



PRESS RELEASE

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MHB Achieves Revenue of RM871.2 million in the Nine (9) Months of 2020

Malaysia Marine and Heavy Engineering Holdings Berhad (“MHB” or “Group”) wishes to announce its financial results for the nine (9) months period ended 30 September 2020. For the said period, the Group achieved a revenue of RM871.2 million with a pre-tax loss of RM392.1 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 view of the current oil and gas downturn and the expected prolonged recovery of the industry. Notwithstanding the impairment loss recognised in the current period, the Group recorded higher revenue and a pre-tax profit of RM369.5 million and RM2.5 million respectively in the current quarter.

The Heavy Engineering segment posted a higher revenue of RM609.7 million against RM430.1 million reported in the prior period mainly due to higher revenue from ongoing projects. The segment reported a higher operating loss of RM68.3 million in the current period compared to an operating loss of RM50.4 million in the prior period, mainly contributed by additional cost provision and associated higher unabsorbed overheads arising from the COVID-19 pandemic.

For the nine (9) months period, the Heavy Engineering segment successfully completed and sailed away the following structures/projects for our clients:

- i) Completion of construction of FSO Golden Star External Turret for Promor Pte Ltd;
- ii) Sailed away of Bokor Phase 3 Re-Development Project Central Processing Platform (CPP) for PETRONAS Carigali Sdn Bhd; and
- iii) Sailed away of Bergading Mercury Removal Unit (MRU) Module under Bergading CPP-MRU Integration Project for Hess Exploration and Production Malaysia B.V.

The ongoing projects in the yard for the Heavy Engineering segment include the Pluto Water Handling Module project, Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) works for the Kasawari Gas Development 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, 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 RM261.5 million compared to RM303.8 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 RM30.3 million against an operating profit of RM3.2 million in the prior period in tandem with the lower revenue and higher unabsorbed overheads.

For the nine (9) months period, the Marine segment completed the repair and maintenance of thirty-eight (38) vessels of various categories, of which five (5) were from repair works on LNG carriers. Additionally, the Marine segment successfully completed FSO Golden Star conversion works for Malaysia Vietnam Offshore Terminal (L) Limited in the current quarter.

The Group's total assets and total equity at the end of the period under review stood at RM3.2 billion and RM2.0 billion, respectively.

Managing Director and Chief Executive Officer, En. Pandai Othman said, "Uncertainty will continue to shroud the oil market for the rest of the year. The rise of new COVID-19 cases worldwide has renewed concerns on mobility restrictions, posing a threat to the recovering oil demand. Tighter border control is imminent to prevent upswing of cases which could disrupt business operations and supply chain again. With these lingering effects from the pandemic, we have seen significant cuts to oil and gas capital spending and deferments of final investment decisions by oil majors and expect these to continue, thus limiting our ability to secure new orders in the interim.

LNG trade and demand have been direct contributors to our marine repair activities. Amidst the COVID-19 pandemic situation, LNG demand has held up relatively better compared to oil demand and LNG trade is expected to increase during the upcoming winter to meet bigger demand from Far East consumers. The increase in LNG trade would further reduce the already limited number of dry docking works exacerbated by the pandemic and would cause stiffer competition. Consequently, we anticipate marine business to continue to be challenging for the remainder of the year.

Given the prolonged oil market downturn prognosis, we remain vigilant in pursuing business opportunities in other segments to replenish our order book. We continue to focus on cost management to optimise operating cost and to prioritise safe execution and delivery of ongoing projects while the market is recovering." added En. Pandai.



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 proficient 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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