

UNLOCKING POTENTIAL

MMC Corp Bhd's highly-awaited listing of its port assets, which could raise RM3.08 billion, is igniting investors' excitement and may send its shares even higher.

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MMC CORP SET TO RISE FURTHER

Highly-awaited listing of port assets starting to stir investor interest

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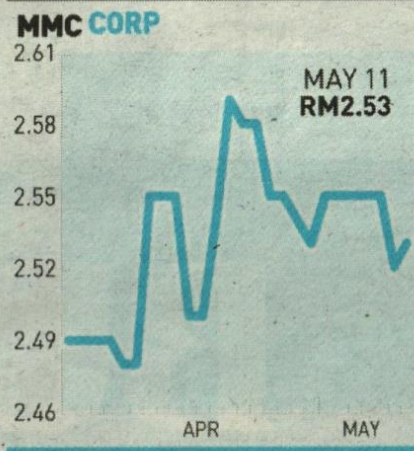
MMC Corp Bhd's share price, which has gained nearly 20 per cent in the past year, is poised to rise further ahead of the planned listing of its port assets.

The highly-awaited listing, which could raise as much as RM3.08 billion, is starting to excite investors as analysts believe MMC Corp is undervalued despite its potential of morphing into the largest port operator in the region.

MMC Corp managing director Datuk Seri Che Khalib Mohamad Noh said the initial public offering (IPO) could materialise as soon as next year after the last piece of puzzle was completed — which was getting the first earnings from the ports' consolidation, including its 100 per cent-owned Penang Port.

"Now that the acquisition of Penang Port is completed, we need at least a year or two to start harnessing the consolidation profit and value creation from putting all these ports together.

"We have started the reorganisation of the ports. We are hiring new people and we have a new



management. In fact, we are centralising some of the functions," he said after MMC Corp shareholders' meeting, here, yesterday.

Analysts said MMC's "portfolio" of five port assets, namely Penang Port, Northport, Johor Port, Port of Tanjung Pelepas and Melaka Port, could drive big-

ger earnings.

An analyst said Penang Port was the third-largest port in Malaysia by volume, and attributed its growth to the robust electronics and electrical exports and consumption growth for imports.

MMC Corp's ports and logistics business (excluding Penang Port) currently contributes about 60 per cent to the group's revenue.

Jupiter Research director Nazarry Rosli said MMC Corp would be stronger fundamentally with the first earnings contribution from Penang Port, which was the main point of its equity story for its IPO of port assets.

"MMC Corp has strong earnings upside, particularly next year, once Penang Port's good financial performance pushes its earnings forward, and should other ports sustain their perfor-

mances. Its share price also has further upside potential to reflect this fundamental," he told NST Business.

Investors could expect higher-than-average premium from the potential IPO, he added.

Nazarry and other analysts believe MMC Corp is trading below its true value, which makes "buy" an attractive option despite already big gains in the last 12 months.

MIDF Research has a relatively high target price of RM2.98 on MMC Corp, while RHB Investment Bank has the highest among all at RM3.50.

The stock has a total return of 18.22 per cent in the last 12 months, 189 per cent higher than the preceding period.

MMC Corp closed 0.4 per cent higher to RM2.53 from RM2.52 on Tuesday.