



PRESS RELEASE

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MHB Achieves Revenue of RM1.0 Billion for the Financial Year Ended 31 December 2019

Malaysia Marine and Heavy Engineering Holdings Berhad (“MHB” or “Group”) wishes to announce its financial results for the twelve (12) months ended 31 December 2019. The Group achieved a revenue of RM1.0 billion with a pre-tax loss of RM39.8 million for the said period. The after tax loss translates to a 2.1 sen loss per share attributable to the equity holders of MHB for the year ended 31 December 2019.

The Heavy Engineering segment posted a lower revenue of RM578.6 million against RM651.5 million reported in the prior year mainly due to decrease in revenue from post sail-away projects as most of these projects reached their tail end in the prior year.

As compared to the prior year, the segment reported a higher operating loss of RM60.8 million from RM39.0 million as a result of the lower revenue and higher unabsorbed overheads.

For the year under review, the Heavy Engineering segment successfully completed/sailed away the following structures/projects for our clients:

- i) Construction and commissioning of steel structure, piping, mechanical equipment, electrical and instrumentation erection, insulation and painting works for the Refinery and Petrochemical Integrated Development (RAPID) project Package 14 for PETRONAS’ Pengerang Integrated Complex (PIC) from PRPC Utilities And Facilities Sdn Bhd, a unit of PETRONAS;
- ii) Electro-Mechanical works for RAPID Package 3 Area 2 for Tecnicas Reunidas Malaysia Sdn Bhd;
- iii) Fabrication of Gumusut-Kakap Phase II Extension Subsea Manifold for TechnipFMC and;
- iv) Tembikai Non-Associated Gas (NAG) Development for Vestigo Petroleum Sdn Bhd.

The 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, Pluto Water Handling Module project, FSO Golden Star External Turret, EPCIC works for the Kasawari Gas Development project, Engineering, Procurement, Construction and Commissioning (EPCC) of Bergading Mercury Removal Unit (MRU) module for Bergading Central Processing Platform-MRU Integration Project and EPCIC of supply and installation of new BEDP-A and BEDP-B WHP for Bekok Oil Project.

The Marine segment registered a higher revenue of RM430.9 million compared to RM322.9 million in the prior year mainly due to the increase in revenue from dry docking services on LNG carriers and conversion work. The segment recorded an operating profit of RM8.5 million against an operating loss of RM81.7 million in the prior year in tandem with the revenue growth and lower unabsorbed overheads.



For the twelve (12) months period, the Marine segment completed the repair and maintenance of seventy-seven (77) vessels of various categories, of which twenty (20) were from repair works on LNG carriers.

The Group's property, plant and equipment and total equity as at the end of the financial year ended 31 December 2019 stood at RM1.7 billion and RM2.4 billion, respectively.

Managing Director and Chief Executive Officer, Cik Wan Mashitah Wan Abdullah Sani said, "There were modest signs of oil price recovery throughout the year, rising towards the end of the fourth quarter due to de-escalating trade tensions following a positive Phase One trade talk between the United States (US) and China and further production cuts by OPEC. However, outlook is expected to remain uncertain in light of continuing sluggish global economic growth, geopolitical instability, oil demand disruptions, growth in US shale oil production and the intensifying coronavirus outbreak. As such, we remain prudent on the outlook for the Heavy Engineering business in the near term amidst uncertainties surrounding the timing of capital spending by major oil and gas players.

We are cautiously optimistic on the outlook for Marine business in view of the expected global LNG expansion driven by an increase in exports from Qatar, Australia, Russia and the United States to the Asia Pacific market. In view of the implementation of the International Maritime Organization (IMO) requirements on 1 January 2020, we expect no further deferment of dry docking activities by ship owners in 2020.

Meanwhile, we remain committed to replenish our order book by expanding our footprint in various geographical areas and diversifying into new business opportunities. Efforts to ensure competitiveness of ongoing and future bids remain a key priority, in tandem with continuing focus on cost optimisation and improved execution and delivery of ongoing projects." 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 dry docking. 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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