



PRESS RELEASE

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MHB Achieves Revenue of RM411.3 Million in the First Half of 2018

Malaysia Marine and Heavy Engineering Holdings Berhad (“MHB” or “Group”) wishes to announce its financial results for the six (6) months ended 30th June 2018. The Group achieved a revenue of RM411.3 million with a pre-tax loss of RM75.1 million for the said period.

The Heavy Engineering segment recorded a revenue of RM249.0 million against RM311.4 million in the same corresponding period last year. The decrease was mainly due to fewer ongoing projects in hand.

The Heavy Engineering segment posted a lower operating loss of RM36.5 million against RM46.5 million in the same corresponding period mainly due to lower revenue. However, recognition of change orders and finalisation of completed projects moderated the loss in the current period.

For the first half of 2018, the Heavy Engineering segment successfully completed/sailed away the following structures/projects for our clients:

- i) Five (5) units of Dangote Catenary Anchor Leg Mooring (CALM) buoy for SOFEC Inc.;
- ii) Centralised piping fabrication (CPF) works for Refinery and Petrochemical Integrated Development (“RAPID”) Package 5 for Toyo Engineering & Construction Sdn Bhd.;
- iii) FSO Benchamas 2 external turret for SOFEC Inc.;
- iv) Sepat-A jacket and topside for PETRONAS Carigali Sdn Bhd (PCSB)

The other ongoing projects for the Heavy Engineering segment include the Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) of the centralised processing platform (CPP) for Bokor Phase 3 Re-Development Project, four (4) hook-up and commissioning (HUC) work orders from CARIGALI-PTTEPI Operating Company Sdn Bhd (CPOC) and three (3) work packages for various main contractors of the RAPID project, Pengerang Integrated Complex (PIC), Johor.

The Marine segment registered a lower revenue of RM162.3 million compared to RM181.7 million in the corresponding period mainly due to lesser dry docking repair works secured as some ship owners have deferred their dry docking to a later period than planned and lesser revenue due to the sailaway of two (2) FSOs.

The Marine segment recorded an operating loss of RM32.8 million compared to an operating profit of RM23.7 million in the corresponding period of previous year as a result of additional costs incurred on conversion works whilst revenue recognition are still pending verification and approval by clients. Lower dry docking revenue also contributed to the loss for the period.

During the quarter under review, the Marine segment successfully delivered two (2) ongoing conversion projects namely the FSO Benchamas 2 for MISC Berhad and the FSO Bergading for E.A. Technique (M) Berhad. For the six months period, the Marine segment completed the repair and maintenance of thirty eight (38) vessels of various categories.



For the six months period, MHB attained a loss per share attributable to equity holders of 4.7 cents. The Group's property, plant and equipment stood at RM1.6 billion and total equity at RM2.5 billion.

Managing Director and Chief Executive Officer, Cik Wan Mashitah Wan Abdullah Sani said, "The overall outlook for the second half of the year is not expected to show much improvement as market recovery continues to be slow and any meaningful opportunities can only be materialised in 2019."

"The output cuts initiated by OPEC since 2017 has accelerated the oil market rebalancing and led to an oil price recovery to above USD70 per barrel. The sustained oil price recovery will eventually translate into higher capital expenditure spending by the oil and gas players in the coming years. While there is a growing optimism for an increase in offshore activities, these have yet to trickle down to real opportunities for the Heavy Engineering segment. As such, the Heavy Engineering segment performance is expected to remain under pressure in 2018," said Cik Wan Mashitah.

"Though emerging markets will lead to LNG demand growth, the opportunities stemming from final investment decision in new LNG projects and expansions to existing LNG projects are not expected to bear fruit immediately. For the second half of 2018, the Group expects improved activity in the marine repair business arising from the deferral of some dry docking activities during the first half of the year. However, the expected results improvement in the Marine segment for the second half of the year is unlikely to turnaround the full year performance of the segment."

"The Group will focus on replenishing the order book and pursuing the various claims with clients to fruition," added Cik Wan Mashitah.



About MHB

Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) is a globally trusted energy industry and marine solutions provider for a wide range of heavy engineering facilities and vessels.

MHB has more than 40-year track record of delivering integrated and complex solutions, including deepwater support services to international oil & gas clients. We are equally recognised for our global expertise in offshore conversion services and LNG vessel repair and drydocking. MHB also owns and operates a regional Centre of Excellence – a learning centre that produces technically expert workers for the industry.

Backed by an exceptional track record, a highly skilled workforce and world-class facilities, MHB is able to provide innovative solutions to meet the complex demands of the energy industry - safely, on time and within cost.

- Full range EPCIC services for heavy engineering construction
- Complete conversion works in one location
- Comprehensive marine repair, refurbishment, upgrading and life extension of vessels and rigs

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