

# BUSINESS REVIEW - OFFSHORE MARINE & MALAYSIA OPERATIONS

Commentary by

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## OFFSHORE MARINE HIGHLIGHTS FYE 2022

### FLEET

**3** AHTS

**1** PSV



### UTILISATION RATES

Yinson Hermes

**71.2%**

Yinson Perwira

**100%**

PTSC Huong Giang

**76.2%**

PTSC Lam Kinh

**89.6%**

Fleet average: **84.3%**  
Up 7.5% from FYE 2021

### HEALTH & SAFETY

**0** LTIF

**0** TRIF

**247,059**  
exposure hours

### ENVIRONMENTAL PERFORMANCE

**38,122.7 tonnes CO<sub>2</sub>e** carbon emissions  
Down by 20.3% from FYE 2021

**131,912.3 MWh** energy consumption

**66.6 tonnes** waste

**0** non-compliances with environmental laws and/or regulations

### HIGHLIGHTS

Received Logistic Operator Safety and Operations Excellence Award for PTSC Lam Kinh for the third consecutive year.

Covid-free operations due to successful implementation of Covid-19 Outbreak Management Plan.

Smooth dry docking for PTSC Lam Kinh.

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## REGULUS OFFSHORE GOALS &amp; STRATEGIES

## GOALS

- Maintain a strong utilisation rate.
- Maintain an industry-leading safety and performance track record.
- Create further value through synergistic merger opportunities.

## STRATEGIES

## Short to medium-term (1 to 5 years)

- 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.

## Long-term (6 to 10 years)

- Establish industry-leading improvements in safety and performance processes.
- Execute synergistic mergers for overall value creation of the Group.

## MARKET OVERVIEW

Malaysia is one of the key oil & gas producers in the Asia Pacific region, with an average daily production of more than 1.7 million barrels of oil equivalent in 2018 and contributing around 20% of the Malaysia's annual GDP. Correspondingly, the oil & gas, services and equipment ("OGSE") industry contributes between 5% and 8% of the country's GDP, with an annual revenue of more than RM65.1 billion from over 4,000 vendors and employing about 59,000 core talents in 2019. The oil & gas industry is mature in Malaysia, having served the global energy supply chain for over 40 years.

In recent years, Malaysia's oil & gas industry as a whole has been undergoing a significant transformation, with companies working to reshape their business models and implement strategies to bolster resilience amid evolving global circumstances.

PETRONAS, Malaysia's national oil company, has announced its aspiration to achieve net zero by 2050, spurring Malaysia's energy supply chain to align their strategies accordingly. The National OGSE Industry Blueprint 2021-2030, released by the country's Economic Planning Unit last year, outlines a roadmap to pivot the industry towards the energy transition. The Blueprint affirms the country's aspirations to be at the forefront of the world's transition to renewable forms of energy, while endeavouring to produce its oil & gas as cleanly as possible. In line with this, the FPSO sector in Malaysia provides moderate opportunities, with environmentally-friendly FPSO designs prioritised.

According to the PETRONAS Activity Outlook 2022 to 2024, over 300 new offshore platforms and 11,000km of pipeline are anticipated to be established in Malaysian waters over the next two years. This provides a healthy and stable market for Malaysia's Offshore Support Vessel ("OSV") segment in the near term, as OSV services are required for the construction and operation of offshore assets and infrastructure. Globally, the push for low-carbon power generation technology

deployment is likely to augment growth of the global OSV market, with reports estimating the market to reach USD23.6 billion by 2028. The market size stood at USD13.8 billion in 2020.

Malaysia's cabotage policy, implemented in 1980 through the Merchant Shipping Ordinance 1952 continues to be a significant factor affecting the domestic marine industry. The policy, which prioritises Malaysian vessels for operations domestic shipping operations, aims to develop Malaysian ownership and local shipping in general, whilst reducing Malaysia's dependence on foreign vessels and reducing the outflow of foreign exchange in the form of freight payments.

## YEAR IN REVIEW

## Malaysia operations update

Our maiden Malaysian offshore production asset, FPSO Helang, started operating on 6 December 2019 at Block SK10, offshore Miri. The asset went into production after achieving a timely delivery, 19 months after contract signing.


The FPSO has recorded a good operational performance since the start of operations, with average technical uptime of 99% (100% commercial uptime) recorded in FYE 2022. Safety-wise, we are pleased that FPSO Helang has performed well with FYE 2022 marking the asset's second LTI-free year in a row and no major gas leaks or oil spills since the commencement of operations. As part of our early intervention measures to manage the Covid-19 pandemic, FPSO Helang was one of the first offshore facilities in Sarawak to implement mandatory antigen rapid testing followed by RT-PCR testing prior to boarding. The unit achieved 100% vaccination status by 25 September 2021, making it the first unit in Yinson fleet to mark this milestone.

As mentioned above, PETRONAS is serious about its carbon goals, and has been cascading this down to the oil & gas

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supply chain locally. We are doing our part to work closely with our client JX Nippon to explore how we can lower the emissions of FPSO Helang. Thus far, we have commenced feasibility studies for the installation of hydrocarbon blanketing and closed flare technologies on board. The studies are on track to be completed by the first half of 2022.

Malaysia is where Yinson was founded and is currently headquartered, and we are privileged to contribute back to the country’s energy supply through FPSO Helang.

 *Environmental performance, pg 101; Zero emissions FPSO concept, pg 102; Climate change & greenhouse gas emissions, pg 159*

The oil & gas market is mature in Malaysia. The development of some newly discovered resources, some of which are deep water, provides moderate opportunities for FPSO players. In line with the national push for climate-friendly

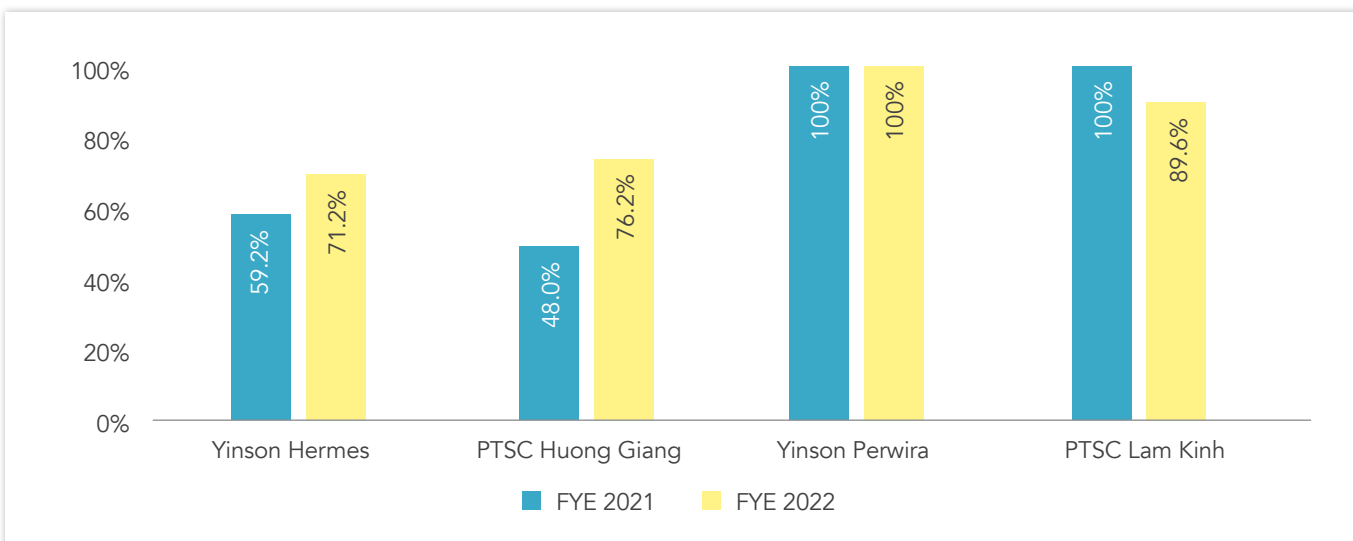
energy production, we believe that FPSO companies with a commitment and track record in low-emission designs and relevant technological expertise will have an advantage when bidding for upcoming FPSO projects in Malaysia. With our strong sustainability leadership position, plus proven track record in governance and project delivery, Yinson is well positioned to enter into such opportunities within the Malaysian FPSO space.

### Offshore Marine update

#### Fleet utilisation

Our fleet utilisation rate for FYE 2022 had a slight increase of 7.5% to 84.3% in comparison with the previous year of 76.8%. The improved demand was a result of the reopening of the economy and lifting of the movement restrictions arising from the Covid-19 pandemic.

### REGULUS OFFSHORE FLEET UTILISATION



Yinson Hermes	Yinson Hermes secured a much higher fleet utilisation rate in FYE 2022 due to back-to-back projects. Yinson Hermes provided cargo delivery for a platform extension module, crew accommodation and supported cargo runs.
PTSC Huong Giang	PTSC Huong Giang was active for most of the year, apart from the monsoon season, when PSV-type vessels are typically less active. The asset supported a well intervention project and served as a back-up for PTSC Lam Kinh when it was undergoing drydocking.
PTSC Lam Kinh	PTSC Lam Kinh’s utilisation rate dipped to 89.6% from 100%, as it underwent a 24-day drydock in Singapore before sailing for bollard pull certification at Batam, Indonesia and coming back to Bunga Orkid field.
Yinson Perwira	For the third consecutive year, Yinson Perwira maintained its full utilisation rate as a support vessel at Kikeh Field.

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### Completion of dry dock for PTSC Lam Kinh

PTSC Lam Kinh had completed a planned dry dock in December 2021. The dry docking experienced some delays mainly due to additional, stringent Covid-19 measures authorised by local port authorities, causing the 20-day programme to be extended to 24 days. After dry docking, the vessel sailed to Batam, Indonesia for the bollard pull certification before sailing back to Malaysia to arrive at Kemaman Port on 6 December 2021.

### Covid-19 update

As the industry transitions from pandemic to endemicity, the overall strategy of the Green Bubble Framework, implemented under the purview of Malaysian Petroleum Management ("MPM"), has proven effective. Under the framework, more stringent SOPs were put in place to ensure there were no gaps in crew vaccination status at all times. Adherence to the framework has improved our business continuity in comparison with the first year of the pandemic.

Thanks to the collaboration with our clients as well as active membership with the Malaysian Ship Owners Association, we were able to expedite our vaccination programmes. Our crew were amongst the earliest seafarers to be vaccinated in Malaysia and are now fully vaccinated including booster shots, and our fleet has remained Covid-free since the beginning of the pandemic. We attribute these successes to the smooth implementation of our Covid-19 Outbreak Management Plan, which was diligently updated in line with MPM recommendations.

### HSE performance

Our fleet had Zero LTIs across all assets and recorded seven HSEQ-related incidences throughout the year. All the incidences were low risk, namely 1 first aid case, 3 low-impact property damage cases and 3 near misses. All incidents were reported and investigated.

### REGULUS OFFSHORE HSE PERFORMANCE

	FYE 2020	FYE 2021	FYE 2022
<b>Fatalities</b>	0	0	0
<b>Lost Time Injury</b>	0	0	0
<b>Medical Treatment Case</b>	0	0	0
<b>Restricted Work Case</b>	0	0	0
<b>First Aid Case</b>	0	0	1
<b>Lost Time Injury Frequency</b>	0.00	0.00	0.00
<b>Total Recordable Injury Frequency</b>	0.00	0.00	0.00

### Awards

We received the Logistic Operator Safety and Operations Excellence Award from our end client for the charter of PTSC Lam Kinh - the third subsequent year that we have received this award. The award qualification was based on zero high-impact incidents, high-performance HSE Plan scoring results, HSE walkabout findings and closeout, fuel optimisation, and high operational uptime with no downtime disruptions. Maintaining the award for three years in a row despite the pandemic has spurred us to pursue our passion in delivering powerful solutions.

### CLOSING REMARKS

Our sincere thanks to PETRONAS, the Government of Malaysia, our clients and all our other stakeholder groups for the tremendous support provided to us in the year. A great shoutout goes to our crew and employees, who have made sacrifices to keep our operational and safety performance at top level.

As an organisation that was founded, and is currently headquartered in Malaysia, Yinson is committed to contributing back to this country. Thus, we will continue to operate responsibly and do our part to fully support Malaysia's decarbonisation efforts towards a net zero future.