

MMC Corp earnings up 8% in first quarter

PETALING JAYA: MMC Corp Bhd posted 8% increase in net profit to RM57.88mil for the first quarter ended March 31, from RM53.52mil a year earlier despite lower revenue recorded.

The ports and power plant operator and construction conglomerate attributed the higher earnings to its newly acquired subsidiary, Alam Flora Sdn Bhd, improved contributions from Port of Tanjung Pelepas and Johor Port Bhd, as well as stronger earnings from Malakoff Corp Bhd.

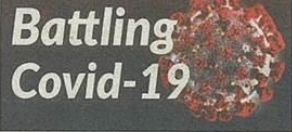
In a filing with Bursa Malaysia, MMC said it posted a 4.7% drop in revenue to RM1.09bil compared with RM1.14bil previously, due to lower work at progress for its underground construction project at Mass Rapid Transit, lesser volume handled at Northport Malaysia Bhd and reduced contribution from logistics services provider Kontena Nasional Bhd.

MMC is the flagship company of businessman Tan Sri Syed Mokhtar Albukhary, who owns 51.76% equity interest.

MMC expects the challenging environment to remain in the short to medium term.

"The group will continue to monitor the situation closely and focus on resource optimisation to reduce its operating cost in line with the challenging economic outlook," it said in a statement.

Interestingly, its managing director Datuk



**Battling
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Seri Che Khalib Mohamad Noh said in MMC's latest annual report that the group is targeting to expand its business overseas to diversify its income.

"Overseas expansion reduces our dependency on a single geographic location and further diversifies our income. It enables MMC to establish a presence that will lead to more opportunities," he said.

In the first quarter, MMC said its port businesses recorded a higher profit before zakat and taxation by RM18.8mil to RM122.7mil compared with RM103.9mil a year earlier due to improved volume handled at ports in Johor, and gain on disposal of an asset held for sale.

In a separate filing, Malakoff, which is an associate company of MMC, posted a 33% jump in net profit to RM89.18mil in the first three months of 2020 compared with RM67mil a year ago.

Its revenue for the period, however, was

12% lower to RM1.77bil from RM2.0bil previously due to reduced electricity demand.

Malakoff said the surge in profits was attributable to lower coal prices that reduced operating cost at its power plants, as well as lower losses from one of its subsidiaries following a provision made in the previous quarter.

In a statement, its CEO Datuk Ahmad Fuaad Kenali said moving forward, the group is facing unprecedented challenges in the wake of the coronavirus (Covid-19) crisis and would continue to adapt to the new normal while ensuring efficient, stable and reliable operations.

"As the group operates in the essential services sector, it has been business as usual for our power plants and waste management services during the movement control order (MCO) period.

"However, reduced demand for electricity in the industrial and commercial sectors amidst the MCO has adversely impacted the dispatch of electricity during the period," he said.

Despite the challenge, he said Malakoffs' unit Alam Flora has been actively involved in sanitisation and disinfection services in Kuala Lumpur, Putrajaya and Pahang as part of the government's efforts to curb the spread of the Covid-19 pandemic.