PRESS RELEASE
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MHB Reports Pre-Tax Loss of RM135 Million for the Twelve (12) Months of 2016

Malaysia Marine and Heavy Engineering Holdings Berhad ("MHB" or "Group") wishes to announce its financial results for the twelve (12) months ended 31st December 2016. The Group achieved a revenue of RM1,191.3 million with a pre-tax loss of RM135.0 million for the said period. The pre-tax loss is after taking into account a provision for impairment on the Group's assets amounting to RM140.5 million. This is taken in view of the continued depressed outlook of the oil and gas industry with the drop in the crude oil prices.

For the financial year under review, MHB successfully completed the following offshore and marine structures/projects for our clients:

i) sail-away of Malikai tension leg platform (TLP) and all of Bergading sub-structures,
ii) load-out of Besar-A jacket for the wellhead platform (WHP),
iii) completion of Bergading external turret,
iv) completion of Kanowit hook-up and commissioning (HUC),
v) delivery of MaMPU-1 FPSO conversion,
vi) repair life extension (RLE) of LNGC Puteri Zamrud and;
vii) work completion of fifty four (54) vessels of various types.

Heavy Engineering business unit ("HEU") recorded a revenue of RM746.7 million against RM1,994.7 million in the previous year. The contraction in revenue was attributable to fewer and lower project backlog and order intake.

During the year, HEU safely sailed-away the 27,500 MT Malikai TLP to the deepwater field 100km off the Sabah coast for Shell. The TLP is the first-of-its-kind in Malaysia and the Group's third mega structure project. Malikai TLP produced its first oil in December 2016.

HEU also sailed-away the Bergading structures comprising jackets for the WHP and centralised processing platform (CPP), a CPP bridge and a topside for the WHP. The project, totaling 14,800 MT, was delivered to the ultimate client HESS E&P Malaysia 13 months after the project's first cut of steel. Meanwhile, the Bergading external turret was completed and safely integrated onto the 'Nautica Bergading' vessel which is undergoing FSO conversion.

The unit continues the ongoing works for Besar-A WHP topside, Baronia CPP jacket and bridge, PETRONAS FLNG-2 turret, F12 Kumang WHP and five (5) work packages for various main contractors of the Refinery and Petrochemical Integrated Development ("RAPID") project. New contract or sub-contract awards secured were two (2) RAPID work packages, Benchamas-2 external turret mooring system, Dangote five (5) CALM buoy mooring system and the offshore wellhead facilities programme.

Marine business unit ("MBU") registered a revenue of RM444.6 million compared to RM464.3 million in the previous year. The contraction in revenue was attributable lower contribution from rig segment and Mobile Seabase Alu Alu. Despite the lower revenue, MBU's operating profit improved by 14 percent due to higher work value for the LNGC drydocking repair and FPSO conversion segments, which offer better margins.

MHB completed one of its most significant RLE works in recent times for MISC's 73,519 DWT LNGC vessel Puteri Zamrud. The MBU team also delivered MaMPU-1 FPSO vessel conversion one (1) month ahead of schedule. The unit is currently completing FSO Nautica Bergading conversion which is targeted for sail-away by early second quarter of 2017.

A total of 59 vessel businesses were secured throughout the year. For the third consecutive year, the Marine unit attained a full occupancy of 15 vessels under simultaneous repair that was achieved in the third quarter of 2016.

For the period under review, MHB attained a loss per share attributable to equity holders of 8.4 sen. With ongoing investments in the yard optimisation programme, the Group's property, plant and equipment stood at RM1.54 billion and total equity at RM2.54 billion.

Managing Director and Chief Executive Officer, Cik Wan Mashitah Wan Abdullah Sani said, "Although an agreement was reached by OPEC and non-OPEC members to reduce their output from 1st January 2017, their commitment to honour this pact remains to be seen. NOCs and IOCs are expected to adopt the same strategy on deferment and scale-down of upstream projects for the major part of the year. Coupled with geopolitical risk, any meaningful recovery in the demand for offshore structures is not anticipated to materialise until 2018 at least".

"We remain focused on cost management and resource optimisation to reduce our operating cost in line with the outlook of the industry. In addition, we continue to intensify our effort to replenish our orderbook, namely from onshore segment, hook-up & commissioning and facilities improvement", added Cik Wan Mashitah.

** Following an internal re-organisation in June 2016, the 'Heavy Engineering' unit is now the division in MHB which caters for Offshore and Onshore EPCIC and other related services. Previously it was known as 'Offshore Business' unit.*

About MHB

Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) is a globally trusted energy industry and marine solutions provider for a wide range of heavy engineering facilities and vessels.

MHB has more than 40-year track record of delivering integrated and complex solutions, including deepwater support services to international oil & gas clients. We are equally recognised for our global expertise in offshore conversion services and LNG carrier 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 conversion works in one location
- Comprehensive marine repair, refurbishment, upgrading and life extension of vessels and rigs

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