



PRESS RELEASE

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MHB Achieves Revenue of RM2.2 billion in the Nine (9) Months of 2023

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 2023. For the said period, the Group achieved a revenue of RM2.2 billion with a pre-tax loss of RM489.1 million.

The Heavy Engineering segment reported a higher revenue of RM2.0 billion compared to RM988.4 million in the prior period mainly due to higher revenue from new and ongoing projects. The segment posted operating loss of RM506.5 million, mainly due to the additional cost provisions as a result of revised schedule and price escalation impact on ongoing projects during the current period. The revised schedule has caused the extension of delivery dates of the ongoing projects, which was necessary to cater for the delayed onshore works.

For the nine (9) months period, the ongoing projects for the Heavy Engineering segment at MHB yards include the following:

- i) Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) works for SK408W Jerun Development Project awarded in 2021;
- ii) Engineering, Procurement and Construction (EPC) services of the solar powered offshore platform for the Rosmari-Marjoram Gas Project awarded in October 2022;
- iii) EPCIC Alliance for the Kasawari Carbon Capture & Storage (CCS) Project awarded in November 2022; and
- iv) Engineering, Procurement, Construction and Installation (EPCI) contract for five (5) wellhead platforms, five (5) subsea pipelines and host tie-ins works from Carigali-PTTEPI Operating Company Sdn Bhd (CPOC) awarded in February 2023.

The Marine segment registered a lower revenue of RM225.7 million compared to RM239.3 million in the prior period mainly due to lower number of vessels secured. The segment posted lower operating profit of RM20.4 million in the current period compared to an operating profit of RM39.6 million in the prior period. Higher profit in the prior period was mainly contributed by the recovery of doubtful debts.

For the nine (9) months period, the Marine segment completed the repair and maintenance works on 48 vessels of various categories, including nine (9) LNG carriers.

The Group’s total assets and total equity at the end of the period under review stood at RM3.4 billion and RM1.2 billion, respectively.



Managing Director & Chief Executive Officer, Encik Pandai Othman said, “The recent Middle East conflict together with OPEC+ continued commitment towards supply cuts could further tighten global oil supply and lead to higher oil prices amidst growing global demand. This will likely increase CAPEX spending beyond the pre-pandemic level. In addition, the increasing significance of environmental, social and governance (ESG) will create multiple business opportunities for us in the renewable energy space.

On project execution, the Heavy Engineering segment continues to face challenges in executing some of its ongoing projects within the original budgeted margins due to the impact of raw material price escalations and global supply chain disruption. These projects were awarded on a lump sum EPCIC basis by clients a few years ago. We will continue to pursue the recovery of these inflationary and schedule impacts from clients.”

“We anticipate demand for energy shipment to rise particularly in Far East countries and Europe in the upcoming winter. Therefore, demand for dry-docking activities is likely to be slower. This could potentially lead to a decrease in market share, as vessel owners prepare for a surge in seaborne trade requirements for the remainder of the year. Furthermore, competition amongst shipyards is anticipated to remain stiff. As such, we expect the Marine business to remain challenging.

We will continue to explore opportunities in both domestic and international markets with increased emphasis on decarbonisation and renewable energy. We are also looking into ways to improve our contracting strategies with clients through alliance concept or cost-plus basis, where possible, to mitigate the risks of global inflation for future projects. Notwithstanding the major setbacks, we remain committed to deliver all projects that meet our clients’ requirements. We are also committed to collaborate with clients, subcontractors and vendors in recovering the additional costs.” 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 offshore and onshore facilities and vessels.

MHB has 50 years of track record in delivering integrated and complex solutions to international oil & gas clients. Owns and operates the largest fabrication yard in Malaysia and Southeast Asia that is equipped with world-class facilities, MHB is recognised for its expertise in offshore deepwater fabrication, offshore conversion services and ship repair which include LNG carrier repair and dry docking. MHB also owns three dry docks which are amongst the largest dry docks in Southeast Asia.

MHB operates a regional Centre of Excellence – a learning centre that produces technically expert workers for the oil & gas and marine industries.

We acknowledge the importance of delivering solutions that are sustainable to our stakeholders, where we now provide services that support the global energy transition in the areas of renewable energy, decarbonisation such as carbon capture facilities & energy efficiency.

Our capabilities and track record in summary:

- *Full range engineering, procurement, construction, installation & commissioning (EPCIC) services for offshore structures*
- *Complete offshore facility conversion services in one location*
- *Comprehensive ship repair, refurbishment, upgrading and life extension of various types of vessels and rigs*

For more information, kindly contact MHB Corporate Communications:

Nor Mariam Mohd Nazir

Hp: +6012 341 9494

Email: nor.mariam@mmhe.com.my

Farah Nabilah Mohd Azman

Hp: +6011 2634 2915

Email: farah.nabilah@mmhe.com.my