

CHAIRMAN STATEMENT

Commentary by Mr Lim Han Weng, Group Executive Chairman



On behalf of the Board, I am pleased to present Yinson's Integrated Annual Report 2023. In the financial year under review, we continued to deliver strong and steady financial results, driven by our aim of creating a long-term and sustainable economy that is fair and equitable to all. We can only achieve a sustainable future if it is inclusive. To us, this means that we will anchor our strategic decisions around taking care of those who are most vulnerable and affected by the changes.

**RM1.19
billion**

raised through
rights issue exercise,
oversubscribed by

22.31%

**USD720
million**

syndicated loan
financing facility
secured to finance
FPSO
Maria Quitéria's
construction

Participated in Bursa
Malaysia's inaugural

**Voluntary
Carbon
Market**

Recommended final
dividend of

1.0 sen

per ordinary share for
FYE 2023

PAT was

**RM588
million,**

an increase of
12.2%

over FYE 2022

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NAVIGATING A YEAR OF RECOVERY

2022 started with the world breaking free from the chains of the pandemic as countries lifted restrictions, embraced endemicity and rebuilt economies. The greater economic activity lifted consumer demand, created supply shortages and drove prices of food, energy and commodities higher, complicated by supply chain disruptions that were still recovering from the effects of the pandemic.

The onset of the Russia-Ukraine conflict in February 2022 exacerbated the situation, pushing prices of commodities, energy and food even higher. Oil prices hit a high of USD127 per barrel in March 2022 and remained elevated for the rest of the year.

As a result, inflation rose to multi-year highs in many economies, leading to central banks rapidly tightening monetary policy to subdue inflationary pressures. The higher inflation weighed on economic growth prospects, with the International Monetary Fund forecasting global growth of 3.4% in 2022, compared to the 6.0% achieved in 2021.

Amid this backdrop, however, global demand for clean, affordable and stable energy continues to grow, which has helped drive expansion in all our business units. The Floating, Production, Storage and Offloading ("FPSO") market, for example, continues to see strong demand for contractors like Yinson, who have an edge in emissions reduction technologies and a solid track record of on-time delivery and safety and operational performance.

The broader effect of elevated energy prices is the acceleration of the energy transition, as more investments pour into developing renewable and alternative sources of energy. This has supported the progress of our renewables pipeline in our core markets of Latin America, the Asia Pacific and Europe. We are pleased that in the financial year under review, we tripled the capacity of our projects under construction and in development. Concurrently, our Green Technologies business charted remarkable growth in the area of electrification as the automotive and marine transport industries decarbonised aggressively.

KEY MILESTONES

In FYE 2023, we successfully secured financial resources to fund our FPSO projects under construction. In June 2022, our largest rights issue to-date amounted to RM1.19 billion and was oversubscribed by 22.31%. The proceeds from the rights issue fuelled our Group's growth and expansion plans in the FPSO business and improved our net gearing and financial position. Additionally, in October 2022, we obtained a six-year USD720 million syndicated loan financing facility from a consortium of local and international banks to finance the ongoing construction of FPSO Maria Quitéria.

Then in late 2022, we issued RM360 million of Islamic notes under our Subordinated Perpetual Islamic Notes Programme to refinance existing perpetual bonds.

In going to the market thrice during the year, we were encouraged by the strong reception received, despite tighter market liquidity in a rising interest rate environment. This was a clear vote of confidence in Yinson's abilities to deliver value to our stakeholders and a testament to the effectiveness of our business strategies.

STRENGTHENING OUR LEADERSHIP

I am very pleased to welcome Puan Fariza binti Ali @ Taib as a Non-Independent Non-Executive Director, effective 31 May 2023. Puan Fariza is the Head of the Real Estate Investment Market Department at the Employees Provident Fund ("EPF"), and previously held the roles of Head of Fixed Income Portfolio and Head of External Fund Management. Her experience in the areas of portfolio management investments and capital markets will prove invaluable to the Group as we navigate the transforming economic landscape and continue to drive growth across our business units. Puan Fariza replaces Puan Rohaya binti Mohammad Yusof, who stepped down from the Board after faithfully serving as Non-Independent Non-Executive Director for over three years. Puan Rohaya's extensive experience in finance, investments, policy and governance, has greatly strengthened our Board, and her valuable insights have guided us through one of the most pivotal periods of Yinson's growth. We sincerely thank Puan Rohaya for her contribution and wish her all the best in all her future endeavours.

The Group continued to evolve internally to support our business strategies in line with our rapid growth. From late 2022, we strengthened the leadership and key functions of our business units towards facilitating greater decision-making autonomy. This, plus the reorganisation of business activities into their respective business units, will result in stronger governance and decision-making according to the unique needs of each of our businesses and ensure that Yinson can continue building and growing in a sustainable manner.

We also made changes at the Senior Management level with the position of the Group Chief Strategy Officer ("Group CSO") being succeeded by Mr Chai Jia Jun, who was the Director of the Group CEO Office. Mr Daniel Bong, who previously held the position of Group CSO and Head of Group Corporate Advisory, has been appointed as the Chief Executive Officer ("CEO") of Farosson, our newest business unit headquartered in Singapore. At Farosson, Daniel will spearhead Yinson's foray into advisory solutions, investments and asset management with a focus on capital recycling activities and sustainable infrastructure investing.

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DELIVERING VALUE

In FYE 2023, the Group delivered a strong set of financial results, recording higher revenue of RM6.3 billion (FYE 2022: RM3.6 billion) mainly driven by FPSO Maria Quitéria and FPSO Atlanta, which commenced Engineering, Procurement, Construction, Installation & Commissioning ("EPCIC") business activities in the current financial year. Correspondingly, PAT was RM588 million, an increase of 12.2% over FYE 2022.

We have distributed RM29 million in dividends for FYE 2023, representing 1.0 sen per ordinary share declared for FYE 2023. Including the final dividend of 2.0 sen per ordinary share in respect of FYE 2022 paid in the current financial year, the total distribution to shareholders in FYE 2023 amounted to RM87 million. In addition, we have recommended a final dividend of 1.0 sen per ordinary share for FYE 2023 for shareholders' approval at the forthcoming 30th Annual General Meeting ("AGM").

GOVERNANCE

At Yinson, we continuously strive to improve our corporate governance standards through a strong commitment to ethics and integrity, exercising discipline in our risk management and sustainability practices while enhancing the quality of our disclosures. In the year under review, we updated the Board Charter to recognise the renaming of the Board Risk Management Committee ("BRMC") to the Board Risk and Sustainability Committee ("BRSC"). This change further institutionalises and reinforces the management and oversight of sustainability in Yinson at Board-level.

In the context of anti-bribery and anti-corruption, we enabled self-paced learning on Yinson's Learning Management System ("LMS") and translated our Anti-Bribery and Anti-Corruption ("ABAC") Policy and Procedure Guide and other compliance-related policies and procedures to Portuguese, in line with our growth in Brazil. Additionally, both YHB and YP underwent their first Anti-Bribery Management System ("ABMS") Surveillance Audit for the ISO 37001:2016 and received commendable feedback on the implementation of the system from Bureau Veritas, the external certification body.

From a risk management perspective, we developed the climate risk and unique risk profiles for YGT and YP and appointed Risk Coordinators for key business units. In addition, the risk management database was digitalised to enable a single risk repository system which consolidates the risk data at a single source, with enhanced risk dashboard reporting.

Yinson's commitment to governance best practices has been recognised this year through a range of awards, such as the Industry Excellence Award under the energy sector at the MSWG-ASEAN Corporate Governance Award and two awards at the Global Good Governance Awards for Leadership in Sustainability and Excellence in Green Innovation and Solutions. For our dedication to balanced and transparent reporting, Yinson's Annual Report won silver at both the Australasian Reporting Awards and the 7th Asia Integrated Reporting Awards.

SUSTAINABILITY AT OUR CORE

Yinson continues to make significant progress in building the sustainability of our business, aligning our decision-making, strategies and actions with our unyielding mission of making inclusive, community-focused ESG decisions.

In this context, we are injecting urgency into our climate action. We joined the UNGC as a signatory member, further affirming our commitment to improving our environmental, labour and human rights and anti-corruption performance.

Yinson was one of 15 companies to successfully participate in Bursa Malaysia's inaugural Voluntary Carbon Market. We believe that putting a value on carbon is a step in the right direction for Malaysia as this can spur market players to more effectively manage their carbon footprint. We will continue to support the Voluntary Carbon Market and will participate in the development of its ecosystem.

Our sustainability performance has earned us commendable ESG ratings. We were awarded 'ESG Industry Top Rated Company' by Sustainalytics, following a significant improvement in our performance in 2022 that placed us in the 2nd percentile of global energy companies. We also achieved a marked improvement in our ratings with FTSE4Good in 2022 to be placed among the top 25% of public listed companies ("PLCs") on the FBM EMAS. These achievements were accompanied by a number of awards, such as 'Gold' at The Edge ESG Awards and 'Pioneer in Sustainable Development Action' recognition from UNGC Malaysia and Brunei.

During the year under review, we continued to participate in corporate social responsibility ("CSR") initiatives that empower communities and conserve the environment, guided by the nine SDGs that we align with as a Group.

Under the Yinson Scholars Programme in Ghana, which has been ongoing since 2019, we doubled our scholarship recipients from 10 students to 20 students annually in 2022 and extended the programme to include undergraduate scholarships. Since inception, this programme has provided scholarships to 60 Senior High School students and five undergraduate students from low-income families.

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We also built and furnished a new canteen, classroom block and library, organised a reading and spelling competition, conducted teacher training and donated laptops.

In doing our part for the environment, we installed mooring lines and buoys at the Miri-Sibuti Coral Reefs National Park, Sarawak, which will prevent damage to coral reefs underwater. Our subsidiary in India, Rising Sun Energy, through a partnership with the Wildlife Trust of India (WTI) saved demoiselle cranes affected by the H5N1 virus and a leopard trapped in a well. In Kuala Lumpur, our employees volunteered in a tree planting activity with the Free Tree Society.

These, and many more CSR activities, will continue to be an important part of how we do business.

A STRONG, STABLE OUTLOOK

As we look ahead, we remain optimistic about the future of our businesses, fuelled by the strong demand for energy. However, we also recognise the various uncertainties that exist in the markets we operate in. That is why we are committed to putting sustainability and ESG front and centre, making them the heart of our decision-making process. By doing so, we believe that we can weather the ups and downs of the energy market while delivering sustained value to our stakeholders.

We are proud to be doing our part for the communities and the environment, and we believe that our foundation built on sustainability will continue to set us apart. With a long-term perspective and a commitment to doing what is right, we are confident that we can continue to grow and succeed, while making a positive impact on the world around us.

The world must achieve net zero to survive; there is no doubt about it. Yet, net zero must not happen without a just and inclusive transition. We cannot let the desire for perfection be an obstacle that prevents us from doing good. As we embark on this journey, especially as a forerunner in this space, we are likely to make some mistakes. However, we are determined to learn from those mistakes and move forward stronger and wiser than ever. As we step forward boldly, we believe we will discover opportunities that could potentially be bigger than any industrial revolution the world has ever seen.

We are excited about the opportunities that lie ahead to embrace the energy transition and we will continue to strengthen our rights to win in partnership with many other like-minded stakeholders.

ACKNOWLEDGEMENTS

In closing, we would like to say thank you to all those who have contributed to our success. Thank you, my fellow Board members for your wisdom and counsel in guiding the Company forward. To our shareholders and investors, we value the trust you have placed in us and remain committed to delivering long-term value. To our clients and partners, we are grateful for the opportunity to work with you. We remain steadfast in delivering on our commitments to the best of our abilities.

For the communities where we operate, we recognise the importance of being good corporate citizens and are committed to creating positive environmental, social and economic impacts. And finally, to our employees and their families, we deeply appreciate your hard work and dedication. You are the backbone of our Company, and our success is directly tied to your contributions. We look forward to continuing to work together to achieve our goals.