MMC CORPORATION BERHAD

Q1FY2020
BRIEFING PRESENTATION SLIDES

21 May 2020

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KEY FINANCIAL HIGHLIGHTS

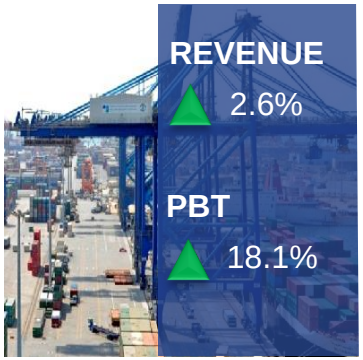
1QFY2020 KEY FINANCIAL HIGHLIGHTS

Revenue
RM1,086.8 million

Profit Before Tax ("PBT")
RM114.8 million

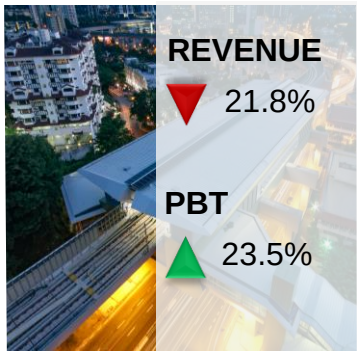
Profit After Tax And Minority Interest ("PATMI")
RM57.9 million

Ports & Logistics



- Higher volume handled at Port of Tanjung Pelepas ("PTP") and Johor Port Berhad ("JPB").
- Reported a gain on disposal of an asset held for sale at JPB of RM8.7 million.

Engineering

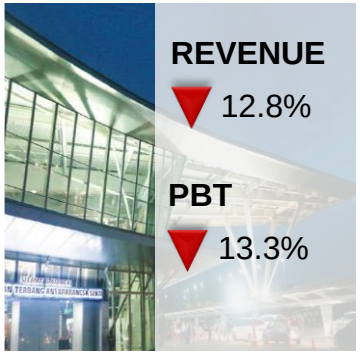


- Lower work progress from the underground work packages for KVMRT-SSP Line.
- PBT increased due to higher interest income and lower operating expenses at KVMRT-SSP Line.
- Healthy outstanding orderbook to sustain in the medium term.

Energy & Utilities

- Higher share of profits from associates, specifically from Malakoff due to the contribution from Alam Flora.

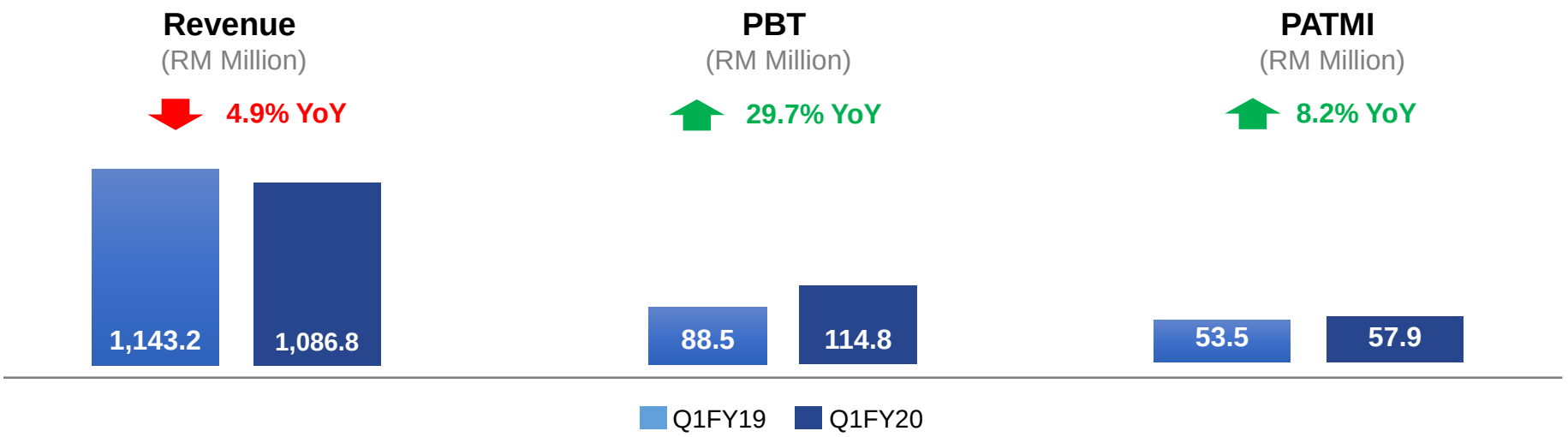
Others



- Lower passenger and cargo volume at Senai Airport, compounded with higher other operating expenses.

GROUP FINANCIAL PERFORMANCE OVERVIEW

QUARTERLY FINANCIAL PERFORMANCE



Revenue

- 4.9% decrease was due to:
  - ✓ Lower work progress from underground work packages for KVMRT-SSP Line
  - ✓ Lower volume handled at Northport Malaysia Berhad (“NMB”)
  - ✓ Lower contribution from logistics services by Kontena Nasional Berhad (“KNB”)
  - ✓ Cushioned by higher volume handled at Pelabuhan Tanjung Pelepas (“PTP”) and Johor Port (“JPB”).

PBT

- 29.7% increase was due to:-
  - ✓ Higher contributions from PTP and JPB
  - ✓ Gain on disposal of an asset held in JPB of RM8.7 million
  - ✓ Higher share of results of associates, namely Malakoff
  - ✓ Higher interest income and lower operating expenses incurred at the KVMRT-SSP Line
  - ✓ Offset by lower contribution from NMB and KNB.

BALANCE SHEET AS AT 31 MARCH 2020

Healthy Net Gearing Position

Total Assets
RM26.07 B
FY2019: RM26.45 B

Total Equity
RM10.15 B
FY2019: RM10.11 B

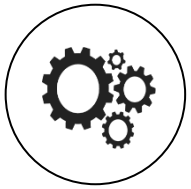
Total Liabilities
RM15.91 B
FY2019: RM16.34 B

Deposits, Bank and Cash Balances
RM2.45 B
FY2019: RM1.94 B

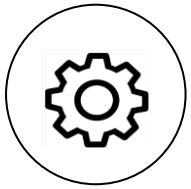
Total Borrowings
RM10.14 B
FY2019: RM10.38 B

Current Ratio
0.76x
FY2019: 0.74x

Net Asset Per Share
RM3.08
FY2019: RM3.07



Gross Gearing Ratio
1.00x
FY2019: 1.03x



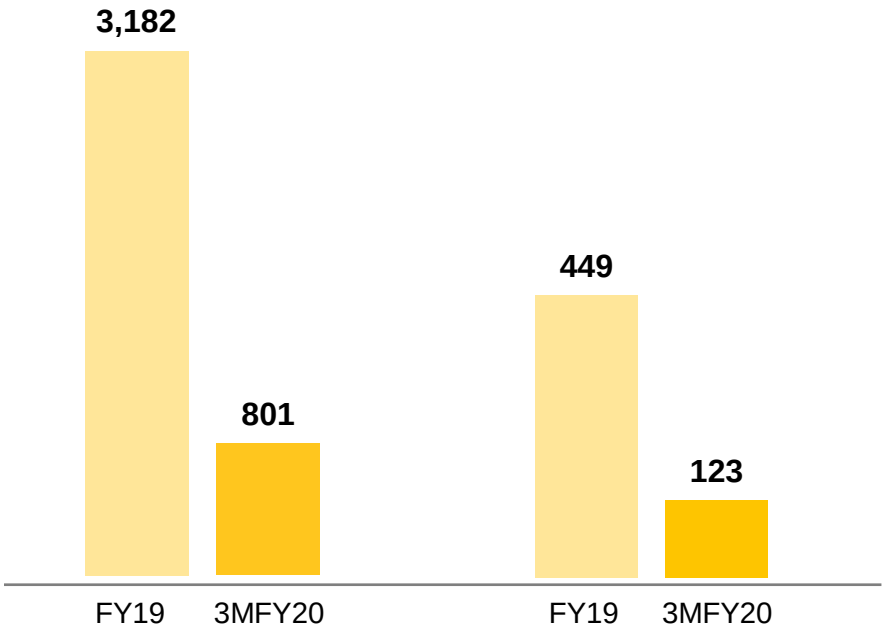
Net Gearing Ratio
0.76x
FY2019: 0.83x

MMC

PORTS & LOGISTICS

ANNUAL vs 3MFY20 REVIEW

Revenue
(RM Million)



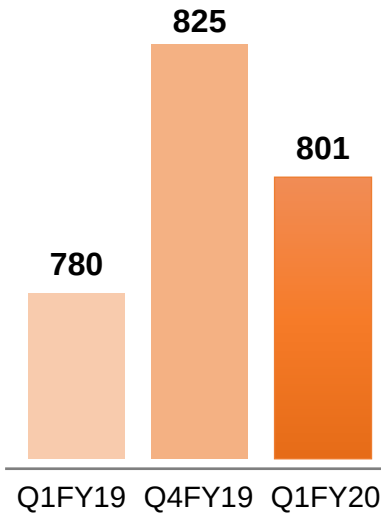
PBT
(RM Million)

QUARTERLY REVIEW

Revenue
(RM Million)

2.6% YoY

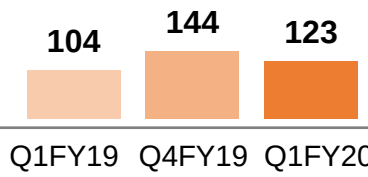
2.9% QoQ



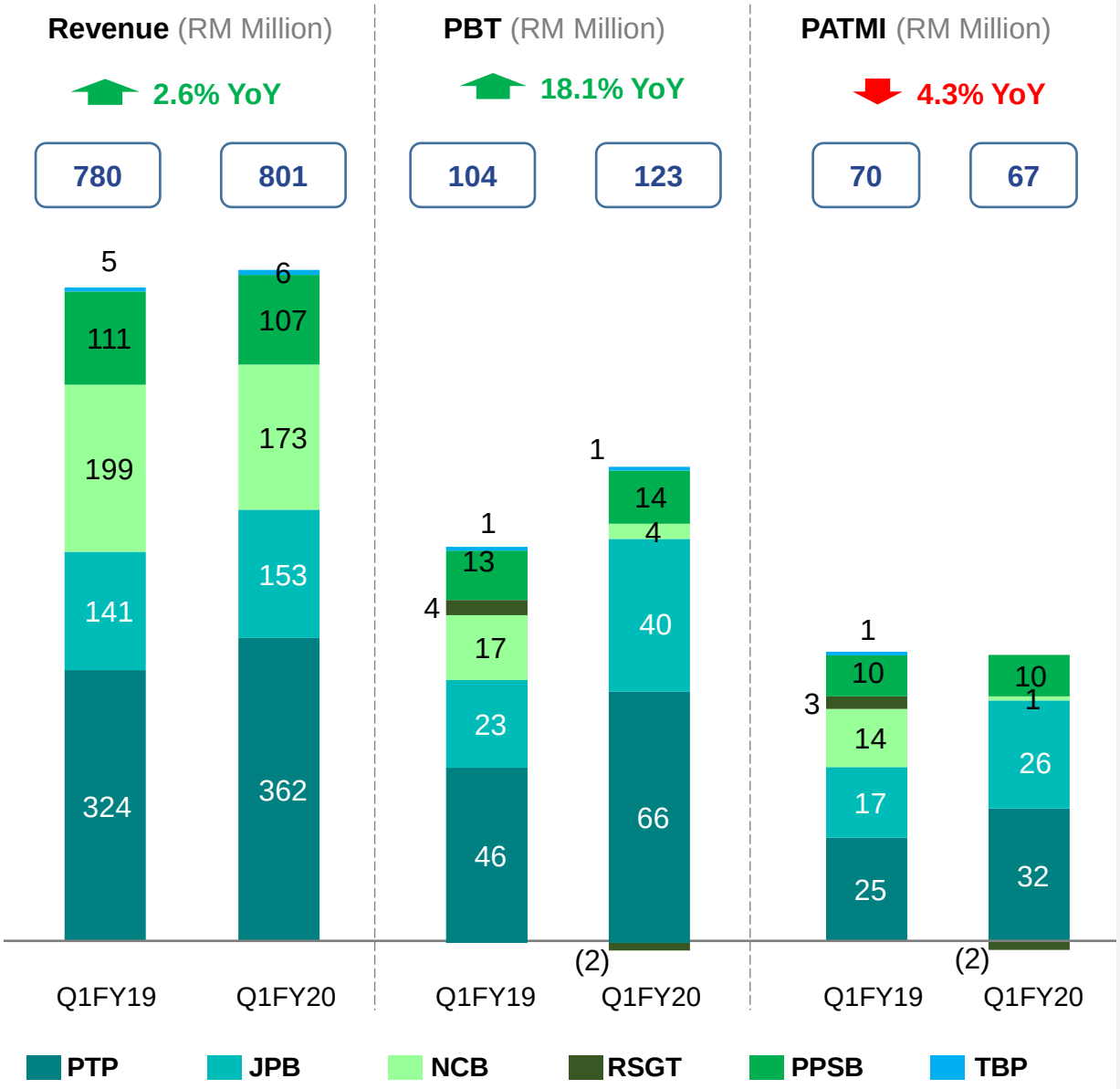
PBT
(RM Million)

18.1% YoY

14.6% QoQ



PORTS & LOGISTICS : FINANCIAL PERFORMANCE



Operational Statistics

Port of Tanjung Pelepas

Throughput	YTD 2020	Growth (YoY)
Container (in mil. TEUs)	2.40	**8%**

Johor Port Berhad

Throughput (in mil. FWT)	YTD 2020	Growth (YoY)
Liquid bulk	3.08	**-2%**
Dry bulk	1.01	**-5%**
Break bulk	0.17	**-12%**
Total Conventional	**4.27**	**-3%**
Container (in mil. TEUs)	**0.25**	**6%**

Northport (M) Bhd

Throughput (in mil. FWT)	YTD 2020	Growth (YoY)
Liquid bulk	0.56	**-12%**
Dry bulk	0.61	**-9%**
Break bulk	0.64	**10%**
RORO	0.22	**-36%**
Total Conventional	**2.04**	**-9%**
Container (in mil. TEUs)	**0.64**	**-3%**

Penang Port Sdn Bhd

Throughput (in mil. FWT)	YTD 2020	Growth (YoY)
Liquid	1.06	**6%**
Dry bulk	0.84	**-12%**
Break bulk	0.30	**-8%**
Total Conventional	**2.20**	**-4%**
Container (in mil. TEUs)	**0.36**	**-1%**

Tanjung Bruas Port

Throughput	YTD 2020	Growth (YoY)
Conventional (in mil. FWT)	**0.26**	**8%**
Container (in '000 TEUs)	**1.37**	**N/a**

Red Sea Gateway Terminal

Throughput	YTD 2020	Growth (YoY)
Container (in mil. TEUs)	0.46	**-6%**

PORTS & LOGISTICS : KEY STRATEGIES

Operational

PTP

		YoY Growth
Total TEU (Million)	2.40	+8%

NORTHPORT
MALAYSIA'S WORLD PORT

		YoY Growth
Total TEU (Million)	0.64	-3%
Total FWT (Million)	2.04	-9%

JohorPort®

		YoY Growth
Total TEU (Million)	0.25	+6%
Total FWT (Million)	4.27	-3%

Key Strategies

PTP

- PTP remains as Maersk's main transshipment hub.
- Expect lower container volume in Q2. However, this will be potentially cushioned by the increase in demand for PTP's storage facility and reefers.
- PTP's RM1.9bn Sukuk Murabahah program was given a preliminary rating of AA-$_{IS}$ by MARC, with positive rating outlook, due to strong market position as a transhipment hub in the region.
- Identified part of FY2020 CAPEX deferment of around RM235 mil is expected to spill over into FY2021.
- Optimising government's Economic Stimulus Package (e.g. sales tax and import duty on port equipment).

NORTHPORT

- Expect a decline in the container and conventional's volume as lower Import and Export activity is observed due to Covid-19.
- Key measures such as the capital expenditure deferment amounting to RM32 million and CAPEX reduction of approximately RM3.5 million are in place to cushion the cashflow impact due to the Covid-19.
- The Revised Tariff that were effective on 1 March 2019 helped to reduce the cashflow impact.

JohorPort®

- Container and conventional volumes are expected to recover during the CMCO period, following the re-opening of manufacturing facilities in Pasir Gudang and surrounding hinterland.
- FY2020 CAPEX deferment and cancellation amounting to RM74 million is expected to ease cashflow impact due to Covid-19.

PORTS & LOGISTICS : KEY STRATEGIES

Operational

PENANGPORT

		YoY Growth
Total TEU (Million)	0.36	-1%
Total FWT (Million)	2.20	-4%

TANJUNG BRUAS PORT

		YoY Growth
Total TEU ('000)	1.37	-
Total FWT (Million)	0.26	8%

RED SEA GATEWAY TERMINAL

		YoY Growth
Total TEU (Million)	0.46	-6%

Key Strategies

- Container volume from South Thailand is expected to rebound following the reopening of the border at Padang Besar for landbridge and also prime mover-rail mode to Penang Port which was closed during initial period of MCO.
- Recent resumption of factories operations during CMCO is expected to boost local hinterland container.
- FY2020 CAPEX deferment of RM25 mil as part of cashflow management initiatives.

- Conventional volume is expected to recover during CMCO following the resumption of manufacturing facilities within the hinterland (e.g Bahau, Air Keroh etc).
- Container volume is expected to pick up as China factories resume operations after the lockdown has been lifted.
- FY2020 CAPEX deferment of RM4 mil.

- Container volume is impacted by market softening following Covid-19 and loss of market share due to increase in The Alliances / Ocean Alliance joint service loading.
- However, recent take-over of adjacent terminal (North Container Terminal) in Jeddah port is expected to bring higher volume in FY2020 onwards.

MMC

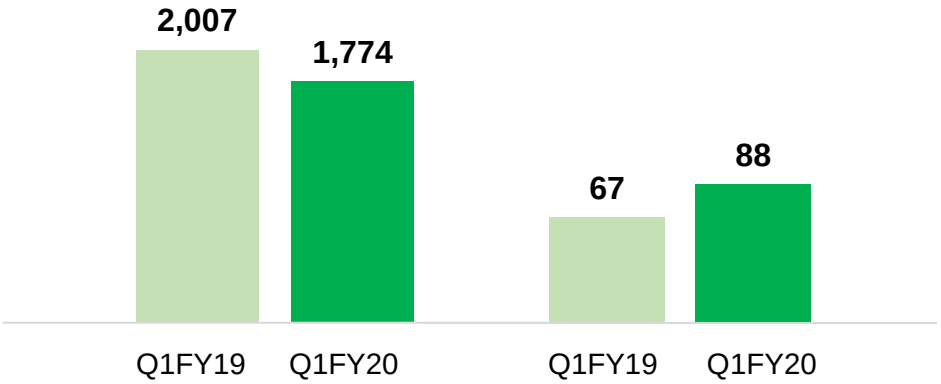
ENERGY & UTILITIES

ENERGY & UTILITIES : FINANCIAL PERFORMANCE

MALAKOFF

Revenue (RM Million)

11.6% YoY



PATMI (RM Million)

31.3% YoY

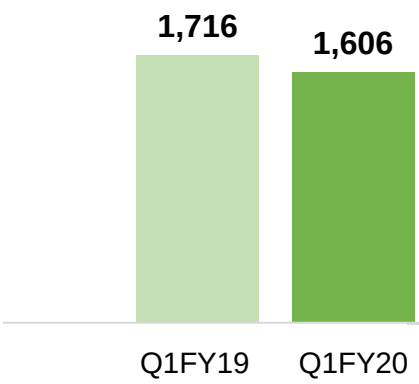
Malakoff	Revenue (RM million)		PATMI (RM million)	
YTD 31 Mar	2019	2020	2019	2020
MCB level	2,007	1,774	67	88
MMC Portion (37.6%)	N/A		19^	27^

^ *After deducting PERPS interest*

GAS MALAYSIA

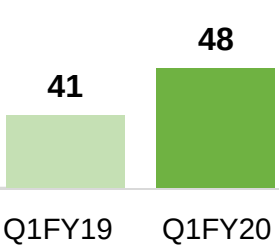
Revenue (RM Million)

6.4% YoY

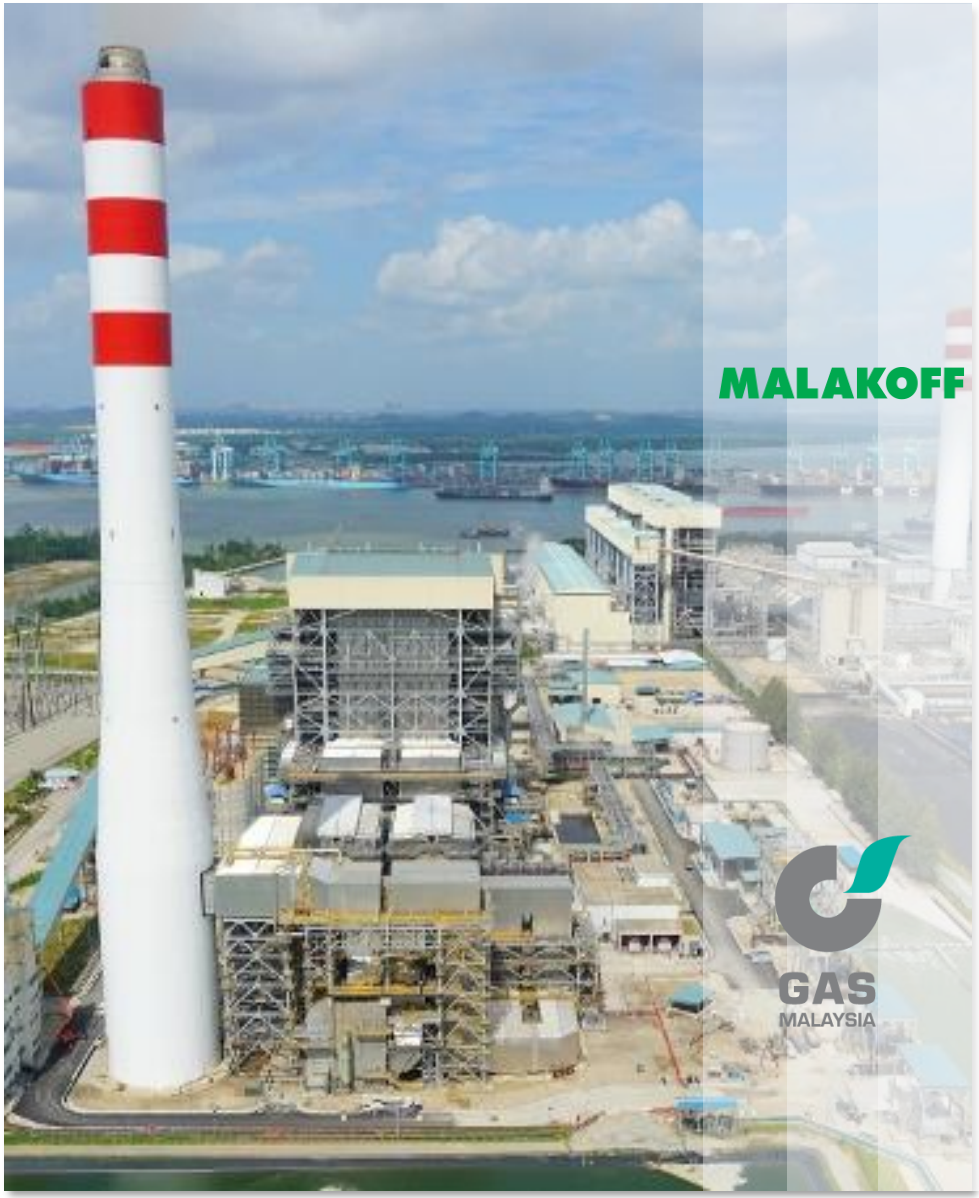


PATMI (RM Million)

17.1% YoY



Gas Malaysia	Revenue (RM million)		PATMI (RM million)	
YTD 31 Mar	2019	2020	2019	2020
GMB level	1,716	1,606	41	48
MMC Portion (30.9%)	N/A		13	14



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

- During MCO, Malakoff's power plants and Alam Flora have been operating under "business-as-usual" as these businesses are under the essential services category.
- Increased demand for Alam Flora's services for sanitisation and disinfection, particularly in KL, Putrajaya and Pahang. (To date, KL is the largest red zone area in the whole country).

- Overall volume decline during MCO period as certain industries are required to shutdown or minimise operations. However, the decline was cushioned by industries such as rubber and F&B manufacturing, which together contributes more than 50% of volume.
- Recent resumption of business for more industries during CMCO is expected to improve volume demand.

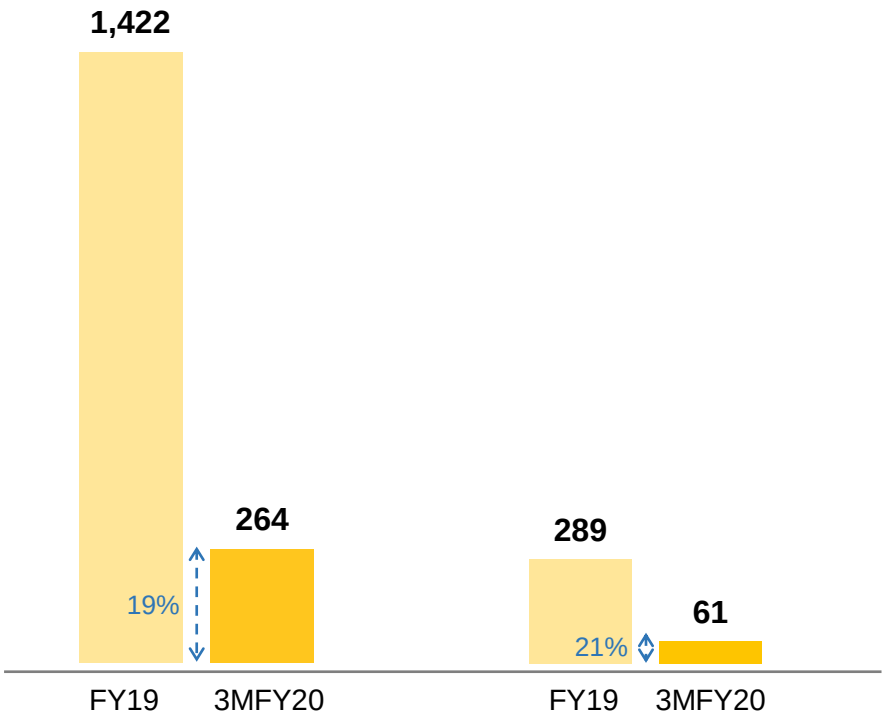
MMC

ENGINEERING

ENGINEERING : FINANCIAL PERFORMANCE

ANNUAL vs 3MFY20 REVIEW

Revenue
(RM Million)



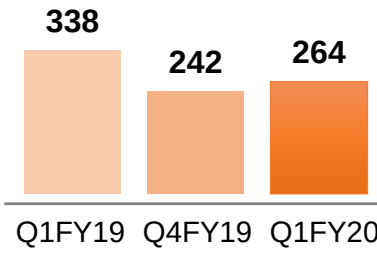
PBT
(RM Million)

QUARTERLY REVIEW

Revenue
(RM Million)

21.8% YoY

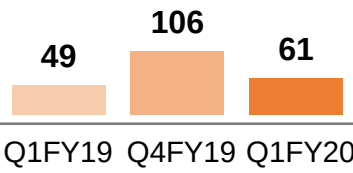
9.1% QoQ



PBT
(RM Million)

23.5% YoY

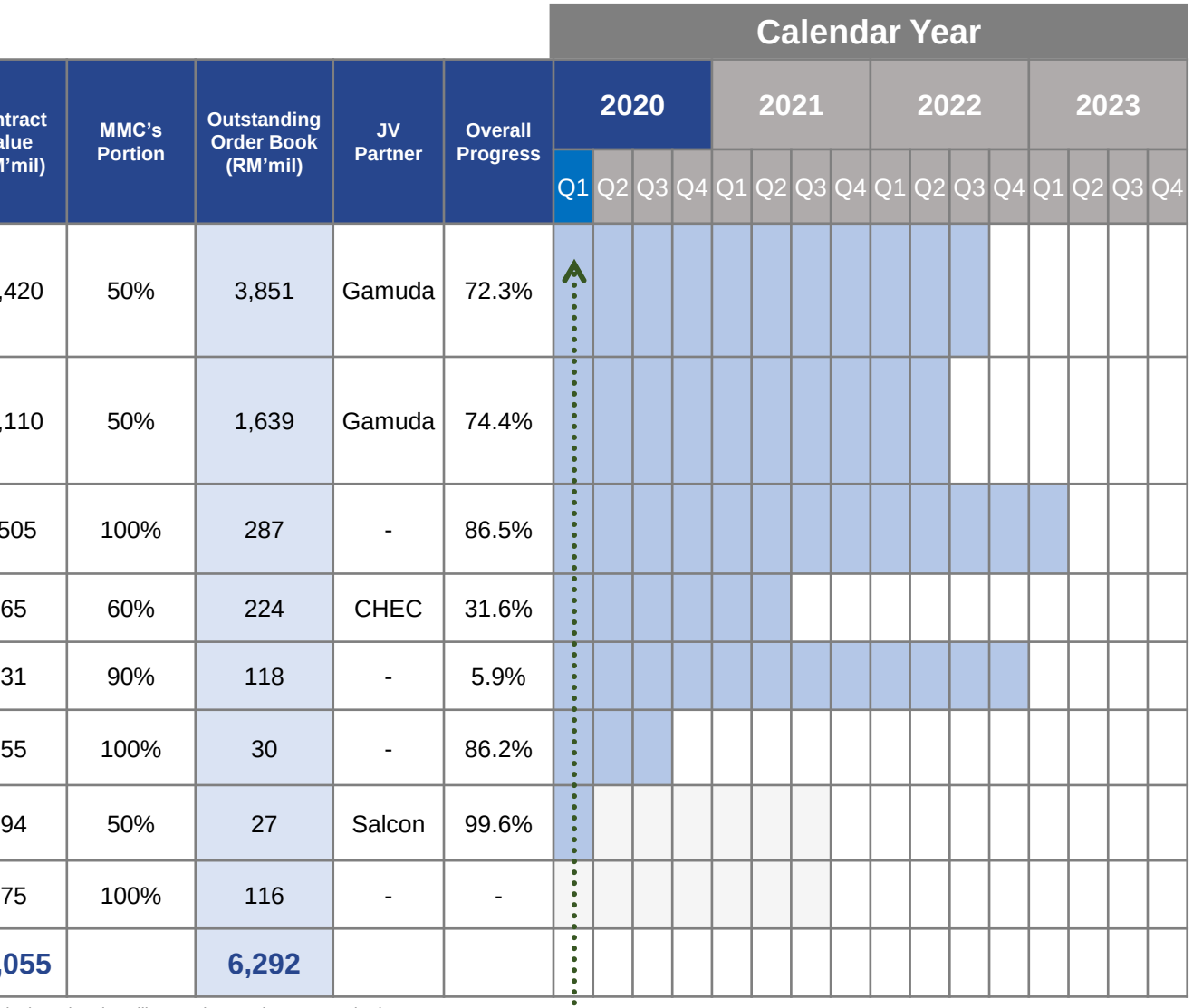
42.5% QoQ



ENGINEERING : ORDERBOOK

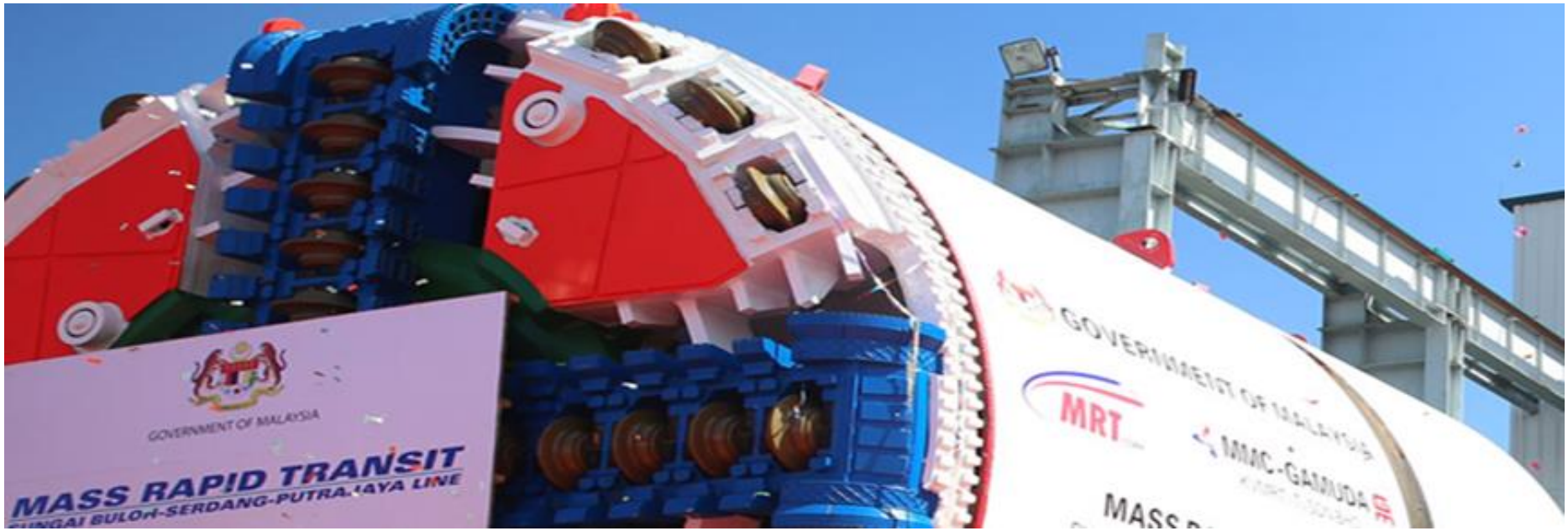
Outstanding Orderbook as at 31 March 2020 of **RM6.29 Billion**

#	Project	Contract Value (RM'mil)	MMC's Portion	Outstanding Order Book (RM'mil)	JV Partner	Overall Progress
1	MRT Line 2 : Sg. Buloh - Serdang - Putrajaya (38.7km) - Overall (Elevated, Underground & System)	17,420	50%	3,851	Gamuda	72.3%
2	MRT Line 2 : Sg. Buloh - Serdang – Putrajaya (13.5 km) - Underground Works	13,110	50%	1,639	Gamuda	74.4%
3	Langat Sewerage Project (MMC PLSB)	1,505	100%	287	-	86.5%
4	Sungai Pulai Bridge	565	60%	224	CHEC	31.6%
5	PGU-I Gas Pipeline	131	90%	118	-	5.9%
6	Upgrading NBCT for Penang Port	155	100%	30	-	86.2%
7	Langat 2 Water Treatment Plant	994	50%	27	Salcon	99.6%
8	Other projects	175	100%	116	-	-
	TOTAL	**34,055**		**6,292**		



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

ENGINEERING : KEY STRATEGIES



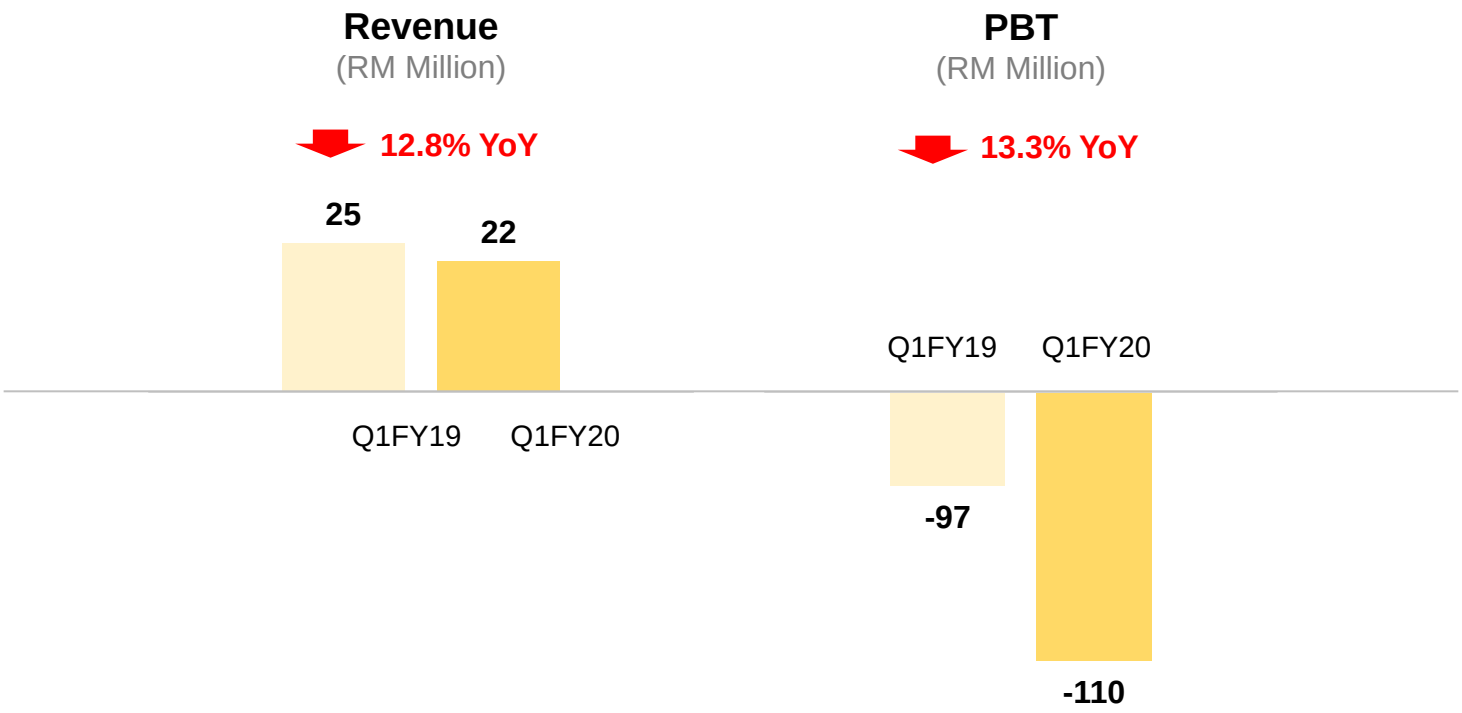
- The Engineering division will continue to provide earnings visibility from its substantial existing order-book, anchored by KVMRT-SSP Line project.

- The division remains active in its effort to replenish its order-book whilst focusing on the execution and timely completion of its existing projects.

- During the MCO period
  - ✓ Tunneling works on the KVMRT-SSP Line were granted an approval to continue.
  - ✓ Other essential works that were categorized by MITI were also allowed to resume work.

- Overall, construction progress for projects was affected and delayed due to MCO. However the backlog in work can be potentially recovered based on key mitigation plans that Management has put in place.

CORPORATE & OTHERS



Against Actual 2019 :
Revenue (↓ RM3 mil) ; PBT (↓ RM13 mil)

- Lower contribution from Senai Airport due to lower volume of passengers and cargo volumes handled.
- Higher other operating expenses.

SenaiAirport

Operational / Financial

		YoY Growth
Revenue	15.5	-20.6%
PBT	(7.2)	-341%
Total Passenger volume ('000)	754.9	-25.9%
Cargo volume (tonnage '000)	2.9	-18%

Key Strategies

- Weekly passenger's volume during CMCO has rebounded slightly to 700-800 passengers in comparison to 400-500 weekly passengers during MCO.
- 2 airlines have been operating weekly in May, namely Firefly and Malindo Air (JHB-SZB & occasionally JHB-KBR).
- FY2020 Capex deferment of RM22 mil with various cost saving initiatives.

AIR

Aliran Ihsan Resources Berhad

Operational / Financial

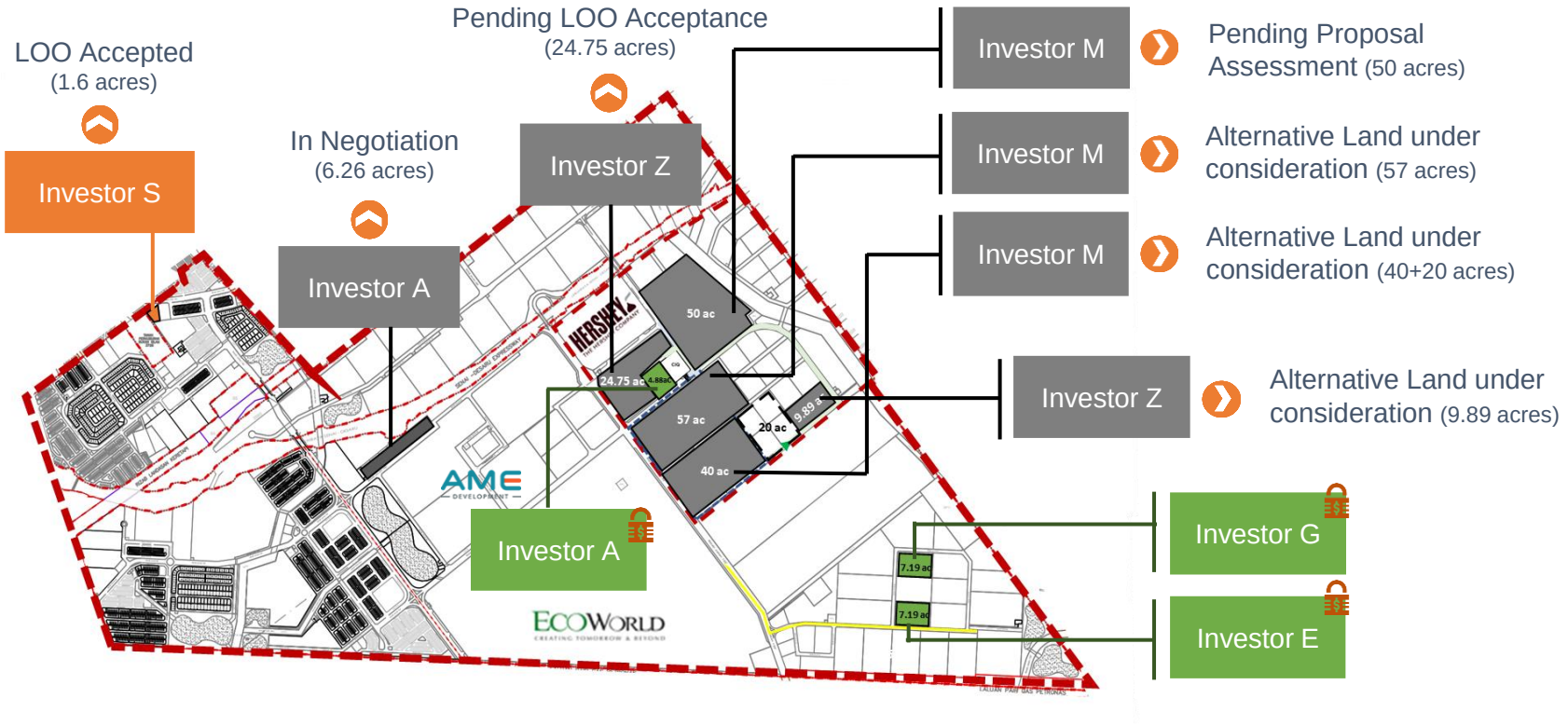
		YoY Growth
Revenue	6.3	15.4%
PBT	0.9	16.6%
Treated water volume:		
• Water treatment plants (Million m^3)	14.6	+1.4%
• Recycling plants (Million m^3)	0.3	+76.9%

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).

CORPORATE & OTHERS : KEY STRATEGIES

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

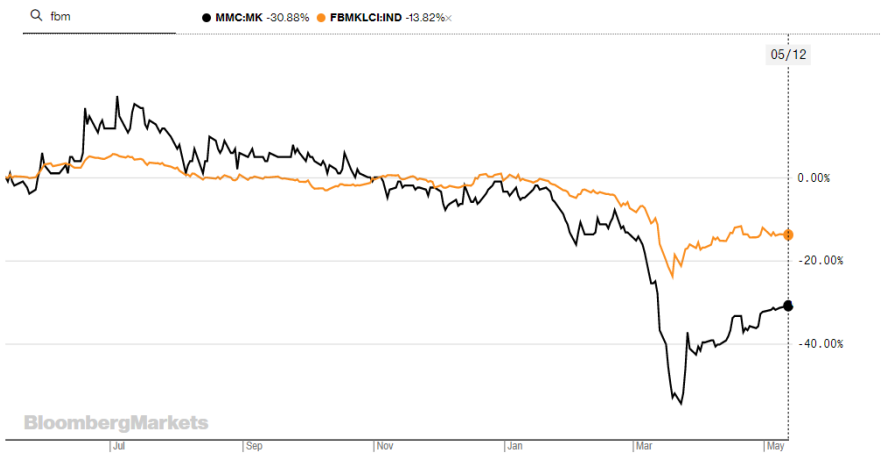
Sales Pipeline

~82.61* Acres

* Not inclusive of alternative land under consideration

STOCK INFORMATION

STOCK INFORMATION

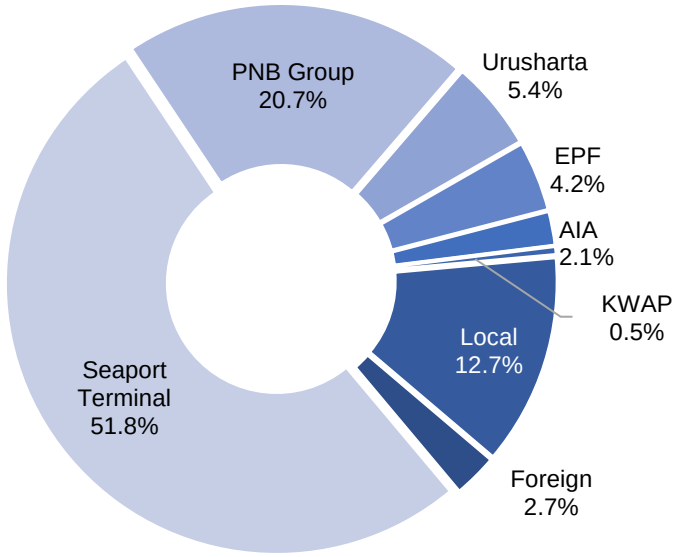


Source: Bloomberg as at 12 May 2020

Stock Quote	**MMC**
Market Cap (RM Billion)	2.147
Shares Outstanding (Billion)	3.05
52-Week Range (High)	1.25
52-Week Range (Low)	0.45
P/E Ratio	8.39
30-Day Average Volume	13,277,460

SHAREHOLDING STRUCTURE (%)

AS AT 31 MARCH 2020



Institution	Date	Call	Target Price
Aminvestment	26 February 2020	Buy	RM 1.50
AllianceDBS	26 February 2020	Buy	RM 1.49
Kenanga	26 February 2020	Hold	RM 0.97
MIDF	26 February 2020	Buy	RM 1.27
UOB Kay Hian	26 February 2020	Hold	RM 1.20
AVERAGE TP			**RM 1.31**

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