



## **PRESS RELEASE**

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### **SURIAGROUP RECORDED EXCEPTIONAL PERFORMANCE IN 2015**

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Suria Capital Holdings Berhad and its Group of Companies (SuriaGroup) is pleased to announce that the Group had performed exceptionally well during its 2015 financial year with higher revenue and profitability despite the challenging economic environment in 2015. The marked improvement was particularly as a result of the non-incurring income derived from the new business segment in property development.

The Group's pre-tax profit surged by more than double during its 2015 financial year to RM148.2 million from RM72.8 million achieved in 2014. Its net profit rose by 140% to RM125.7 million in 2015 from RM52.1 million in the corresponding year.

The Group's revenue grew by 79% to RM488.5 million in the year under review against RM273.1 million recorded in 2014.

#### **Segmental and Financial Performance**

For the year under review, the Group registered a big boost in earnings from its property development segment, generating RM229.2 million in revenue deriving from the non-incurring income of the development of Jesselton Quay project. The property development segment made up 47% of the Group's total revenue.

Revenue from the port operations segment as the core business of the Group still remained solid during the year. It registered total revenue of RM217.2 million, representing about 45% of the Group's total revenue during 2015. However, this revenue was lower when compared to RM231.6 million in 2014. The decline in revenue was attributed mainly to the lower contributions from container throughput as well as general cargo and palm oil throughput handled by the ports.

The Group's port operations stood almost unchanged. Subsidiary Sabah Ports Sdn Bhd (Sabah Ports) registered an overall cargo throughput (excluding containerized cargo) of 22.957 million tonnes during 2015 as compared to 22.669 million tonnes handled in 2014.

Container volume (tonnage) had however been impacted by the economic slowdown shedding a 9% in volume in 2015. Sabah Ports registered a total of 363,185 TEUs (twenty foot equivalent units) during 2015 against 398,800 TEUs in 2014. Sabah Ports handles various

types of cargo comprising liquid cargo (Palm Oil and Petroleum), containers, dry bulk (PKE and Fertilizers) and general cargo.

As for the other business segments, they also contributed positively to the Group's performance. Operations in logistics and bunkering and contract & engineering segments showed improvements in revenue in 2015. The logistics and bunkering segment had managed to weather the downturn of oil prices and emerged profitable through the implementation of strategic approaches.

However, contributions from ferry terminal operations in 2015 were adversely affected by a decline in tourist arrivals in Sabah following concerns on security in East coast of the State and the Ranau earthquake that shocked the nation.

The Malaysian economy went through increasing challenges in 2015 arising from low commodity prices, volatility in the financial market and the weak external environment. The economy grew by 5% in 2015, softening from 6% in 2014. Against this economic backdrop, the Group had demonstrated its resilience and maintained years of stability since the privatisation exercise of the port operations. This achievement had strengthened the Group's position in the port operation business cemented its role in facilitating economic activities in Sabah in particular, and the nation in general.

### **Corporate Development**

During 2015, the Group had embarked on major initiatives to strengthen performance and enhance efficiency.

Sabah Ports carried out and completed two minor projects in 2015 to upgrade ports facilities and its efficiency. The completed projects included the extension of existing container yard at Sapangar Bay Container Port and Outward Pipeline Facilities for the tank farm at Sapangar Bay Oil Terminal.

Property development has been earmarked as one of the Group's strategies going forward. The company is hoping to enhance its revenue from property management, consultancy and property management services. Suria Capital had entered into a joint venture agreement with Gabungan AQRS Berhad in 2015 to develop One Jesselton Waterfront within the vicinity of Kota Kinabalu Port. The mixed development will also include serviced suites and apartments, a condo residence as well as car park facilities, and a ferry ticketing office and Suria Capital's corporate headquarters office.

Once completed, both the Jesselton Quay Project and the One Jesselton Waterfront Project are expected to complement developments in the vicinity such as Sabah International Convention Centre and Kota Kinabalu Convention City.

Both Jesselton Quay and One Jesselton Waterfront are set to commence development by year end, pending the subdivision of land title which is expected to be obtained from the local authority in the near term. As of March 2015, Jesselton Waterfront had received a further boost in its progression with the approval of the development plan.

Further, the Group is also planning for the proposed development of a dedicated international cruise terminal at the current Kota Kinabalu Port land. The entire waterfront area is poised to become an iconic landscape as the city's premier tourism frontier, catering to both local and foreign patrons.

### **Sapangar Bay Container Port Expansion Plan towards a Transshipment Hub**

We are pleased to inform that the Group will be charting another milestone in its involvement in the port service industry since the port privatisation exercise in 2013. Major port expansion works for Sapangar Bay Container Port will be embarked, with the approval of the Federal Government to turn the Port into a Transshipment Hub under the Sabah Development Corridor initiative.

A fund allocation of RM800 million has been approved by the Federal Government under the First Rolling Plan (2016-2017) of the Eleventh Malaysia Plan. The fund will be channeled through the Sabah Economic Development and Investment Authority ("SEDIA") as the Implementing Agency whereas Sabah Ports Sdn Bhd, being the port operator will be operating the port upon completion. The expansion includes increasing the cargo handling capacity of Sapangar Bay Container Terminal from the current 500,000 TEUs to 1.25 million TEUs by 2026. Construction works for the first stage of the development will commence in early 2017 with expected completion by 2019. The expansion plan will also see the establishment of a Free Zone Area to complement the Port's role as a Transshipment Hub.

The positioning of Sapangar Bay Container Port as the transshipment hub augurs well with the Port's strategic location along the main shipping route of the East Asian sea trade and being at the centre of the BIMP-EAGA region.

Sapangar Bay Container Port has also been identified under the Eleventh Malaysia Plan as a Game Changer project under the National Blue Ocean Strategy to stimulate and drive economic growth within Greater Kota Kinabalu. It is under the purview of the Federal Ministry of Urban Wellbeing, Housing and Local Government as the lead agency. The recognition shows the port's role in the growth of Greater Kota Kinabalu by providing investment and trade opportunities, as well as improving connectivity with rural or suburban areas and the global market.

### **Going Forward**

In anticipating a challenging time in 2016, the Group has placed particular emphasis on optimizing strength and synergy within the Group.

To enhance port operations, the ports will continue to focus not only on providing efficient services but as a one-stop centre that provides integrated services that support its vision of becoming the ports of reference in the BIMP-EAGA region. The initiatives will also provide business prospects to the other sister companies within the Group.

Sabah Ports will be embarking on the construction of a new conventional cargo terminal for the purpose of relocating the general cargo operation from Kota Kinabalu Port to Sapangar and the construction of a new twin berth jetty facility for Sapangar Bay Oil Terminal. For the East Coast ports, extension of 350 meters of wharf in Sandakan Port is on-going and other projects on enhancement of facilities at Lahad Datu Port and Tawau Port are in the pipeline to cater for the growing demand in the BIMP–EAGA region.

For 2016, the Group will continue to play its positive role in providing not only sustainable and satisfactory returns to the shareholders but also to contribute to the development of the State economy.

**Issued by:**

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