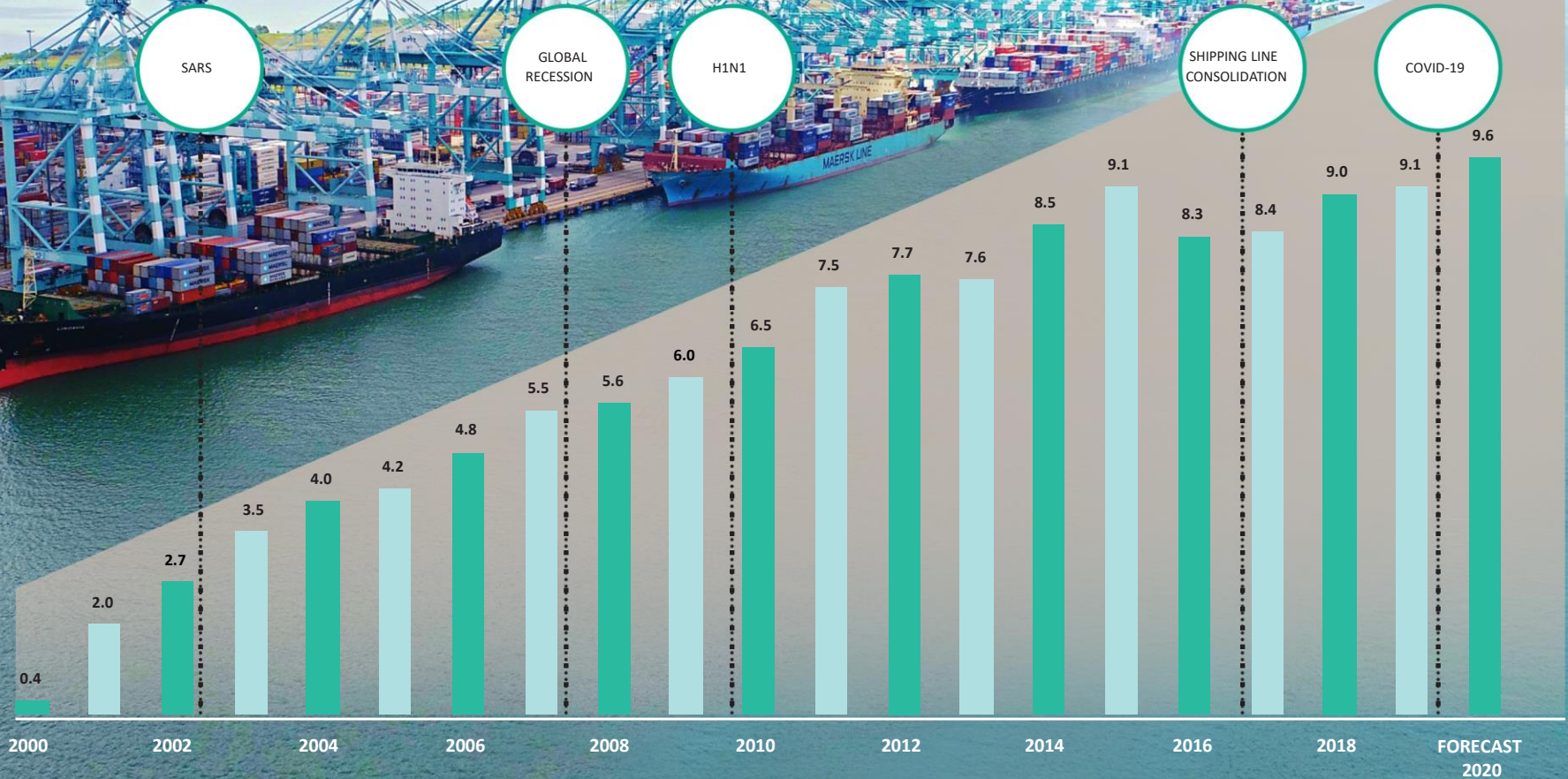
Red Sea Gateway Terminal

Throughput	YTD 2020	Growth (YoY)
Container (in mil. TEUs)	0.91	6%

Growth Intact Amidst Crises

WE REMAIN
RESILIENT

CAGR:
18%
(2000 – 2019)



Cost and Cash Optimization Initiatives 2020

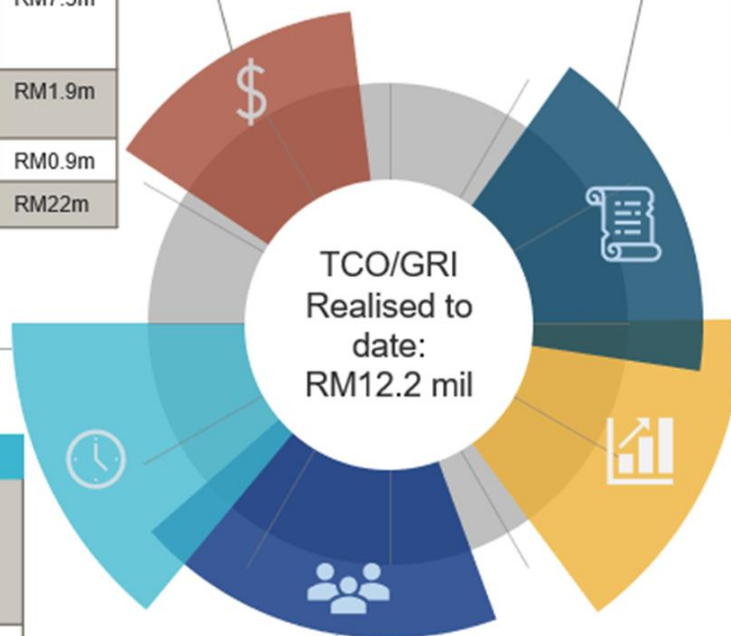
TCO/GRI	FYT
Ops: Lashing deployment change, inhouse IT, reefer parts supply	RM2.0m
Eng: Insourcing maintenance contract, warranty/damage claims, tyre patching & rim recycle	RM7.5m
Reduction employee activities/social events	RM1.9m
Sales tax exemption 31 PM & 80 Trailers	RM0.9m
Other TCO/GRI	RM22m

Contract Renegotiation	FYT
8 ULCV + 10 E-RTG payment deferral (to year 2021)	>RM150m
Review on 19 existing contracts terms for potential cost savings from insourcing & contract scope refinement	RM5.0m

OT Reduction (Part of TCO)	FYT
Ops: new shift pattern (white collar implemented Week15), TEO and gate teams OT hour reduction. Introduction of goodwill payment	RM2.0m
HSSE	RM0.65m
ENG	RM1.5m

Economic Stimulus	FYT
Tax exemption Covid-19 related expenses	RM2.0m
HRDF levy exemption (from 1 st Apr-30 th Sep 20) and 2% discount on electricity	Approx. RM400k

White Collar HC Reduction
23 headcount opted for MSS with execution completion by 30 th Sep 20

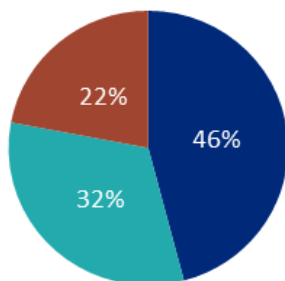


RM1.9 Billion Sukuk Programme

Summary Terms of the Sukuk

- Issuer : PelabuhanTanjung Pelepas Sdn Bhd
- Principal Adviser/ : RHB Investment Bank Berhad
- Lead Arranger/ Lead Manager
- Facility Description : Islamic Medium-Term Notes Programme of up to RM1.9 billion in nominal value
- Shariah Principle : Murabahah (via Tawarruq arrangement)
- Rating : AA-Is / Stable by Malaysian Rating Corporation Berhad ("MARC")
- Purpose : Refinance RM1.5 billion IMTN due on 7 Sept 2020 and BPMB outstanding loan balance of RM396 million
- Total Issue Amount : RM1,895.0 million

INVESTORS DISTRIBUTION



■ Financial Institution ■ Insurance ■ Fund Management

➤ The Sukuk programme marks PTP's maiden AA-Is rated Sukuk on standalone basis. PTP & RHB team embarked on roadshows and one-on-one meetings remotely to overcome the challenges posed by MCO for both issuances.

➤ The Tranches tenure, profit rate and book to cover (BTC) are as follows:

Issuance	Tenure (Y)	Weighted Average Interest Rate	Book-to-Cover
First Issuance (RM900 mil)	5/7/10	3.92%	2.6x
Second Issuance (RM995 mil)	5/7/10	3.29%	4.5x

➤ The first issuance achieved an orderbook of >RM2.8 billion (from 25 accounts) whilst the second issuance orderbook was at a remarkable RM4.4 billion (from 31 accounts) and became the largest AA orderbook, so far in 2020.

➤ The profit rates achieved in the second issuance was at MGS 5, 7 & 10-years spreads of between 91-106bps, and equivalent to AA/AA2 rated issuance.

➤ It also had the effect of repricing the AA-/AA3 credit curve in the market.

PTP Future Plans & Strategies

OPTIMISATION OF CURRENT FOOTPRINT CAPACITY



DIGITISATION & AUTOMATION

IR 4.0



**Productivity
Application**



**Terminal
Network**



**Terminal
Operating
System**



**Autonomous
Driving Prime
Mover**

EXPANSION OF FREE ZONE





Ports and Logistics division continues to focus on resource optimization on the back of the improving global container outlook.

- Continuous vigilant investment into the ports infrastructure following ongoing Covid-19 pandemic.
- Continuous strategic inducement to maintain current market position and secure higher ad hoc calls from existing liners.
- Implementation of Get Revenue In (GRI) initiatives to improve top line e.g. additional marine services, new warehouses.
- Close monitoring of cost management and cost synergies' initiatives across the Ports.
- Optimization of Government's Economic Stimulus Package e.g. sales tax and import duty on port's equipment



ENERGY & UTILITIES



MALAKOFF



Revenue
(RM Million)

↓ 12.4% YoY

PATMI
(RM Million)

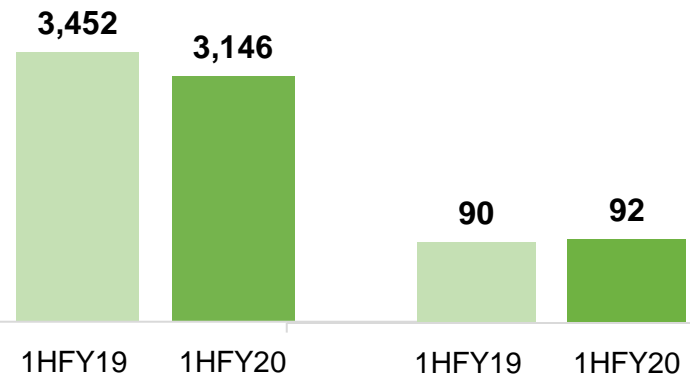
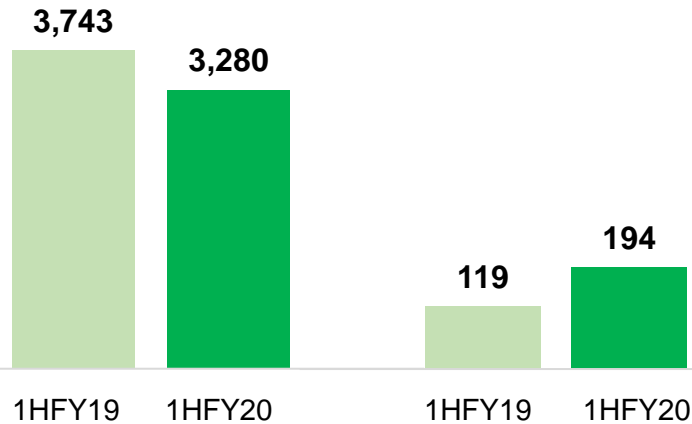
↑ 62.8% YoY

Revenue
(RM Million)

↓ 8.9% YoY

PATMI
(RM Million)

↑ 2.2% YoY



Malakoff	Revenue (RM million)		PATMI (RM million)	
YTD 30 June	2019	2020	2019	2020
MCB level	3,743	3,280	119	194
MMC Portion (37.6%)	N/A		32^	61^

Gas Malaysia	Revenue (RM million)		PATMI (RM million)	
YTD 30 June	2019	2020	2019	2020
GMB level	3,452	3,146	90	92
MMC Portion (30.9%)	N/A		28	29

^ After deducting PERPS interest



Malakoff and Gas Malaysia (associated companies) are expected to provide consistent earnings to the Group

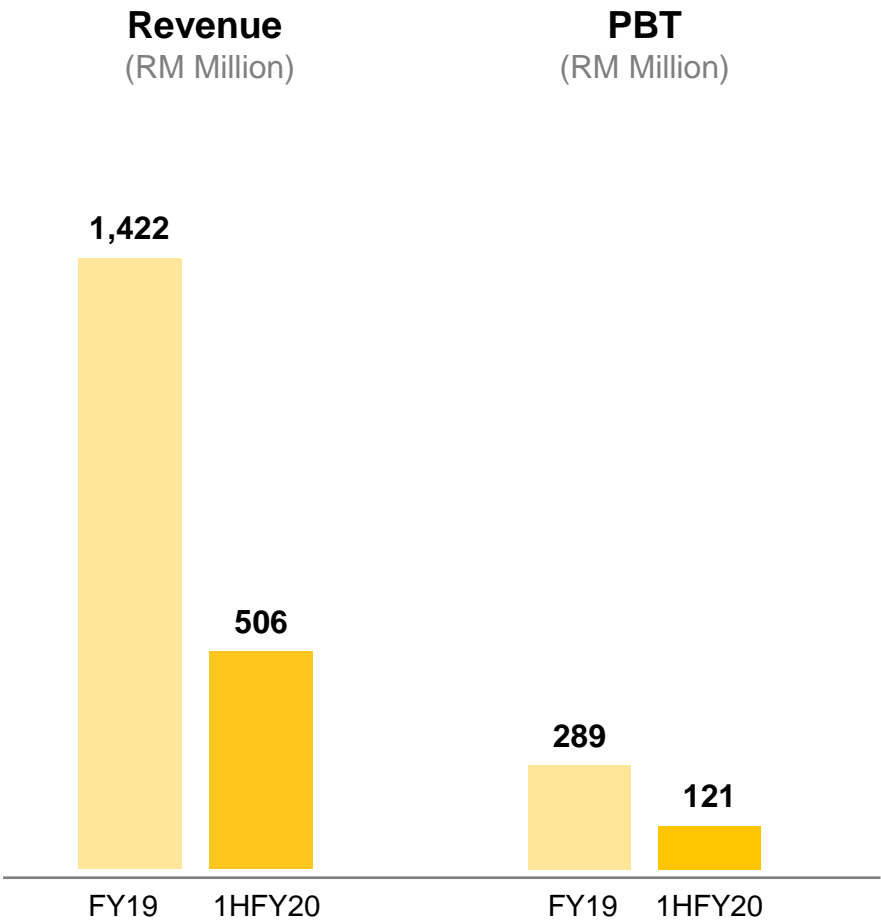
- Malakoff will continue to focus on enhancing the operational efficiency of its plants, particularly on cost saving measures.
 - Participation in the 4th cycle of Large-Scale Solar (“LSS4”) would allow Malakoff the opportunity to expand its renewable energy capacity, alongside with its progress on the biogas and small hydro projects.
-
- Gas Malaysia’s volume is expected to recover following the resumption of business operation among Gas Malaysia’s customers, as a result of the eased restrictions under the RMCO.



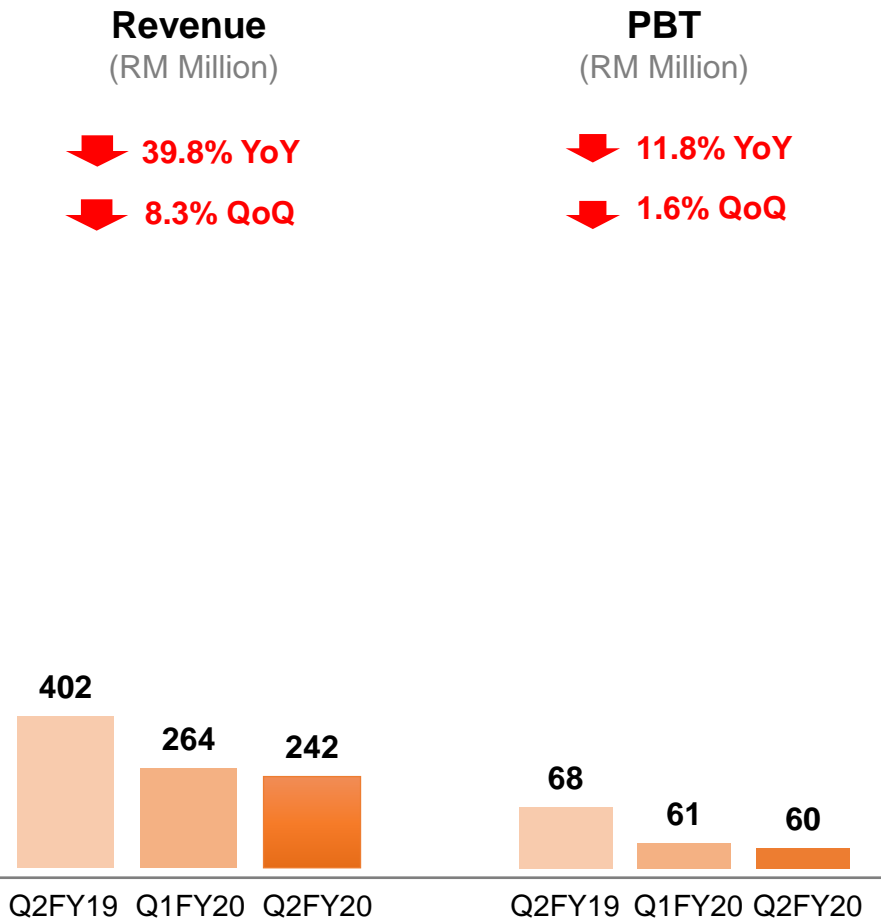
ENGINEERING



ANNUAL vs 1HFY20
REVIEW



Q2FY20 QUARTERLY
REVIEW



1HFY19 vs 1HFY20 REVIEW

Revenue

(RM Million)

↓ 31.7% YoY

740

506

1HFY19 1HFY20

PBT

(RM Million)

↑ 1.5% YoY

119

121

1HFY19 1HFY20

Q2FY20 QUARTERLY REVIEW

Revenue

(RM Million)

↓ 39.8% YoY

↓ 8.3% QoQ

402

264

242

Q2FY19 Q1FY20 Q2FY20

PBT

(RM Million)

↓ 11.8% YoY

↓ 1.6% QoQ

68

61

60

Q2FY19 Q1FY20 Q2FY20

Outstanding Orderbook as at 30 June 2020 of **RM4.87 Billion**

#	Project	Total Contract Value (RM'mil)	MMC's Portion	MMC's Outstanding Order Book (RM'mil)	JV Partner	Overall Progress	Calendar Year															
							2020				2021				2022				2023			
							Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	MRT Line 2 : Sg. Buloh - Serdang - Putrajaya (38.7km) - Overall (Elevated, Underground & System)	17,420	50%	2,671	Gamuda	75.4%																
2	MRT Line 2 : Sg. Buloh - Serdang – Putrajaya (13.5 km) - Underground Works	13,110	50%	1,459	Gamuda	77.2%																
3	Langat Sewerage Project (MMC PLSB)	1,505	100%	269	-	87.2%																
4	Sungai Pulai Bridge	565	60%	214	CHEC	33.1%																
5	PGU-I Gas Pipeline	131	90%	105	Sedia	7.8%																
6	Upgrading NBCT for Penang Port	155	100%	18	-	93.0%																
7	Langat 2 Water Treatment Plant	994	50%	27	Salcon	99.6%																
8	Other projects	175	100%	108	-	-																
	TOTAL	34,055		4,871																		

Other projects: MADA, Rehabilitation works of Container Terminal Yard and ancillary works at Johor Port Berhad, Development of New Container Yard for the purpose of laden & empty containers at JPB, Design & Build contractor for the proposed arrival hall expansion and construction of new passenger holding lounge for Senai International Airport and Proposed Development of 3 Single-Storey Warehouse at NDSB 2 Logistics Hub for Northport (M) Berhad

We are here

KVMRT Elevated – Putrajaya Line

Actual Progress as of July 2020: **77.52%**



Highway Crossing Sg Besi



16 Sierra MRT Station

KVMRT Underground – Putrajaya Line

Actual Progress as of July 2020: **78.78%**



Tunnel Mining Working Section - TU8



Tunnel Mining Working Section - TU4

Langat Sewerage Project

Actual Progress as of Aug 2020:
92.12%



Aerial View of CSTP



Recreational Facilities on CSTP
Upper Deck



Dewatering & Dismantle
Equipment at HLT 288

Langat 2 WTP

Actual Progress as of Aug 2020:
99.92%



Aerator - Stream A



Filters - Stream A



Aerial View of L2WTP - daytime



Aerial View of L2WTP - nighttime

PPSB - NBCT

Actual Progress as of Aug 2020: **100%**



Completed Upgraded Wharf



Upgrading Wharf Deck

MADA

Actual Progress as of Aug 2020: **99.33%**



Aerial View of Farm Roads and Canal



Aerial View of Pump House

SGPB

Actual Progress as of
July 2020:
34.93%



Aerial view – Bridge 3

Northport Warehouse

Actual Progress as
of Aug 2020:
36.06%



Aerial view – D5 Warehouse

Graphite

Actual Progress as
of Aug 2020:
18.52%



Access Road



Aerial View – PTP Side



D5 Warehouse



Site Clearing

JPB – New CTY

Actual Progress as of Aug 2020:
45.71%



Casting Concrete Base

SATS – Airport Expansion

Actual Progress as of Aug 2020:
23.71%



Relocation Underground Cable

JPB – Rehab CTY

Actual Progress as of Aug 2020:
25.07%



Laying Paver Blocks



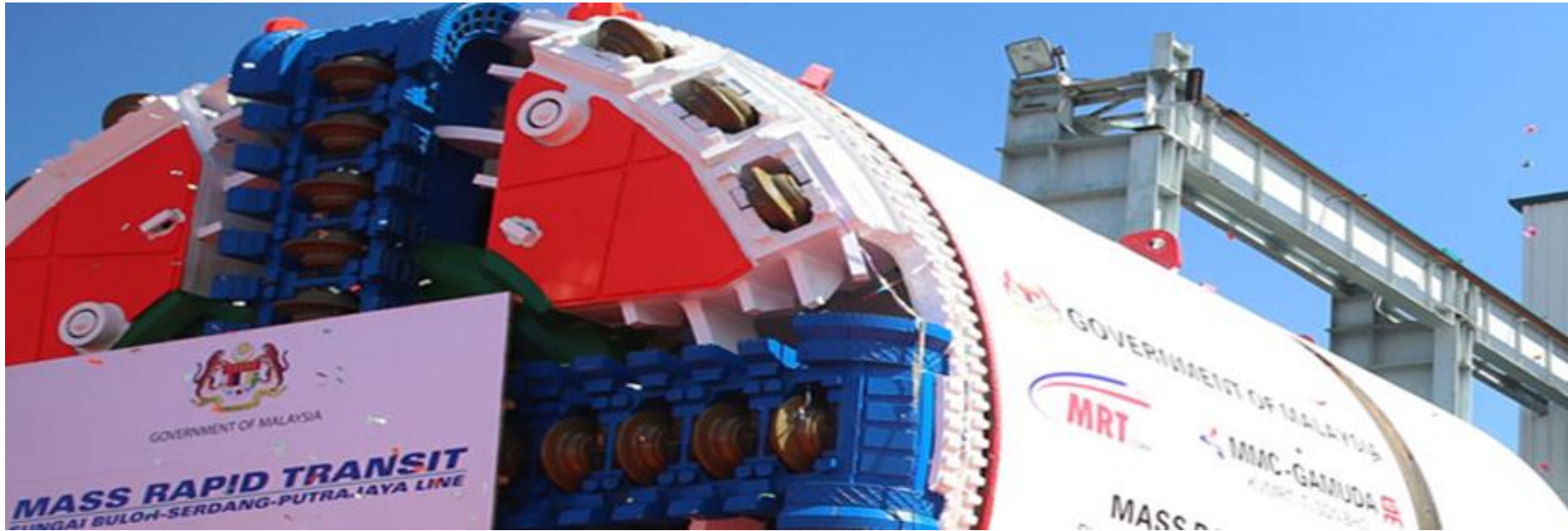
High mast Foundation



Concrete U-Drain



Laying Paver Blocks

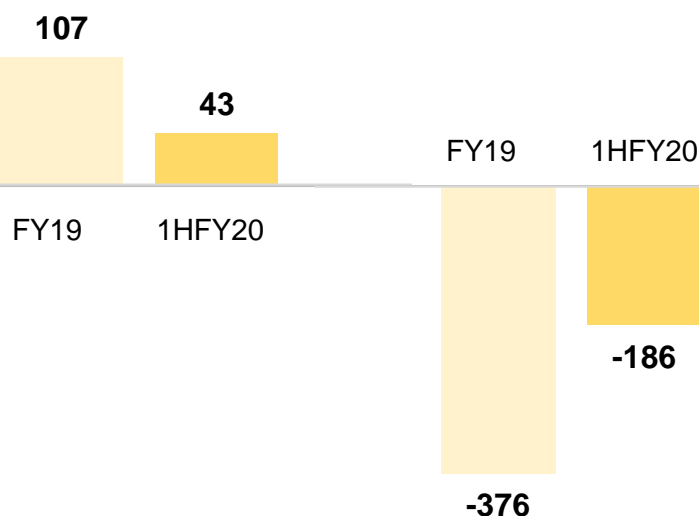


- The Engineering division will continue to provide earnings visibility from its substantial existing order-book, anchored by KVMRT-SSP Line project.
- The division remains active in its effort to replenish its order-book whilst focusing on the execution and timely completion of its existing projects.



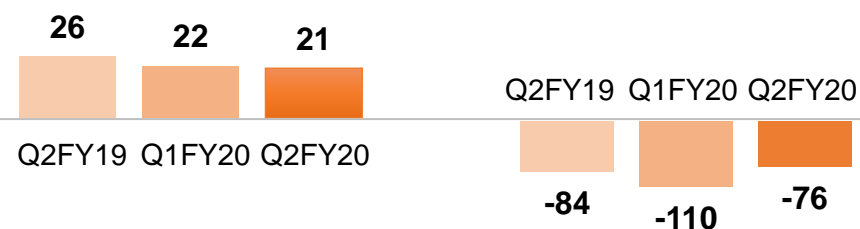
CORPORATE & OTHERS



ANNUAL vs 1HFY20
REVIEWRevenue
(RM Million)LBT
(RM Million)Q2FY20 QUARTERLY
REVIEWRevenue
(RM Million)LBT
(RM Million)

↓ 19.2% YoY
↓ 4.6% QoQ

↑ 9.5% YoY
↑ 30.9% QoQ

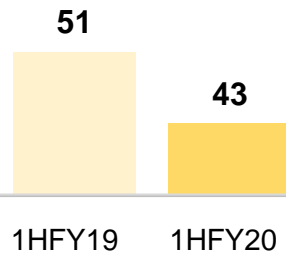
**Lower Revenue and higher LBT due to:**

- Lower contribution from Senai Airport due to lower volume of passengers and cargo volumes handled.
- Cushioned by sale of land at SAC.

1HFY19 vs 1HFY20 REVIEW

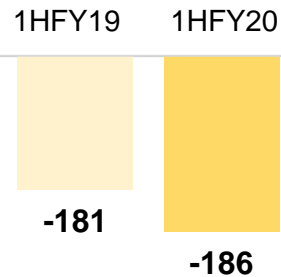
Revenue
(RM Million)

↓ 15.5% YoY



LBT
(RM Million)

↓ 2.8% YoY

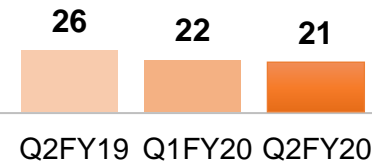


Q2FY20 QUARTERLY REVIEW

Revenue
(RM Million)

↓ 19.2% YoY

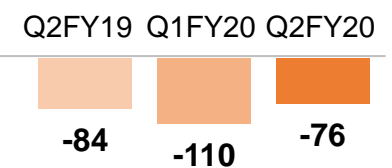
↓ 4.6% QoQ



LBT
(RM Million)

↑ 9.5% YoY

↑ 30.9% QoQ



Lower Revenue and higher LBT due to:

- Lower contribution from Senai Airport due to lower volume of passengers and cargo volumes handled.
- Cushioned by sale of land at SAC.



Operational / Financial

	<u>YTD June</u>	<u>YoY Growth</u>
Revenue	20.6	-48.0%
PBT	(13.9)	-370.9%
Total Passenger volume ('000)	780.8	-62.9%
Cargo volume (tonnage '000)	4.3	-42.7%

Key Strategies

- Weekly passenger's volume during RMCO has rebounded to 1,000-1,500 weekly passengers in comparison to 400-500 weekly passengers during MCO.
- As of June 2020, 3 airlines have been operating weekly, namely Air Asia, Firefly and Malindo Air.
- FY2020 Capex deferment of RM22 mil with various cost saving initiatives.



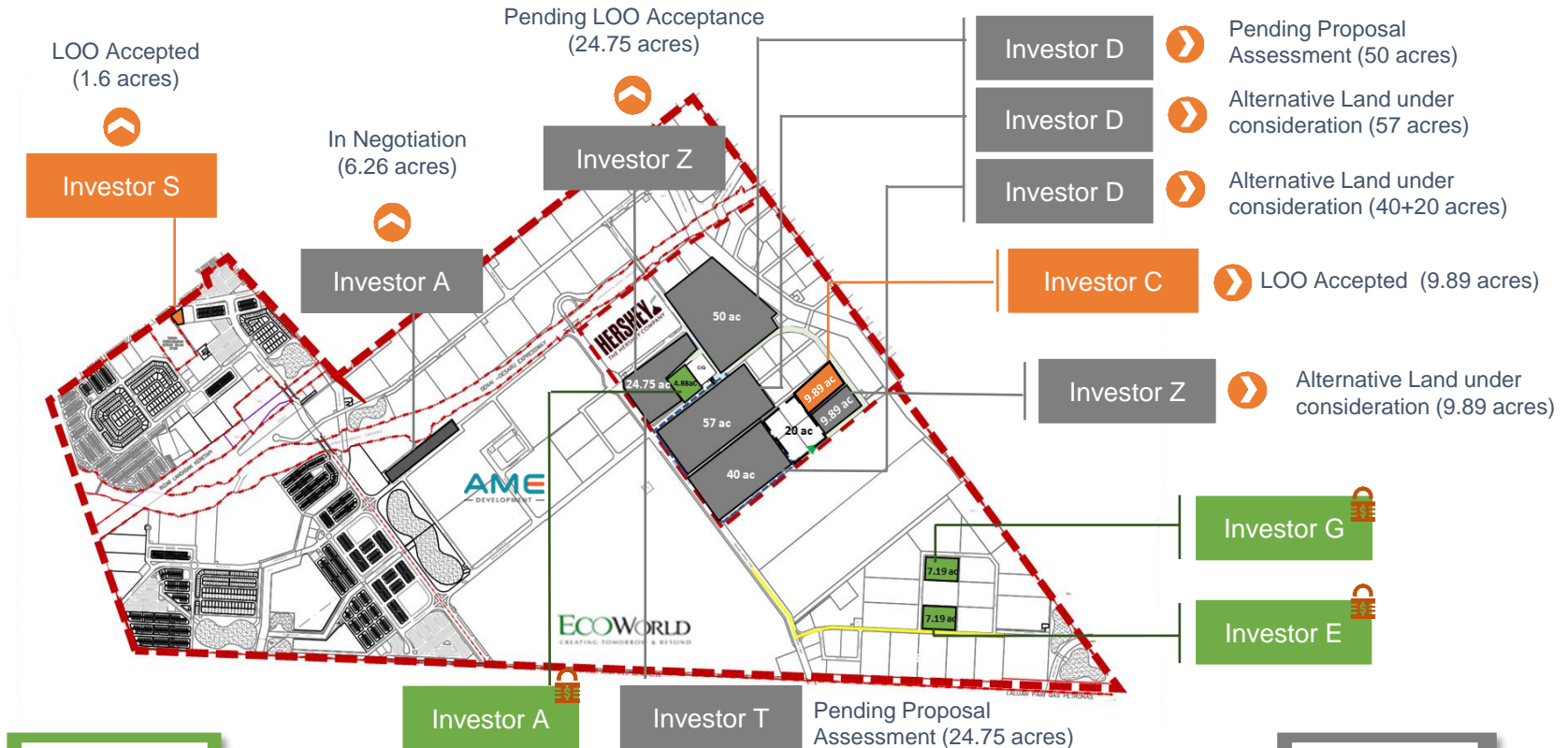
Operational / Financial

	<u>YTD June</u>	<u>YoY Growth</u>
Revenue	12.0	6.0%
PBT	2.0	17.6%
Treated water volume:		
• Water treatment plants (Million m ³)	29.2	0.3%
• Recycling plants (Million m ³)	0.6	60.1%

Key Strategies

- The entry of AIRB in Non-Revenue Water (NRW) project at Johor Port enables AIRB to showcase its capabilities and expertise in successfully undertaking NRW projects.
- Expecting minimal business impact from Covid-19 as business is operated under BOO.
- A few new and smaller businesses may not materialise as planned (i.e. Industrial wastewater customers).

Industrial Development: Senai Airport City



**SPAs
Signed**

**19.26
Acres**

	Parties	Acre	Business
	Investor A	4.88	Developer/ REIT
	Investor G	7.19	Developer/ REIT
	Investor E	7.19	Developer/ REIT

**Sales
Pipeline**

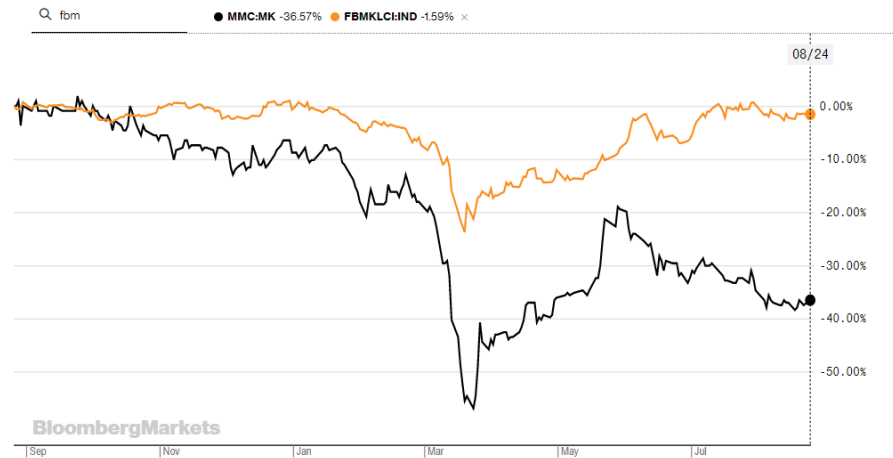
**~92.50*
Acres**

*Excluding alternative parcels under consideration



STOCK INFORMATION

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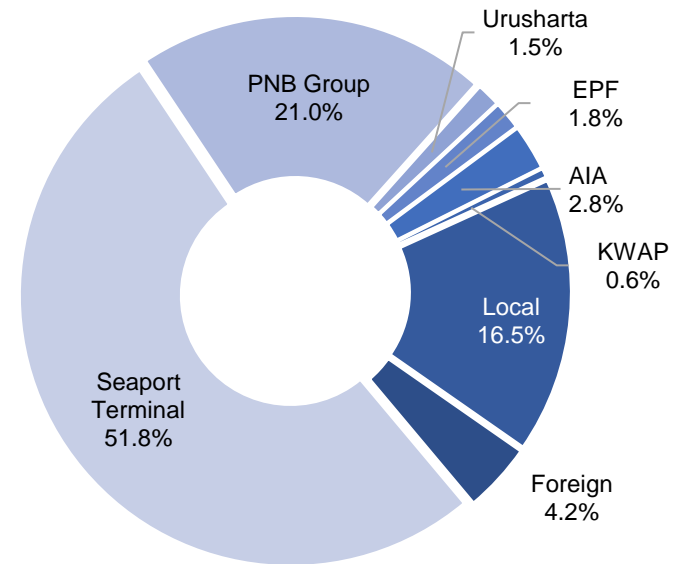


Source: Bloomberg as at 24 August 2020, 12.30pm

Stock Quote	MMC
Market Cap (RM Billion)	2.086
Shares Outstanding (Billion)	3.05
52-Week Range (High)	1.16
52-Week Range (Low)	0.45
P/E Ratio	7.91
30-Day Average Volume	1,946,270

SHAREHOLDING STRUCTURE (%)

AS AT 30 JUNE 2020



Institution	Date	Call	Target Price
Aminvestment	25 Aug 2020	Buy	RM 1.49
AllianceDBS	25 Aug 2020	Buy	RM 1.35
Kenanga	25 Aug 2020	Hold	RM 0.695
MIDF	25 Aug 2020	Buy	RM 1.15
UOB Kay Hian	25 Aug 2020	Buy	RM 1.05
AVERAGE TP			RM 1.15

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