



Quarterly IR Updates

Q2/1H 2023 Financial Results & Updates

16 August 2023



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01 Industry Challenges & Market Outlook

02 Business Highlights

03 Ongoing Projects

04 Financials

05 Share Price & Shareholding

06 ESG

07 Tenders & Strategic Focus

The **lingering COVID-19 pandemic** impact coupled with **geo-political tensions** due to the **prolonged Russia-Ukraine conflict** and **US-China rivalry**, as well as **global economic uncertainties** have resulted in the following industry challenges and market outlook:



Prolonged global supply chain disruption



Global inflationary pressures and astronomical price escalations



Manpower and labour shortage



Financial losses suffered by fabrication industry players

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FINANCIALS

- Recorded:
 - Revenue of RM1,552.5 million
 - Pre-tax loss of RM385.1 million
 - Mainly due to additional cost provisions as a result of revised schedule for ongoing projects during the current period. This is excluding any potential cost recovery from clients



HEAVY ENGINEERING BUSINESS MILESTONES

- Awarded with EPCI of 5 WHPs, 5 subsea pipelines & host tie-ins works for JDA Field Development Project (Phase 6) from Carigali-PTTEPI Operating Company Sdn Bhd (CPOC)
- Successful CPP Jacket and CPP Topside sail-away of Kasawari Gas Development Project in March and August 2023 respectively
- Successful CPP Jacket sail-away of Jerun Development Project in June 2023



MARINE BUSINESS MILESTONES

- Completed repair and maintenance of 37 vessels of various categories including 7 LNG carriers



OTHERS

- Signing of Memorandum of Understanding (MoU) with Uzma Engineering Sdn Bhd for a strategic collaboration to explore potential collaborations, develop innovative solutions, and provide comprehensive services to meet the increasing demands of the oil and gas industry

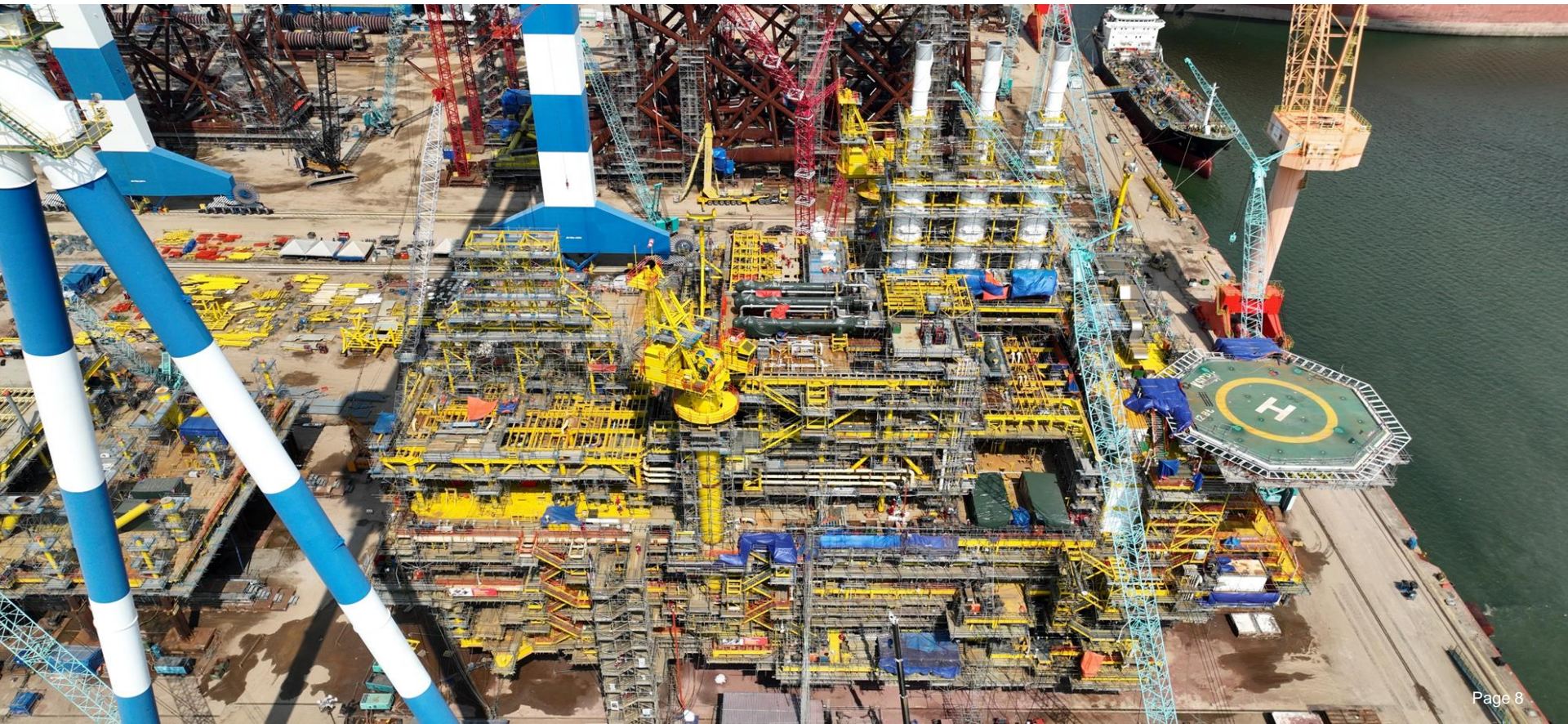
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Progress is at 82.95% as of June 2023

EPCIC Kasawari Gas Development Project



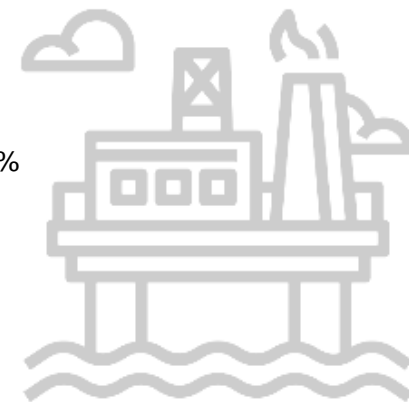


Progress is at 74.50% as of June 2023

EPCIC Jerun Development Project



Project	Client	Scope	Project Progress (as of June 2023)
Rosmari-Marjoram	Sarawak Shell Berhad	Engineering, Procurement and Construction (EPC) services of the offshore platform	47.34%
Kasawari Carbon Capture & Storage (CCS)	PETRONAS Carigali Sdn. Bhd.	Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) Alliance	10.47%
Joint Development Area (JDA) Field Development (Phase 6)	Carigali-PTTEPI Operating Company Sdn. Bhd. (CPOC)	Engineering, Procurement, Construction and Installation (EPCI) of 5 WHPs, 5 subsea pipelines & host tie-ins works	6.86%



Notable Marine Repair Projects Delivered in 2023



SERI CEMARA

Client	: Eaglestar Shipmanagement (L) Pte. Ltd.
Type of vessel	: LNG Carrier
Deadweight	: 84,291 tonnage
Job scope	: Dry-docking and Repair
Delivery date	: 4 May 2023



BW BATANGAS

Client	: BW Fleet Management AS
Type of vessel	: LNG FSRU
Deadweight	: 89,556 tonnage
Job scope	: Technical Modification
Delivery date	: 4 June 2023

Notable Marine Repair Projects Delivered in 2023



BW IMO

Client	: BW Fleet Management AS
Type of vessel	: LNG Carrier
Deadweight	: 83,684 tonnage
Job scope	: Dry-docking Repair and BWTS Installation
Delivery date	: 5 July 2023



CHEMTRANS BALTIC

Client	: Chemikalien Seetransport GmbH
Type of vessel	: Product Carrier
Deadweight	: 73,400 tonnage
Job scope	: Aft Shaft Seal Replacement
Delivery date	: 12 May 2023

Notable Marine Repair Projects Delivered in 2023



MAESTRO - 1

Client	: Olympos Shipmanagement S.A
Type of vessel	: Bulk Carrier
Deadweight	: 23,994 tonnage
Job scope	: Hull Blasting & Painting, Propeller Maintenance & Valve Overhauls
Delivery date	: 2 June 2023



MTT KUCHING DUA

Client	: Nautica Ship Management Sdn Bhd
Type of vessel	: Container Vessel
Deadweight	: 18,595 tonnage
Job scope	: Dry-docking Repair Work
Delivery date	: 26 June 2023

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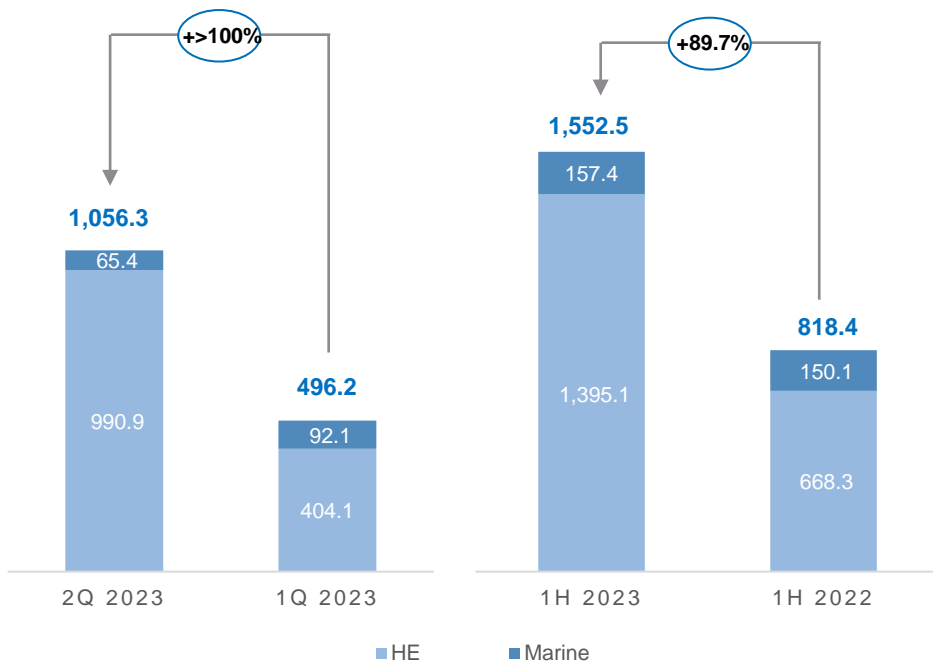
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REVENUE (RM 'mil)



Sequential Quarter

Increase in revenue mainly contributed by significant increase in revenue from the Heavy Engineering segment

Year-on-Year

Heavy Engineering

Increase in revenue mainly due to higher progress of ongoing projects

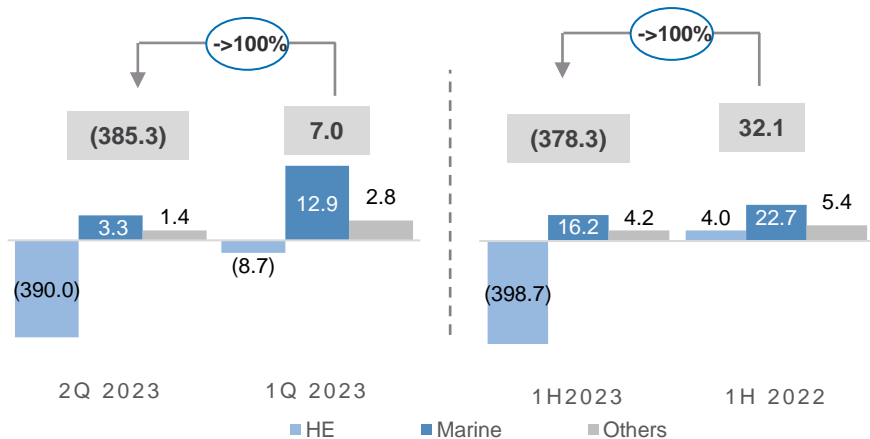
Marine

Higher revenue as a result of higher dry-docking and repair activities

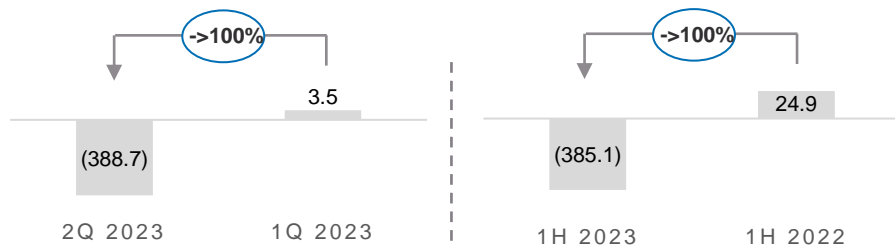
Financial Updates

Income Statement

OPERATING PROFIT / (LOSS) (RM 'mil)



PRE-TAX PROFIT / (LOSS) (RM 'mil)



Sequential Quarter

Recorded operating loss mainly due to additional cost provisions recognised for on-going Heavy Engineering projects

Year-on-Year

Heavy Engineering – The segment posted operating loss mainly due to the additional cost provisions as a result of revised schedule for ongoing projects during the current period.

Marine – Registered lower operating profit as the higher operating profit in the corresponding period was mainly contributed by the recovery of doubtful debts.

Sequential Quarter & Year-on-Year

Swung to a pre-tax loss in tandem with the operating loss registered as the current period was impacted by additional cost provisions recognised for ongoing Heavy Engineering projects.

	Total Assets			Total Liabilities & Equities	
	30 June 2023	31 December 2022		30 June 2023	31 December 2022
(RM 'mil)			(RM 'mil)		
Non-Current Assets	1,795.4	1,788.7	Total Equity	1,330.7	1,769.5
Receivables	1,333.1	748.0	Borrowing	317.2	335.2
Cash & Bank	406.5	797.0	Lease Liabilities	5.3	5.7
Inventories	2.1	2.7	Derivatives	33.7	6.4
Tax recoverable	21.0	21.7	Payables	1,871.2	1,241.3
TOTAL	3,558.1	3,358.1	TOTAL	3,558.1	3,358.1

Total assets of RM3.6 billion

Higher Receivables - Higher unbilled revenue as a result of delay in meeting contract payment milestone

Lower Cash - Negative cash flow from operations during the period

Lower Borrowing – RM18 million repayment of principal in the current period

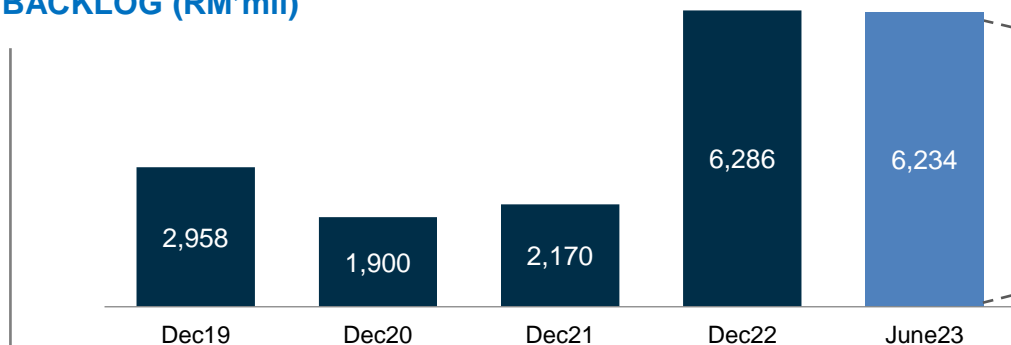
Lower Total Equity - Comprehensive loss recognised and dividend paid during the period

NTA per share of RM0.83

D/E ratio of **0.24x**



BACKLOG (RM'mil)

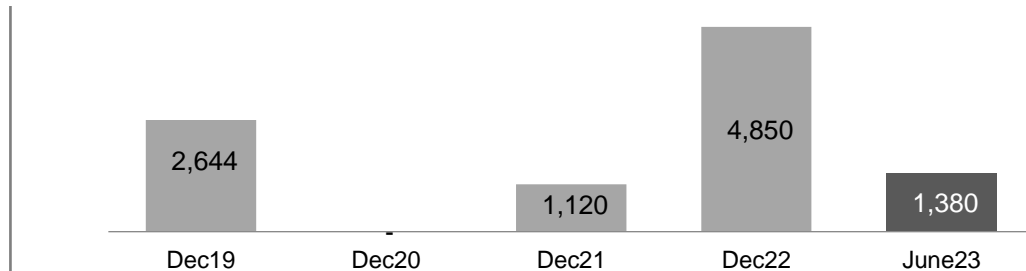


99.4% Heavy Engineering Business



0.6% Marine Business

NEW ORDER INTAKE (RM'mil)



Note: New Order Intake excludes Marine Business segment and call-out contract

New Order Intake 2022 – 2023 consists of:

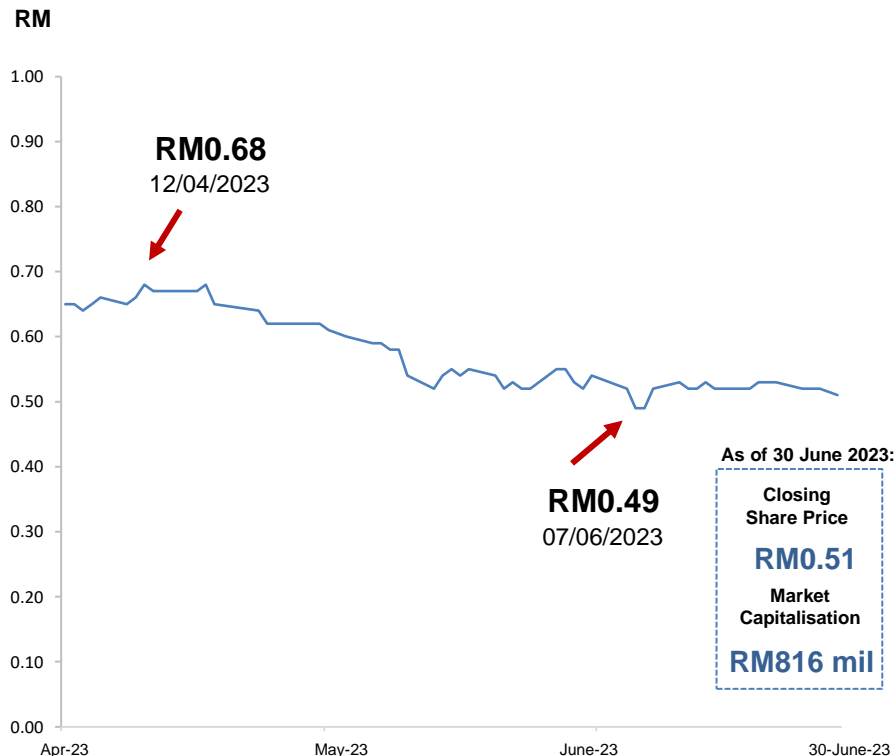
- **FEED CCS Kasawari project**, awarded in Q1 2022
- **Rosmari-Marjoram gas project**, awarded in Q3 2022
- **EPCIC Alliance for Kasawari CCS project**, awarded in Q4 2022
- **EPCI** of 5 WHPs, 5 subsea pipelines & host tie-ins works for **JDA Field Development Project (Phase 6)** in Q1 2023

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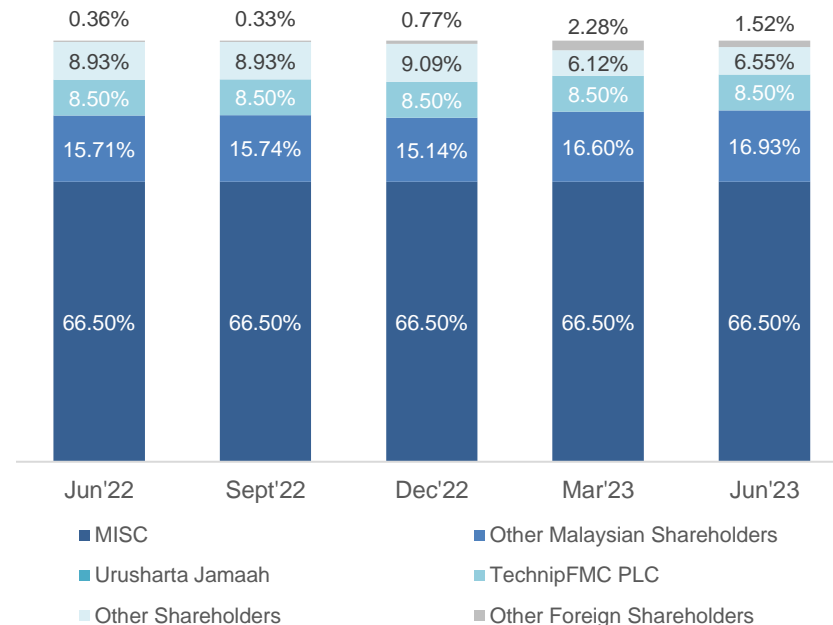


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SHARE PRICE (APR – JUNE '23)



SHAREHOLDING INFORMATION



Note: Other Shareholders include Lembaga Tabung Angkatan Tentera (LTAT), Amanah Saham Bumiputera, PMB Shariah Growth Fund, Urusharta Jamaah, CIMB Group Nominees (Tempatan) and Lembaga Tabung Haji

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Environment

- **Low Carbon Products/Services:**



Partnership with Silverstream Technologies



Partnership with Bureau Veritas Solutions (M&O)

- **Towards Decarbonisation:**

- Reduce the carbon impact
- Increase energy efficiency

- **Biodiversity Conservation:**

- Mangrove Planting Programme
- River Rehabilitation Programme

- **Circular Economy:**

- Single Use Plastic phase out



Social

- **Workplace and Health Safety:**

- 5,373,622 man-hours without LTI (as of June 2023)

- **Talent Excellence** – trained more than 4,341 people as of June 2023 (employees, sub-contractors and public)

- **Community Investment/Stakeholder Engagement**

- MHB Free Market
- MHB Flood Relief Initiatives
- MoU with Gigih Avenue Sdn Bhd
- MoU with Universiti Tun Hussein Onn
- MoC with Malaysia's Government to uplift Education Transformation Agenda

- **Diversity & Inclusion**

- We define diversity in the workplace as engaging and involving employees with differences and similarities



Governance

- **Cybersecurity Efforts:**

- 0 cybersecurity incidents recorded
- 0 data breach recorded

- **Responsible Supply Chain**

- Engagement with partners to increase awareness on Sustainability matters which include Scope 3 journey
- More than 150 Subcontractors and Vendors participated in the Subcontractors and Vendors Engagement (SAVE) 2022 event

- **Signing of Corruption-Free Pledge**

- Further strengthen MHB's commitment to fostering a transparent organisation

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Heavy Engineering Tenderbook

Approximately RM5 to RM6 billion worth of tenders have been submitted



Strategy & Initiatives

- Strengthening core EPCIC capabilities within the region, driven by steady market potential in APAC
- Pursue prospects in other countries to achieve a major order intake of international EPCIC projects
- Retaining existing marine clients and exploring new territories coherent with long-term increase in LNG shipping demand
- Building internal capability in offshore wind while exploring mid-downstream sector i.e. onshore modules
- Embrace Energy Transition by establishing track record in offshore wind





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THANK YOU