

STRATEGY REVIEW



DANIEL BONG
Group Chief Strategy Officer
Head of Group Corporate Advisory

In FYE 2021, we undertook an exercise to refresh our strategy framework in line with our growth into new business areas and territories.

As always, our Vision, Mission and Core Values sit at the pinnacle of the framework, providing guidance and direction for decisions made at every level. We also identified elements that make up 'Yinson's Edge' – these are our unique strengths that we leverage on to differentiate ourselves so we can propel Yinson forward. We work hard to maintain our edge, as this is the key to staying ahead in a competitive landscape, ensuring we can continue delivering value to our stakeholders.

The concept of 'leadership by altitudes' is an apt way to describe our approach to the development of our new strategic framework. At 50,000 feet, we see the big picture. At 50 feet, we get a good tactical view close to the ground. At 5 feet we see a good picture of ourselves. We were cognisant of not getting 'altitude sickness', i.e. being stuck in one altitude. If we get stuck at 50,000 feet we risk having vision without action; getting stuck at 50 feet can blind us to the opportunities and threats, causing us to dwell in the fallacy of our comfort zones; and remaining at 5 feet causes us to micromanage business frameworks that are already established, living in the glory of past successes. By overcoming 'altitude sickness' and manoeuvring between the various altitudes, we are able to develop a consistent and balanced strategy that can be executed well in the present in order to bring value far into the future.

The strategy refresh took into consideration the transition necessary under the global climate action agenda, where a carbon-constrained economy is the new prevailing socio-economic paradigm. This transition will not take place overnight and will definitely require large-scale capital reallocations. Capital is finite, so we need to make good capital allocation decisions during this transitional period with regards to our various businesses, considering their respective positions within the growth-share framework. During this period, we will adopt a broad-based approach to business ventures and financial partnerships whilst balancing our sustainability commitments. It is absolutely necessary for Yinson to consider the latent demands of our stakeholders, in relation to both internal and external decarbonisation actions.



Social & Relationships Capital, pg 130

In FYE 2020 and FYE 2021 we established our Renewables and Green Technologies Divisions. At the same time, we launched various decarbonisation initiatives towards achieving our Climate Goals. One example is the development of a fully electrified harbour craft concept model by the Green Technologies Division, powered by advanced hydrofoil technology. Upon commercialisation, we believe we can provide the harbour craft industry with an option that significantly reduces energy costs and carbon footprint.



Business review, pg 52; Yinson's Climate Goals, pg 72

We have identified six Group-level strategies, which are operationalised at Division-level through Divisional goals and strategies. We believe that the alignment between our Group and Divisional strategies can create synergies that unlock even greater efficiencies and value. The foundation of the framework lies on the strength of our business units and Corporate team, which lend vital support for the execution of our strategy.

Divisional goals and strategies were carefully formulated by the Board and Senior Management in alignment with the Group's seven UN SDG commitments. Each Division is unique, presenting its own opportunities to bring value to and through the six Capitals. For instance, Offshore Production's goal of achieving a long-term EBITDA of USD500 million will not be a walk in the park. With US Crude plunging below zero for the first time in history in April 2020 amidst the Covid-19 induced supply glut and UK Export Financing withdrawing support of fossil-related projects in line with the Climate Ambition Summit in December 2020, Yinso faced an uphill task to close financing for the construction of FPSO Anna Nery. Despite the reluctance of many financial institutions to provide financing support for carbon related projects, we were eventually successful in closing the financing for a USD400 million bridge loan in September 2020, with strong support of our local and international house banks. We do not take such successes for granted. Learning from this experience, we aim to obtain committed funding before signing the charter contracts for future offshore production projects.

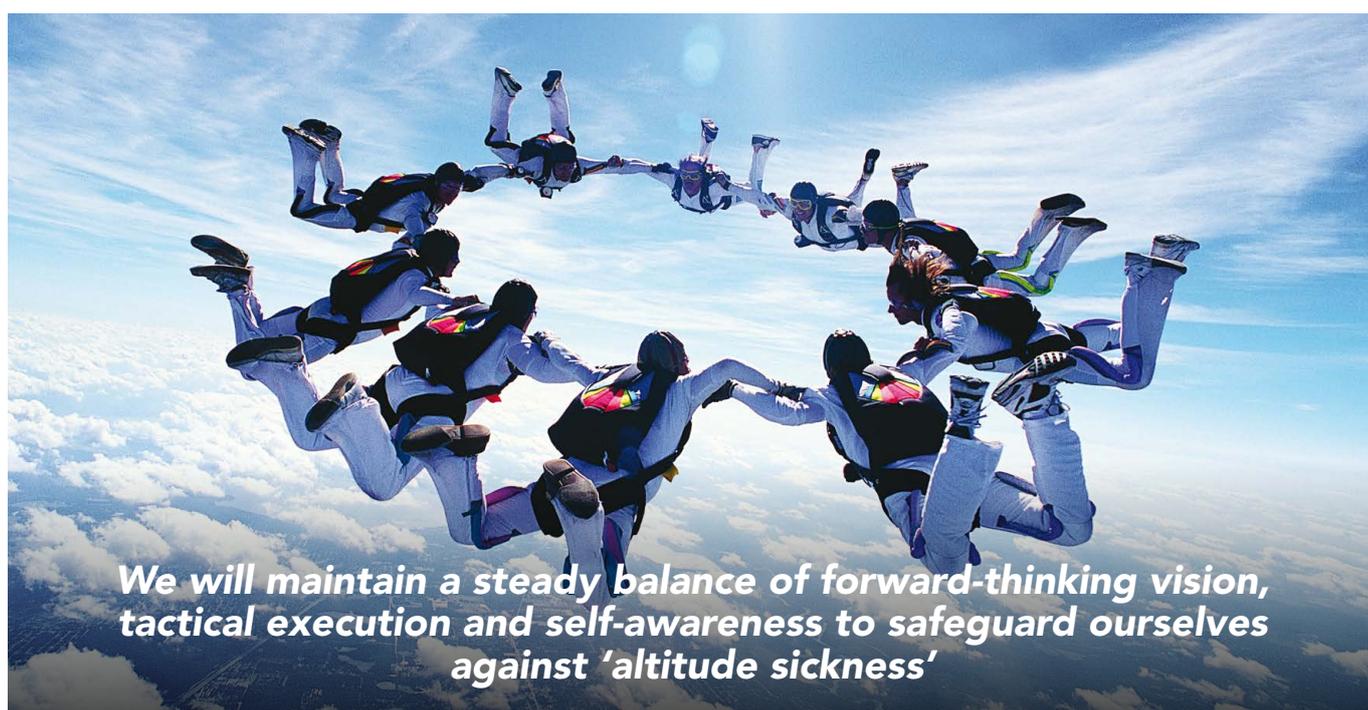
We are optimistic that the investments into our newer businesses will bring long-term value to our stakeholders, and that they will become equal pillars and contributors of

value to the Group. This will be achieved through a sensible and dynamic capital allocation strategy and by continuing to uphold our value proposition as a strong solutions provider to our clients to grow our market share. We are cognisant that there is a cost to break the barrier to entry in this competitive market and grow our renewables presence, but our Renewables Division will not participate where price is the sole competitive factor. With green technologies, we adopt a different strategy from the venture capital market where investors generally invest in a wide range of opportunities in the hope of finding the next unicorn. Instead, we take a targeted approach in developing the Green Technologies Division, where we leverage on our existing strengths and geomarkets to build profitable, disruptive businesses, based on clean technologies and digitalisation in the space of energy, mobility and marine.

We are proud of the value we have generated despite the many challenges faced this year and optimistic about plans we have put in place to continue our growth. With the strategy refresh presenting an even clearer direction, Yinso will continue to create value for our stakeholders, both internal and external.

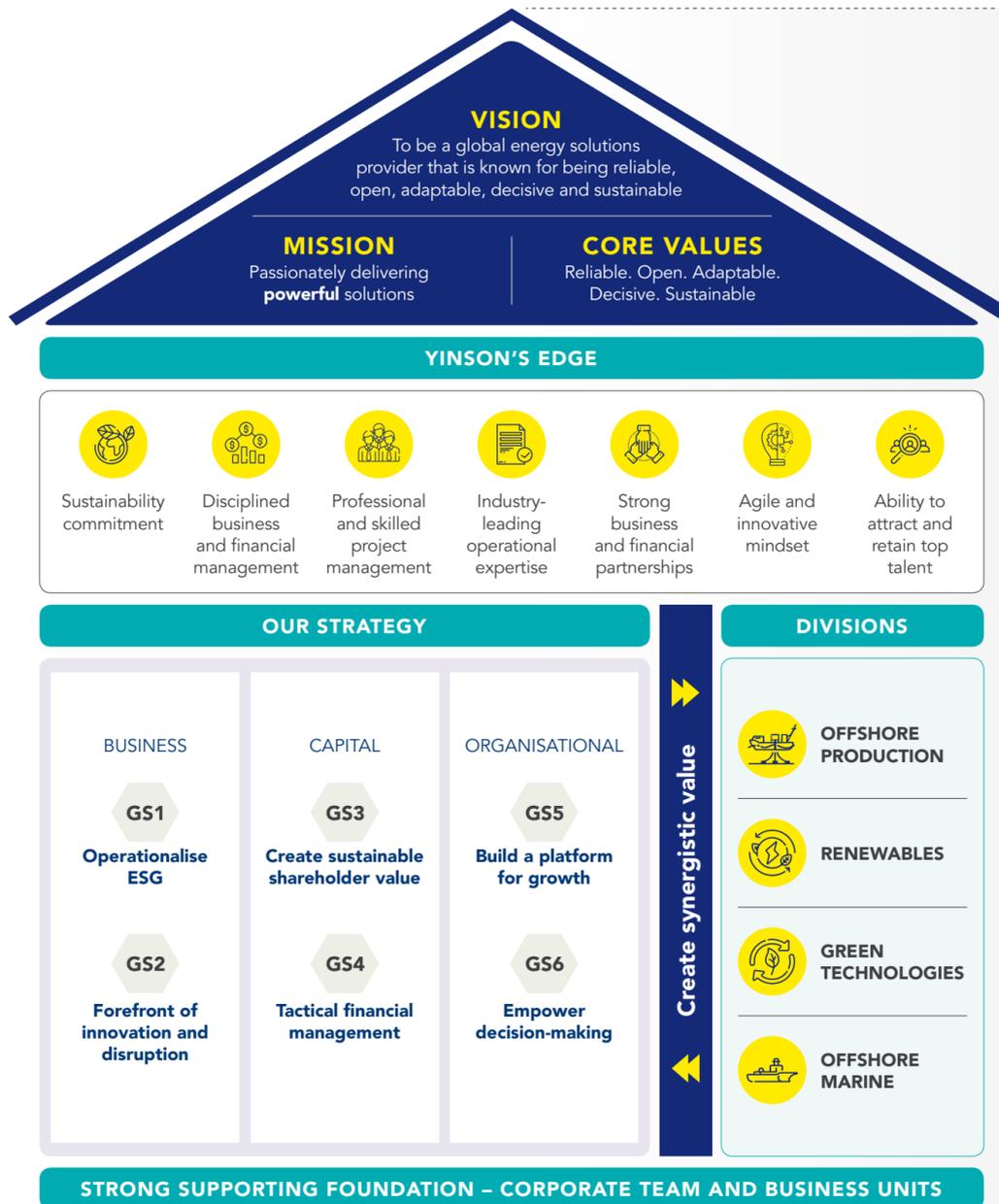
In closing, Yinso will adhere closely to our strategy framework, which emphasises the importance of adaptability to stay ahead in this fast-changing, complex, diversified and volatile economic environment. We will maintain a steady balance of forward-thinking vision, tactical execution and self-awareness to safeguard ourselves against 'altitude sickness'.

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YINSON'S STRATEGIC FRAMEWORK AND EDGE



DIVISIONAL GOALS AND STRATEGIES

BUSINESS DIVISIONS	GOALS	STRATEGIES	
		Short to medium-term (1 to 5 years)	Long-term (6 to 10 years)
<p>OFFSHORE PRODUCTION</p>	<ul style="list-style-type: none"> Increase portfolio of profitable assets, creating long-term EBITDA of USD500 million. Lead the way towards net zero with responsible solutions. Execute projects on time and on budget, to support a strong brand reputation. Deliver on our promises to clients and stakeholders on high quality operations. Maintain a safe workplace at all times. Build strong leadership team, skilled workforce and corporate culture. 	<ul style="list-style-type: none"> Continue to build a sustainable pipeline of conversion and redeployment projects, including through mergers and acquisitions. Proactively drive ESG initiatives to fulfill Group goal of reducing carbon intensity by 30% by 2030. Invest in asset lifecycle management via a proactive digitalisation strategy. Enhance learning opportunities, invest in leadership, safety and corporate culture development. 	<ul style="list-style-type: none"> Continuous development of our asset portfolio, creating a strong order book with stable cashflows. Optimise capital structure and expand liquidity pool to capture market opportunities. Continuously evaluate the effectiveness of our supply chain and project execution philosophy.
<p>RENEWABLES</p>	<ul style="list-style-type: none"> Be a significant standalone business within Yinson. Participate in the full renewables value chain. Participate globally by identifying and focusing on key core markets with scale/ value potential. Deliver additional value through efficient capital recycling. 	<ul style="list-style-type: none"> Develop significant presence in three markets and 3GW project pipeline by FYE 2023. Deliver growth both organically and through acquisitions with focus on growth in core markets. Build a lean and experienced team. Leverage internal teams both locally and globally, investing in training and development. 	<ul style="list-style-type: none"> Establish operations in five to seven markets, with a combined development and operating portfolio of 5 to 10GW, by FYE 2029. Achieve optimised operations through digitalisation and innovation. Adopt efficient capital recycling strategies and build strong equity and refinancing partnerships.
<p>GREEN TECHNOLOGIES</p>	<ul style="list-style-type: none"> Establish green technologies as a major revenue stream for Yinson. Develop profitable, disruptive businesses, based on clean technologies and digitalisation. Achieve a net carbon zero business. 	<ul style="list-style-type: none"> Identify and invest in strategic green technology companies and develop assets within the marine, mobility and energy segments. Relentlessly drive innovation in alignment with government incentives and global energy megatrends. Build low-carbon businesses serving commercial and industrial customers, supporting their own net zero ambitions. 	<ul style="list-style-type: none"> Accelerate business growth by working with like-minded partners and attracting investment capital. Establish Yinson as a recognised brand within net carbon zero technologies and businesses. Develop a net carbon zero solutions platform capable of adapting and incorporating novel technologies.
<p>OFFSHORE MARINE</p>	<ul style="list-style-type: none"> Maintain a strong utilisation rate. Maintain an industry-leading safety and performance track record. Create further value through synergistic merger opportunities. 	<ul style="list-style-type: none"> Achieve strong utilisation rate through active client engagement. Adopt industry best practises to meet safety and operational targets. Streamline business and seek synergistic mergers for value creation. 	<ul style="list-style-type: none"> Establish industry-leading improvements in safety and performance processes. Execute synergistic mergers for overall value creation of the Group.

HOW YINSON GENERATES VALUE

HOW YINSON GENERATES VALUE

VISION To be a global energy solutions provider that is known for being reliable, open, adaptable, decisive and sustainable

MISSION Passionately delivering **powerful** solutions

CORE VALUES

RELIABLE

OPEN

ADAPTABLE

DECISIVE

SUSTAINABLE

INPUTS

STRATEGIC FRAMEWORK AND BUSINESS ACTIVITIES

OUTPUTS

OUTCOMES

- C1 FINANCIAL**
 - > **RM2,050 million** cash and liquid investments
 - > **RM1,329 million** free and available cash
 - > **RM6,106 million** total loans and borrowings
- C2 MANUFACTURED Offshore Production**
 - > 5 FPSOs and 1 FSO in operation
 - > 1 FPSO under construction
 - > 1 donor vessel
- C2 Renewables**
 - > 2 operational solar plants
 - > 1 solar plant under construction
 - > Multiple sites under development
- C2 Offshore Marine**
 - > 3 AHTS
 - > 1 PSV
- C3 INTELLECTUAL**
 - > Implemented new VRP
 - > Implemented financial consolidation system
 - > Upgraded and expanded ERP system to more sites
 - > Enhanced Asset Lifecycle Management approach
 - > Strengthened corporate governance and organisational structure
 - > Maintained ISO 9001, 14001 and 45001 certifications for Offshore Production
- C4 HUMAN**
 - > **678** total employees
 - > **25** interns and management trainees
 - > **15,414** training hours on LMS
 - > **38** average training hours per learner
 - > **168** HSE course types
 - > **2,392** HSE training certificates issued
- C5 SOCIAL & RELATIONSHIPS**
 - > **11** clients
 - > **11** investor meetings
 - > **13** analyst briefings
 - > **7** industry conferences
 - > Over **USD130,000** spent on education-based CSR programmes
 - > Engagement with local vendors: **52% in Ghana, 37% in Nigeria, 54% in Malaysia**
- C6 NATURAL**
 - > **2,426,253MWh** energy used on FPSOs
 - > **176,366MWh** energy used on OSVs
 - > **517,710kWh** energy used in offices

YINSON'S EDGE

Sustainability commitment

Disciplined business and financial management

Professional and skilled project management

Industry-leading operational expertise

Strong business and financial partnerships

Agile and innovative mindset

Ability to attract and retain top talent

OUR STRATEGY

CREATE SYNERGISTIC VALUE

BUSINESS DIVISIONS

BUSINESS

- GS1 Operationalise ESG**
- GS2 Forefront of innovation and disruption**

CAPITAL

- GS3 Create sustainable shareholder value**
- GS4 Tactical financial management**

ORGANISATIONAL

- GS5 Build a platform for growth**
- GS6 Empower decision-making**

OFFSHORE PRODUCTION

RENEWABLES

GREEN TECHNOLOGIES

OFFSHORE MARINE

MATERIAL TOPICS (PG 78)

Environment

Social

Governance

UNITED NATIONS' SDGs (PG 74)

STAKEHOLDERS (PG 130)

S1 Bankers and lenders

S4 Employees

S7 Investors and shareholders

S10 Vendors/ suppliers

S2 Clients

S5 Governments and regulatory bodies

S8 Local communities

S3 Crew

S6 Industry

S9 Partners

OFFSHORE PRODUCTION
35,407,244
 barrels of oil equivalents produced

RENEWABLES
252GWh
 (10 months) accumulated net power generated

GREEN TECHNOLOGIES
 Investment into development and commercialisation of hydrofoil technology for marine harbour crafts and other green technologies projects

OFFSHORE MARINE
 Provided offshore support services to four clients

OPERATIONS BY-PRODUCTS
576,616 tonnes CO₂e
 total GHG emissions
772.3 tonnes
 total waste produced

- C1 FINANCIAL**
 - > **RM4.85 billion** Revenue
 - > **RM1,533 million** Adjusted Core EBITDA
 - > **RM735 million** Core PAT
 - > **RM5.01 billion** Adjusted Revenue
 - > **RM315 million** PATAMI
 - > **29.5 sen** Basic EPS
- C2 MANUFACTURED OFFSHORE PRODUCTION**
 - > **99.5%** technical uptime
 - > **100%** commercial uptime
 - > **FPSO Abigail-Joseph** achieves first oil
 - > **FPSO Anna Nery** on track for completion as scheduled
- C2 GREEN TECHNOLOGIES**
 - > Developed **Hydroglyder**, a concept harbour craft with advanced hydrofoil technology
- C2 OFFSHORE MARINE**
 - > **76.8%** fleet utilisation
- C3 INTELLECTUAL**
 - > **86** vendors assessed against ESG criteria via VRP
 - > Enhanced pre-qualification assurance and vendor performance capabilities
 - > Improved financial reporting turnaround times
 - > Improved efficiency and accuracy of ERP function
 - > Development of Lifecycle Cost Model to enable better decisions for FPSO maintenance
 - > Acknowledgement of strengthened corporate governance through ESG ratings and recognitions
 - > Industry-leading safety performance onboard our FPSOs
- C4 HUMAN**
 - > **4.7%** reduction in attrition rate
 - > **64%** staff engagement score
 - > **0 LTIF, 0.44 TRIF** for Offshore Production Division
 - > **0 LTIF and TRIF** for Offshore Marine Division
 - > **52** employees received long service awards
- C5 SOCIAL & RELATIONSHIPS**
 - > Education-based CSR impacted over **7,000** students
 - > Average **4.5 out of 5** satisfaction survey by investors and analysts
 - > Participants at **9 global industry conferences** benefited from Yinson's knowledge sharing
 - > Frontliners and local communities surrounding **6 country offices** supported in the fight against Covid-19
- C6 NATURAL**
 - > Carbon intensity of **16.3 CO₂e** per barrel of oil produced
 - > **Zero cases** of environmental non-compliance