

Malaysia Results Snapshot

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DBS Group Research . Equity

25 May 2021

Latest Results				
Company	Date	vs. Expect.	Results Highlight	Our View & Catalysts
Property development				
MMC Corporation Bhd	24-May-21	In-line (1Q21)	<p>MMC booked a 1Q21 headline net profit of RM124m (+115% y-o-y). This was on the back of a 5% increase in 1Q21 revenue to RM1,143.7m.</p> <p>While the numbers may appear above expectations, there was a one-off gain of sublease of land at PTP amounting to RM19m. Stripping this out, we deem the results to be in line with expectations.</p> <p>For transport & logistics, 1Q21 turnover increased by 13% y-o-y to RM904m while pretax profit jumped 80% to RM237m.</p> <p>Overall, the better y-o-y profit was due to higher volume handled at PTP and Northport, coupled with the land sale gain at PTP that was offset by lower volume at Penang Port Sdn Bhd.</p> <ul style="list-style-type: none"> 1Q21 pretax profit from energy & utilities fell by 20% y-o-y to RM34m. This was due to lower profits from Malakoff due to lower contribution from its coal powered plants given the decline in applicable coal price, decrease in despatch factor at Segari Energy Ventures and higher operation and maintenance costs. Its construction division's revenue declined by 13% y-o-y in 1Q21 to RM229m due to lower progress of works for MRT 2 pertaining to the completion of the tunnelling works and the impact of COVID-19. 1Q21 construction pretax profit was also lower at RM50m (vs. RM61m in 1Q20). 	<ul style="list-style-type: none"> Ports continued to show growth momentum. As evidenced by 1Q21 results, its ports business continued to do well especially for PTP. MMC's CEO painted a bullish tone for FY21 and believes visibility remains strong up until June 2021. It is also negotiating with the government to extend the ports concession to 2055 which would be a precursor to an eventual listing of its ports division. Maintain BUY rating and SOP-based TP of RM1.50. MMC remains a deep value conglomerate that will be an excellent proxy to an overall recovery in the Malaysian economy. We expect its partnership with Gamuda for MRT 3 to bear fruit soon. <p>CHONG Tjen San, CFA 603 2604 3972 tjensan@alliancedbs.com</p>



sa- CK / sa: WMT, PY, CS

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**Share price appreciation + dividends*

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DBS Regional Research Offices

HONG KONG

DBS (Hong Kong) Ltd

Contact: Carol Wu
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel: 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand

MALAYSIA

AllianceDBS Research Sdn Bhd

Contact: Wong Ming Tek (128540 U)
19th Floor, Menara Multi-Purpose,
Capital Square,
8 Jalan Munshi Abdullah 50100
Kuala Lumpur, Malaysia.
Tel.: 603 2604 3333
Fax: 603 2604 3921
e-mail: general@alliancedbs.com

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesia@research@dbs.com

SINGAPORE

DBS Bank Ltd

Contact: Janice Chua
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
Fax: 65 65353 418
e-mail: equityresearch@dbs.com
Company Regn. No. 196800306E