



PRESS RELEASE

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MHB Achieves Revenue of RM3.3 billion for the Financial Year Ended 31 December 2023

Malaysia Marine and Heavy Engineering Holdings Berhad (“MHB” or “Group”) wishes to announce its financial results for the year ended 31 December 2023. For the said year, the Group achieved a revenue of RM3.3 billion with a pre-tax loss of RM483.1 million.

The Heavy Engineering segment reported a higher revenue of RM3.0 billion compared to RM1.3 billion in the prior year, primarily due to higher revenue from new and ongoing projects. The segment posted an operating loss of RM499.1 million, mainly attributed to the additional cost provisions resulted from revised schedule and price escalation impact on ongoing projects during the current year. In addition, the weakening of Malaysian Ringgit against United States Dollar had impacted the hedging of receivables for a project.

For the year under review, 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 from SapuraOMV Upstream (Sarawak) Inc. awarded in April 2021;
- ii) Engineering, Procurement and Construction (EPC) services of the solar powered offshore platform for the Rosmari-Marjoram Gas Project from Sarawak Shell Berhad awarded in October 2022;
- iii) EPCIC Alliance for the Kasawari Carbon Capture & Storage (CCS) Project for PETRONAS Carigali Sdn Bhd (PCSB) 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.

In November 2023, Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE), a wholly-owned subsidiary of MHB, was awarded a subcontract of the first offshore substation (OSS) high voltage direct current (HVDC) platform, consisting of topside and jacket, for the IJmuiden ver Alpha Project from Petrofac International (UAE) LLC. The subcontract scope includes construction engineering, fabrication, mechanical completion, load out and sea fastening, and architectural works on EPC basis.

The Marine segment registered a lower revenue of RM323.9 million compared to RM336.9 million in the prior year, mainly due to lower dry-docking services for LNG carriers and other vessels during the year. Lower dry-docking activities were contributed by the reopening of China’s borders beginning 2023. The segment reported an operating profit of RM22.5 million in the current year, RM39.1 million lower compared to an operating profit of RM61.6 million in the corresponding year. Higher profit in the corresponding year was mainly contributed by the higher revenue and margins coupled with recovery of doubtful debts.



For the twelve (12) months period, the Marine segment completed the repair and maintenance works on 71 vessels of various categories, including twelve (12) LNGCs. The Group's total assets and total equity at the end of the year under review stood at RM3.7 billion and RM1.3 billion, respectively.

Managing Director & Chief Executive Officer, Mohd Nazir Mohd Nor said, "The oil market is anticipated to improve further in 2024, backed by forecast demand and high oil prices amidst limited supply from continued production cuts by OPEC+. The likelihood of improvement is high should there be no further deterioration in the global economic situation and ongoing geopolitical tensions. However, if the Red Sea crisis escalates to war, this could give rise to all commodity prices. Until that happens, high oil prices would be favourable for oil majors to boost upstream capital spending for the year. 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 its ongoing projects within the original budgeted margins due to the impact of price escalations of raw materials and global supply chain disruptions. These projects, awarded on a lump sum EPCIC basis by clients a few years ago, face ongoing efforts to recover from the inflationary and schedule impacts. We will continue pursuing the recovery of these impacts from clients."

"We expect competition among peers to remain stiff, given the presence of new LNGC-repair yards in China and other neighbouring countries. Despite that, we are continuing with our efforts in securing more dry-docking opportunities with major LNG players, as well as conversion projects, given the uptrending oil prices and stabilised oil and gas market.

We will continue to explore opportunities in both domestic and international markets. With our novel offshore windfarm project awarded recently, we will focus to pursue more renewable energy projects as well as those in the decarbonisation space. In consideration of the global supply chain issues, we have taken steps to improve our contracting strategies with clients where possible through alliance concept, reimbursable or cost-plus basis to mitigate those issues. Notwithstanding the major challenges in some projects, we remain committed to delivering all projects meeting clients' requirements." added Mohd Nazir.



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*

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