



# Quarterly IR Updates

## 3<sup>rd</sup> Quarter 2023 Financial Results & Updates

8 November 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** and **recent Middle East conflicts** as well as **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 RM2.2 billion
  - Pre-tax loss of RM489.1 million
    - Mainly due to additional cost provisions as a result of revised schedule and price escalation impact on ongoing Heavy Engineering projects



## 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 48 vessels of various categories including 9 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

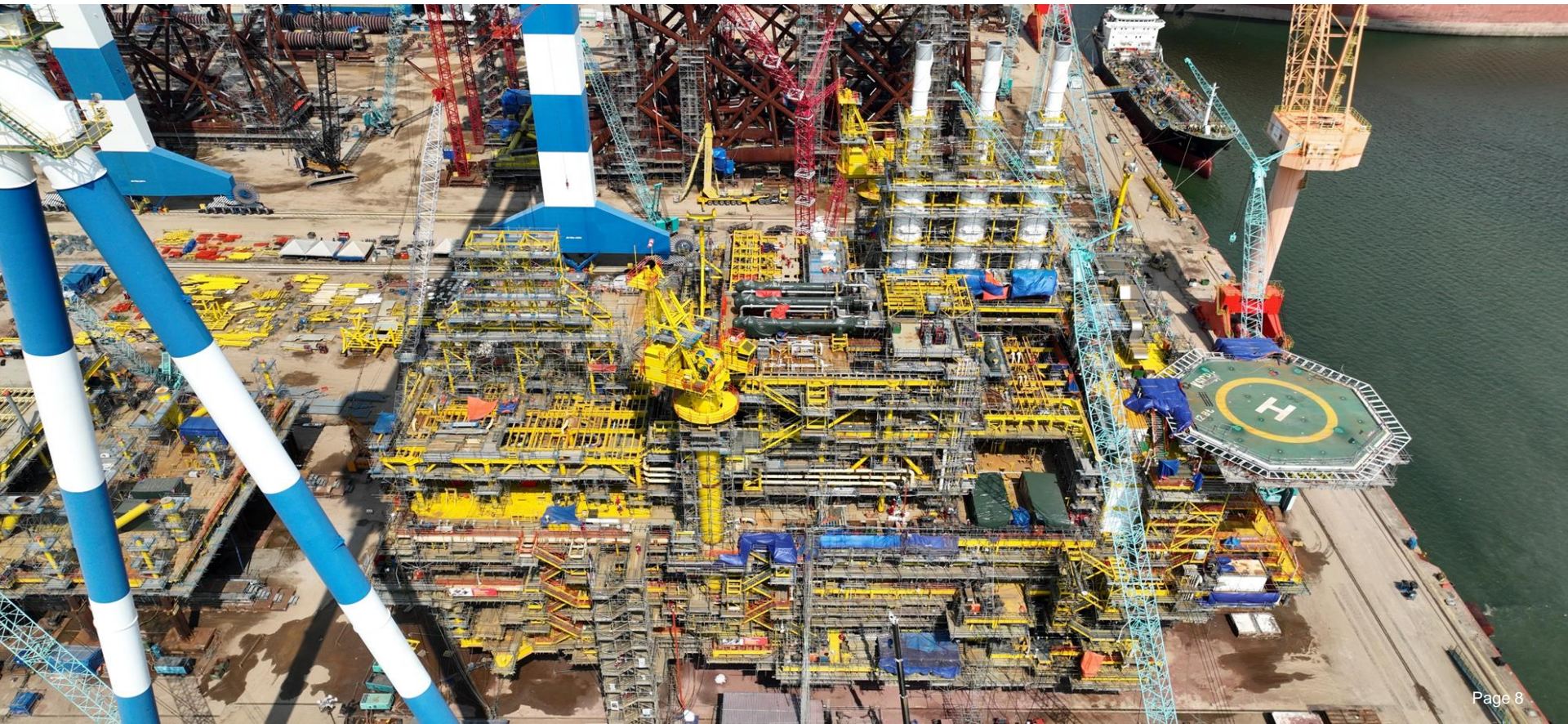
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Progress is at 89.41% as of September 2023

# EPCIC Kasawari Gas Development Project









Progress is at 86.32% as of September 2023

# EPCIC Jerun Development Project



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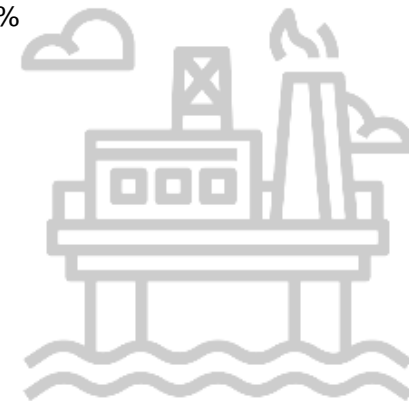


Progress is at 61.92% as of September 2023

# Rosmari-Marjoram Project



Project	Client	Scope	Project Progress (as of September 2023)
Kasawari Carbon Capture & Storage (CCS)	PETRONAS Carigali Sdn. Bhd.	Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) Alliance	17.02%
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	7.49%



## Notable Marine Repair Projects Delivered - Gas in 3Q 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



### **MERCHANT**

Client	: Sinokor Merchant Marine Co. Ltd.
Type of vessel	: LNG Carrier
Deadweight	: 73,873 tonnes
Job scope	: Cargo Tank Repair
Delivery date	: 17 July 2023

## Notable Marine Repair Projects Delivered – Non-Gas in 3Q 2023



### MT GOLD PEARL

Client	: Viet My Petrol Transportation Company Limited
Type of vessel	: Oil Tanker
Deadweight	: 318,669 tonnage
Job scope	: Dry-docking and Repair
Delivery date	: 23 August 2023



### MT HSL CHICAGO

Client	: Grand Blue Shipping Pte Ltd - Singapore / Fairmont Shipping (HK) Ltd
Type of vessel	: Bulk Carrier
Deadweight	: 63,536 tonnage
Job scope	: 1 <sup>st</sup> Intermediate Survey
Delivery date	: 28 August 2023

## Notable Marine Repair Projects Delivered - Non-Gas in 3Q 2023



### MT LARGO DESERT

Client	: Oceonix Services Limited, UK
Type of vessel	: Chemical & Oil Carrier
Deadweight	: 54,999 tonnage
Job scope	: 1 <sup>st</sup> Special Survey
Delivery date	: 6 August 2023



### MT SHOKO

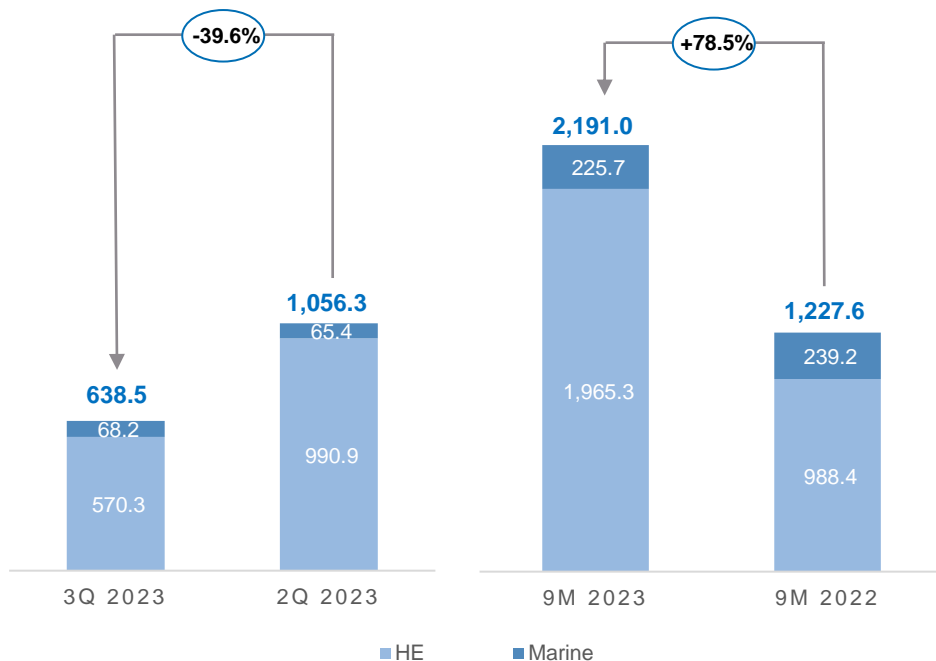
Client	: Trans-Carrier Marine Service. Inc., Philippines
Type of vessel	: Chemical & Oil Tanker
Deadweight	: 11,653 tonnage
Job scope	: 1 <sup>st</sup> Intermediate Survey
Delivery date	: 16 August 2023

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### REVENUE (RM 'mil)



### Sequential Quarter

Decrease in revenue mainly due to lower revenue from the Heavy Engineering segment

### Year-on-Year

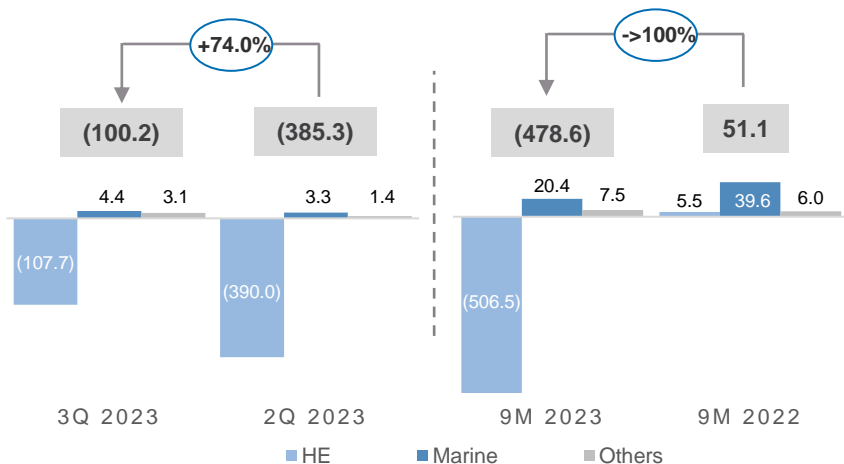
#### Heavy Engineering

Increase in revenue mainly due to higher revenue from new and ongoing projects

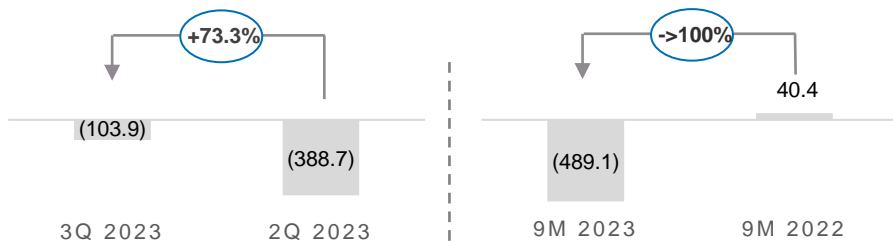
#### Marine

Lower revenue mainly due to lower number of vessels secured

### OPERATING PROFIT / (LOSS) (RM 'mil)



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



### Sequential Quarter

Recorded lower operating loss mainly due to higher cost provisions for ongoing Heavy Engineering projects in the preceding quarter

### Year-on-Year

**Heavy Engineering** — Posted operating loss mainly due to the additional cost provisions as a result of revised schedule and price escalation impact on 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

Pre-tax loss in tandem with the operating loss registered due to additional cost provisions recognised for ongoing Heavy Engineering projects

	Total Assets			Total Liabilities & Equities	
	30 September 2023	31 December 2022		30 September 2023	31 December 2022
(RM 'mil)			(RM 'mil)		
Non-Current Assets	1,783.8	1,788.7	Total Equity	1,238.6	1,769.5
Receivables	1,161.6	748.0	Borrowing	541.1	335.2
Cash & Bank	488.5	797.0	Lease Liabilities	5.0	5.7
Inventories	2.3	2.7	Derivatives	46.5	6.4
Tax recoverable	13.7	21.7	Payables	1,618.7	1,241.3
<b>TOTAL</b>	<b>3,449.9</b>	<b>3,358.1</b>	<b>TOTAL</b>	<b>3,449.9</b>	<b>3,358.1</b>

## Total assets of RM3.4 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

**Higher Borrowing** – Drawdown on revolving credit of RM233 million in the current period

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

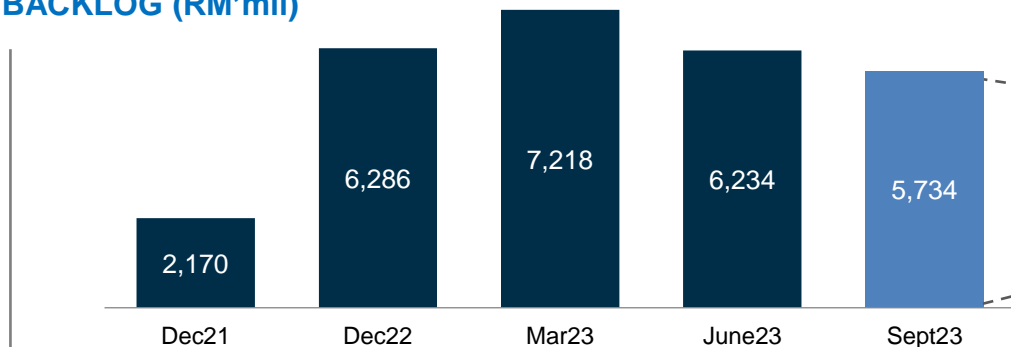
**NTA per share of RM0.77**

**D/E ratio of 0.44x**



# Backlog & Order Intake

## BACKLOG (RM'mil)

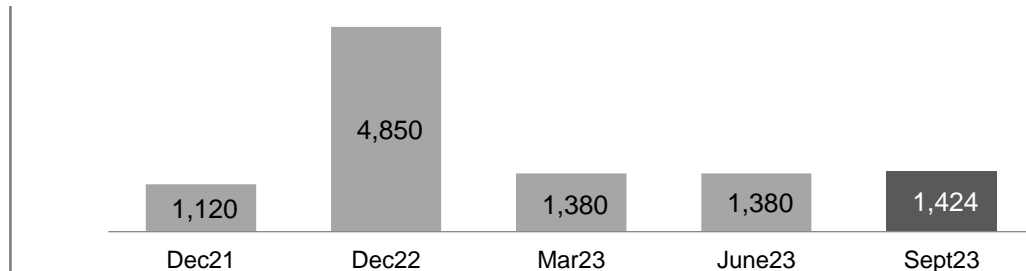


**99.2%** Heavy Engineering Business



**0.8%** Marine Business

## NEW ORDER INTAKE (RM'mil)



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

New Order Intake 2022 – 2023 includes:

- **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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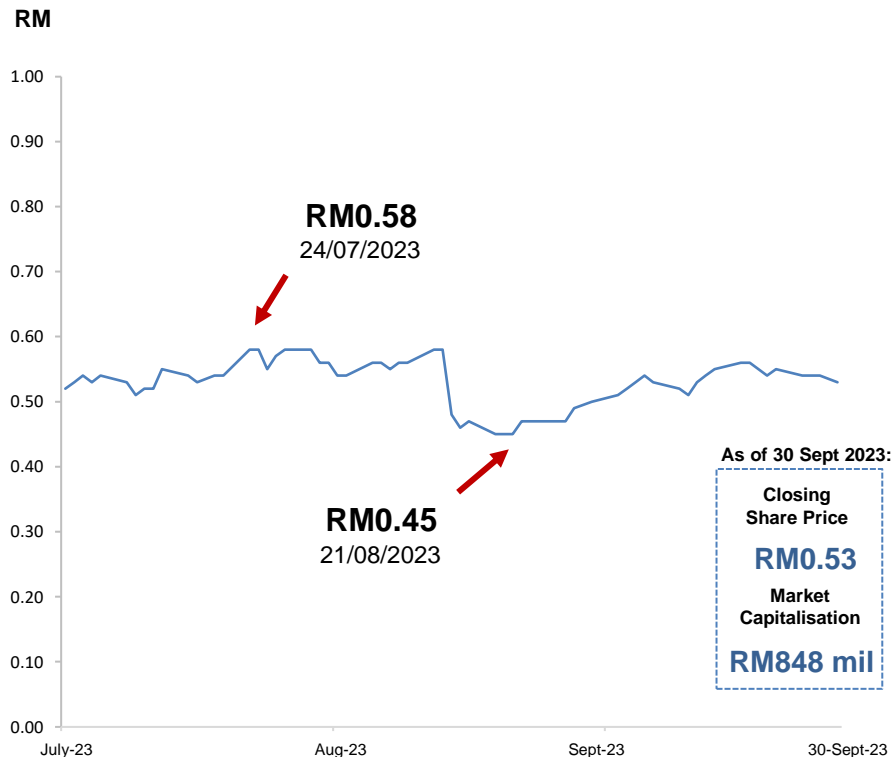
04 Financials

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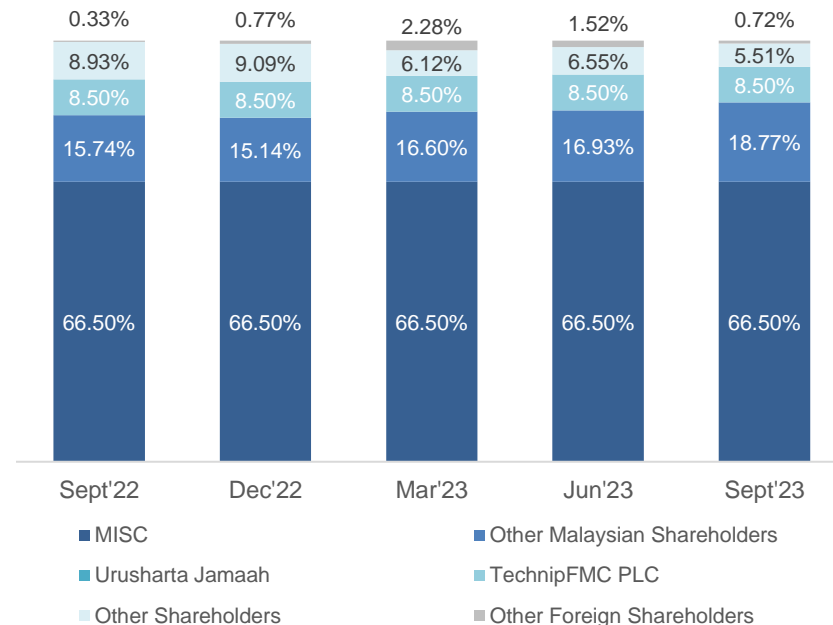
06 ESG

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## SHARE PRICE (JULY – SEPTEMBER '23)



## SHAREHOLDING INFORMATION



Note: Other Shareholders include Lembaga Tabung Angkatan Tentera (LTAT), Amanah Saham Bumiputera, 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)

- Collaboration with FuelCell Energy for **Large-Scale Green Hydrogen Production**
- **Towards Decarbonisation:**
  - Reduce the carbon impact
  - Increase energy efficiency
- **Biodiversity Conservation:**
  - River Rehabilitation Programme: Tree Planting
- **Circular Economy:**
  - Single Use Plastic phase out



## Social

- **Workplace and Health Safety:**
  - 10,619,709 man-hours without LTI (as of September 2023)
- **Talent Excellence** – trained more than 4,990 people as of September 2023 (employees, sub-contractors and public)
- **Community Investment/Stakeholder Engagement**
  - MHB Free Market
  - MHB Flood Relief Initiatives
  - MoC with Malaysia's Government to uplift Education Transformation Agenda
  - CSR Initiative Programme at Sekolah Kebangsaan Pasir Gudang 2, Air Biru
- **Diversity & Inclusion**
  - We define diversity in the workplace as engaging and involving employees with differences and similarities



## Governance

- **Cybersecurity Efforts:**
  - Zero cybersecurity incidents recorded
  - Zero data breach recorded
- **Responsible Supply Chain**
  - Engagement with partners to increase awareness on Sustainability matters which include Scope 3 journey
- **Signing of Corruption-Free Pledge**
  - Further strengthen MHB's commitment to fostering a transparent organisation



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## Heavy Engineering Tenderbook

Approximately RM2 to RM3 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





A MEMBER OF MISC GROUP

**THANK YOU**