



PRESS RELEASE

Kuala Lumpur, 28 April 2021

MHB Achieves Revenue of RM343.6 million in the First Quarter of 2021

Malaysia Marine and Heavy Engineering Holdings Berhad (“MHB” or “Group”) wishes to announce its financial results for the first quarter ended 31 March 2021. For the said period, the Group achieved a revenue of RM343.6 million with a pre-tax loss of RM104.6 million.

The Heavy Engineering segment posted a higher revenue of RM304.2 million against RM226.8 million reported in the corresponding quarter mainly due to increased activities in ongoing projects. The segment reported an operating loss of RM85.1 million in the current quarter compared to an operating profit of RM1.2 million in the corresponding quarter, mainly due to additional cost provision recognised as a result of revised completion target date for an on-going project during the current quarter. The revised date was necessary in view of delayed offshore commissioning works. The Group is currently undertaking all necessary actions to mitigate any further schedule slippage and will rigorously pursue actions to recover costs associated with these rectification activities against all relevant parties including subcontractors and vendors.

For the three (3) months period, 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.

Recently, Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE), a wholly owned subsidiary of MHB, has secured a contract from SapuraOMV Upstream (Sarawak) Inc. to undertake the EPCIC works for the SK408W Jerun Development Project, offshore Sarawak.

The Marine segment registered a lower revenue of RM39.4 million compared to RM119.7 million in the corresponding quarter as a result of lower number of vessels secured for repair and maintenance works. This was due to the limited volume of marine repair projects in the current market as a result of high charter rates offered for shipments during the prolonged winter period. The lower number of vessels secured was also attributable to the lingering effects of the COVID-19 pandemic. The segment reported an operating loss of RM17.7 million compared to RM1.5 million loss in the corresponding quarter in tandem with the decrease in revenue.

For the three (3) months period, the Marine segment completed the repair and maintenance of twenty-nine (29) vessels of various categories, of which one (1) was for a repair work on an LNG carrier.

The Group’s total assets and total equity for the period under review stood at RM3.1 billion and RM1.9 billion, respectively.



Managing Director and Chief Executive Officer, Encik Pandai Othman said, “Aligned with the recent recovery in oil price, several deferred projects have since been revived. We have seen positive result in our efforts to replenish our order book with the recent award of EPCIC contract for SK408W Jerun Development Project, offshore Sarawak. Nevertheless, the volatile industry condition and the wider lingering effects of the COVID-19 pandemic remain major risks moving forward. As such, despite the oil market continuing to show signs of recovery from last year’s crisis, we maintain our cautiously optimistic stance regarding our business prospects throughout the year and into 2022.

Border restrictions are expected to prevail and to continue impacting the marine repair industry. The prospects of acquiring more marine repair projects is highly dependent on the reopening of borders and worldwide recovery from the COVID-19 pandemic. Furthermore, competition is expected to be stiffer with competitor such as Singapore leveraging on its in-country infrastructure and technical experts to capture limited opportunities in the market. Hence, we expect the marine business to continue to remain challenging.

We will continue to pursue business opportunities in other segments and new regions to grow our order book. Focus on execution and safe delivery of ongoing projects along with implementation of key initiatives to manage and optimise operating costs remain key priorities for us as we aim to emerge from the crisis stronger and more resilient amidst the challenging 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

For more information, kindly contact MHB Corporate Communications:

Nor Mariam Mohd Nazir

Tel: [+603 2275 3948](tel:+60322753948)

Hp: [+6012 341 9494](tel:+60123419494)

Email: nor.mariam@mmhe.com.my

Farah Nabilah Mohd Azman

Tel: [+603 2275 3860](tel:+60322753860)

Hp: [+6011 2634 2915](tel:+601126342915)

Email: farah.nabilah@mmhe.com.my