



PRESS RELEASE

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MHB Achieves Revenue of RM501.7 million in the First Half of 2020

Malaysia Marine and Heavy Engineering Holdings Berhad (“MHB” or “Group”) wishes to announce its financial results for the six (6) months period ended 30 June 2020. For the said period, the Group achieved a revenue of RM501.7 million with a pre-tax loss of RM394.6 million, which was mainly attributed to an impairment loss on property, plant and equipment and right-of-use assets amounting to RM300.0 million. The impairment loss was recognised in light of the current oil and gas downturn and the expected prolonged recovery of the industry.

Notwithstanding the progress slippage from the COVID-19 pandemic impact, the Heavy Engineering segment posted a higher revenue of RM338.8 million against RM277.3 million reported in the prior period mainly due to higher revenue from on-going projects. The segment reported a higher operating loss of RM68.5 million in the current period compared to an operating loss of RM43.7 million in the prior period, mainly contributed by additional cost and higher unabsorbed overheads arising from the COVID-19 pandemic amounting to RM90 million.

For the six (6) months period, the Heavy Engineering segment successfully completed the construction of FSO Golden Star External Turret for our client.

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, 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.

Earlier this year, MHB’s wholly owned subsidiary, Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE), has also secured a contract from Carigali-PTTEPI Operating Company Sdn Bhd (CPOC) to undertake the provision of offshore brownfield modification works for a duration of 3 years. This award, which is part of an umbrella agreement, involves onshore fabrication and offshore modification services for CPOC facilities located within the Malaysia-Thailand Joint Authority (MTJA) area.

The Marine segment registered a lower revenue of RM162.9 million compared to RM202.2 million in the prior period. This was mainly contributed by the lower dry docking services following the yard shutdown during the Movement Control Order and the Government’s border restriction ruling which prohibited international clients from coming to the yard arising from the COVID-19 pandemic. The segment reported an operating loss of RM31.5 million against an operating profit of RM1.2 million in the prior period in tandem with the lower revenue and higher unabsorbed overheads.



For the six (6) months period, the Marine segment completed the repair and maintenance of eighteen (18) vessels of various categories, of which two (2) were from repair works on LNG carriers.

The Group's total assets and total equity at the end of the period under review stood at RM2.9 billion and RM2.0 billion, respectively.

Managing Director and Chief Executive Officer, Cik Wan Mashitah Wan Abdullah Sani said, "Whilst we have resumed our yard operations from April 2020, our activities are still constrained to the "new normal" with restrictions imposed to ensure that the COVID-19 pandemic is kept under control. We are also vigilant on the happenings around the world, mainly in the countries where we sourced our supply given the recent resurgence of COVID-19 cases globally, which could have an impact on the progress of our ongoing and bid projects.

We see that the oil price has rebounded modestly on further OPEC+ production cuts and resumption of economic activity from the easing of worldwide COVID-19 pandemic lockdowns. However, we expect the oil market revival to be slow and gradual with oil demand not expected to reach pre-pandemic levels for the foreseeable future. Given the prolonged oil market recovery outlook, we expect postponement of upstream projects and capital spending cuts by oil majors to persist and thus remain cautious on the prospect of securing new orders for the remainder of the year.

Global LNG demand and trade which are contributing factors to our marine repair activity are also not spared from the ramifications of COVID-19 pandemic. The slump in LNG demand is being driven by lockdown measures and the negative economic outlook for a number of Asian LNG importers, stemming from the COVID-19 pandemic. Moreover, steeper competition posed by competitors from China and Singapore vying for the limited number of jobs available amidst the current situation would further affect our Marine business. We expect marine business to remain uncertain for the rest of the year.

In line with the current challenging industry landscape and outlook, we continue to focus on cost management to optimise operating cost. We are also prioritising execution and safe delivery of ongoing projects. Additionally, we continue to intensify the pursuit of business opportunities in other segments in an effort to replenish our order book." 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
- Fabrication services for onshore modules and facilities.
- Complete conversion works in one location
- Comprehensive marine repair, refurbishment, upgrading and life extension of vessels and rigs
- Plant maintenance & turnaround

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