



***News Release
For Immediate Publication***

MALAKOFF RECORDS RM195.7 MILLION PROFIT BEFORE TAX IN 4Q16

For Financial Year Ended 31 December 2016 the Group Generated PBT of RM637 Million

KUALA LUMPUR, Malaysia - 20 February 2017: Malakoff Corporation Berhad (“Malakoff” or “Group”), the largest Independent Power Producer (“IPP”) in Malaysia and South East Asia in terms of total generation capacity, recorded 25% revenue growth for its fourth quarter ended 31 December 2016 (“4Q16”) compared to the fourth quarter last year (“4Q15”). The increase is mainly due to the revenue contribution by Tanjung Bin Energy Sdn Bhd which entered into commercial operation on 21 March 2016. This also resulted in a revenue of RM6.098 billion for the financial year 2016 (“FY2016”).

The Group also recorded a higher profit before tax (“PBT”) of RM195.7 million in 4Q16 compared to RM169.1 million recorded in 4Q15. The increase in PBT is mainly attributable to the higher fuel margin, offset by additional depreciation due to the change in estimate of residual values of gas-fired power plants and lower contribution from Port Dickson Power Berhad due to lower tariff of the extended Power Purchase Agreement (“PPA”).

The Group also recorded a Profit after Tax and Minority Interests (“PATMI”) of RM355.5 million in FY2016 compared to RMRM452.4 million in the previous year, leading to a basic earnings per share (“EPS”) of RM7.11 from RM9.98 respectively.

The decrease in PATMI is due to additional depreciation resulting from the change in estimate of residual values of gas-fired power plants.

The change in estimate of the residual value starting FY2016 is needed based on the changing landscape of the domestic power generation industry wherein the dependency on gas in future generation mix will be less than coal. On that basis, the previous assumption that the Group's current portfolio of gas-fired power plants will be able to operate beyond their respective PPAs tenures is no longer applicable.

Datuk Wira Azhar Abdul Hamid, Group Managing Director of Malakoff, said "Financially, the change in the residual value estimate in order to reinforce Malakoff's prudent accounting practice has impacted the Group's profit and loss statement. Notwithstanding, it has not affected the company's strong operating cash flow as Malakoff generated a net cash of RM2.365 billion in FY2016 from its operating activities."

Datuk Wira Azhar Abdul Hamid added, "With the dynamic domestic landscape in Malaysia, we need to continuously challenge ourselves to deliver competitive electricity tariff to the off-taker and ultimately to the consumers at large. We are strategically on the lookout for new overseas ventures and acquisitions, including potential business diversification which would add value to our shareholders."

ABOUT MALAKOFF CORPORATION BERHAD

Malakoff is an independent Water and Power Producer (“IWPP”) with core focus on power generation, water desalination and operation & maintenance services. In Malaysia, Malakoff is the largest IPP with a net generating capacity of 6,346 MW from its seven power plants.

International assets include power and water ventures in Saudi Arabia, Algeria, Bahrain, Oman and Australia, with an effective capacity of 690 MW of power and 444,800 m3/day of water desalination. Malakoff is also actively looking to venture further in the fast growing Middle East and North Africa region as well as the South-East Asian markets. Through its wholly-owned subsidiary, Teknik Janakuasa Sdn Bhd, Malakoff has involvements in operation & maintenance services in Saudi Arabia, Algeria, Kuwait, Oman and Indonesia.

Malakoff believes in working together with all stakeholders in productive partnerships. As such, the Company takes pride in being a responsible operator and a good corporate citizen in all communities where it operates.

Malakoff Corporation Berhad is a member of the MMC Group.

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