



PRESS RELEASE

Kuala Lumpur, 9 February 2021

MHB Achieves Revenue of RM1.6 billion for the Financial Year Ended 31 December 2020

Malaysia Marine and Heavy Engineering Holdings Berhad (“MHB” or “Group”) wishes to announce its financial results for the year ended 31 December 2020. For the said year, the Group achieved a revenue of RM1.6 billion with a pre-tax loss of RM401.3 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.

The Heavy Engineering segment posted a higher revenue of RM1.2 billion against RM578.6 million reported in the prior year mainly due to higher revenue from ongoing projects. The segment reported a higher operating loss of RM92.3 million in the current year compared to an operating loss of RM60.3 million in the prior year, mainly contributed by additional cost provision and associated higher unabsorbed overheads arising from the COVID-19 pandemic.

For the year under review, the Heavy Engineering segment successfully completed and delivered the following structures/projects to 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;
- iii) Sailed away of Bergading Mercury Removal Unit (MRU) Module under Bergading CPP-MRU Integration Project for Hess Exploration and Production Malaysia B.V.; and
- iv) Completion fabrication engineering, bulk material procurement, construction and onshore commissioning (epC) and sailed away of Pluto Water Handling Module for TechnipFMC.

The ongoing projects in the yard for the Heavy Engineering segment include Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) works for the Kasawari Gas Development Project and EPCIC of BEDP-A and BEDP-B WHP for Bekok Oil Project.

In 2020, 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 RM362.2 million compared to RM430.9 million in the prior year. 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 RM9.1 million against an operating profit of RM8.4 million in the prior year in tandem with the lower revenue and higher unabsorbed overheads.



For the twelve (12) months period, the Marine segment completed the repair and maintenance of sixty-four (64) vessels of various categories, of which twelve (12) were from repair works on LNG carriers. Additionally, the Marine segment successfully completed the FSO Golden Star conversion works for Malaysia Vietnam Offshore Terminal (L) Limited in the current year.

The Group's total assets and total equity at the end of the period under review stood at RM3.1 billion and RM2.0 billion, respectively.

Managing Director and Chief Executive Officer, En. Pandai Othman said, "The global oil market has entered the infancy stage of recovery. OPEC+ played a major role in stabilising the market by relaxing production quotas in tandem with global oil demand throughout 2020. However, a swifter rebound looks to be at risk in view of renewed lockdowns in several major oil importing countries to curtail the spread of the new COVID-19 strain. As such, we remain cautious on the prospects of order book replenishment in the near term in view of uncertainties surrounding the timing of capital spending by oil majors.

LNG demand and trade have been on the rise to meet higher LNG demand from Far East importers due to the prolonged winter. Many LNG vessels are being mobilised for winter shipments. Shipowners are inclined to opt for dry docking in countries with more relaxed border restriction regulations. These factors further increase scarcity in dry docking opportunities and create stiff competition among players. Once the industry recovers, our new fully operational Dry Dock No. 3 would provide the advantage of offering more flexible dry docking windows to shipowners. Until then, we expect the marine business to remain challenging.

The sharp spike of COVID-19 cases nationwide has forced the Malaysian Government to re-implement the Movement Control Order from 13 January to 18 February 2021 to all states except Sarawak to flatten the curve. Our businesses are recognised as 'essential services', which allows the yard to continue to operate, albeit at reduced capacity in compliance with the Malaysian Government's Standard Operating Procedures.

We remain resolute and diligent in pursuing business opportunities in other segments and new regions to replenish our order book while the oil market retightens. Additionally, we continue to emphasize on focused execution and safe delivery of ongoing projects as well as stringent cost management coupled with fiscal discipline to optimise operating costs amidst an ever-challenging and competitive industry environment." added Encik 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 years of track record in delivering integrated and complex solutions to international oil & gas clients. We are recognised for our global expertise in deepwater support services, 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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