



PRESS RELEASE

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MHB Achieves Revenue of RM417.8 million in the First Quarter of 2022

Malaysia Marine and Heavy Engineering Holdings Berhad (“MHB” or “Group”) wishes to announce its financial results for the first quarter ended 31 March 2022. For the said period, the Group achieved a revenue of RM417.8 million with a pre-tax profit of RM2.7 million.

The Heavy Engineering segment reported a higher revenue of RM358.4 million compared to RM304.2 million in the corresponding quarter mainly due to higher revenue from an on-going project. The segment posted an operating profit of RM2.9 million in the current quarter, a turnaround from the operating loss of RM85.1 million in Quarter 1, FY2021 as the corresponding quarter was impacted by additional cost provisions for an on-going project. The improved financial performance was also contributed by the partial recovery of COVID-19 claims and reversal of warranty provision for a post sail-away project in the current quarter.

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 works for the SK408W Jerun Development Project which were awarded earlier in 2019 and early 2021 respectively.

In February 2022, Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE), a wholly owned subsidiary of MHB, has been shortlisted and awarded with the provision of Front-End Engineering Design (FEED) Competition for the Kasawari Carbon Capture & Storage (CCS) project from PETRONAS Carigali Sdn Bhd. The Kasawari CCS facility will capture, transport and inject high carbon dioxide (CO₂) gas from the existing Kasawari Gas Development Project’s central processing platform (CPP) to the M1 Drilling Platform-A for storage in the reservoir.

The Marine segment registered a higher revenue of RM59.4 million compared to RM39.4 million in the corresponding quarter. This was mainly due to higher dry-docking activities in the current quarter. The segment swung to an operating profit of RM3.7 million against an operating loss of RM17.7 million in the corresponding quarter mainly due to reversal of impairment loss on trade receivables as the doubtful debts were recovered in the current quarter coupled with higher revenue from dry-docking activities.

For the three (3) months period, the Marine segment completed the repair and maintenance of 16 vessels of various categories.

The Group’s total assets and total equity at the end of the period under review stood at RM3.4 billion and RM1.7 billion, respectively.



Managing Director and Chief Executive Officer, Encik Pandai Othman said, “Oil prices have risen sharply on concerns over the Russia-Ukraine conflict coupled with threat of oil demand exceeding supply recovery as many countries move towards COVID-19 endemicity. In tandem with the surge in oil prices, an increase in upstream CAPEX spending in 2022 is expected by oil majors, though not to the pre-pandemic level in view of the lingering impact of the COVID-19 pandemic. Nevertheless, global supply chain disruptions and increase in prices of significant raw materials such as steel due to the pandemic and the Russia-Ukraine conflict may constrain clients’ future CAPEX plans as well as pose significant risks to our ongoing bids and current projects under execution. As such, we remain cautiously optimistic on the outlook for the Heavy Engineering segment.

The reopening of international borders and removal of compulsory quarantine requirements for fully vaccinated travellers by the Government are expected to improve Marine business prospects. The lifting of restrictions on the entry of foreign technical experts will increase our chances to secure more international projects. Additionally, other countries that are experiencing spike in COVID-19 cases and re-imposing targeted lockdowns may create opportunities for us as their clients would have to look for alternative shipyards to conduct repairs. Therefore, we expect the Marine business to gradually recover in 2022.

We adopt a cautious outlook on the recovery of the industry and will continue to pursue business opportunities in new regions and segments to replenish our order book. Improving cost competitiveness and profitability remains our priority, focusing on optimising costs and ensuring safe and timely delivery of ongoing projects.” added Encik Pandai.



About MHB

Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) is a globally trusted energy 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 offshore conversion facilities works in one location
- Comprehensive marine repair, refurbishment, upgrading and life extension of vessels and rigs

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