

YINSON PRODUCTION

COMMENTARY BY FLEMMING GRØNNEGAARD, YINSON PRODUCTION CHIEF EXECUTIVE OFFICER

HIGHLIGHTS FYE 2024

GLOBAL POSITION

>USD 22 billion

order book over firm and option periods until 2048

2nd largest by order book

3rd largest by fleet size

Over **1700 employees and crew** working in **10 countries**



ENVIRONMENTAL PERFORMANCE

33.9 kg CO₂e/BOE carbon intensity

6.3 ppm

oil in slop water content from Yinson Production-operated FPSOs

14.3 ppm

oil in produced water content from Yinson Production-operated FPSOs

372 tonnes

waste generated by our offshore assets

0.3 litres hydrocarbon spills to sea

0 non-compliances with environmental laws and/or regulations

OPERATIONAL PERFORMANCE

58.9 million

barrels of oil equivalent produced

0.06 LTIF

(<IOGP benchmark 0.28)

100%

commercial uptime

0.36 TRIF

(<IOGP benchmark 0.99)

99.7%

technical uptime

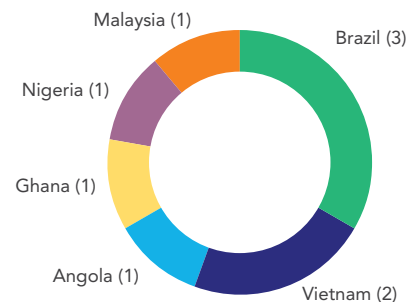
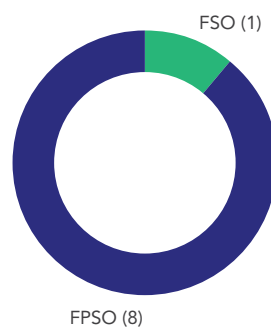
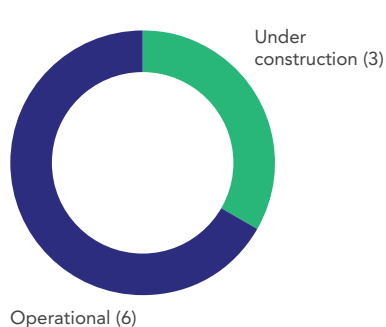
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major ISM or ISO non-conformities

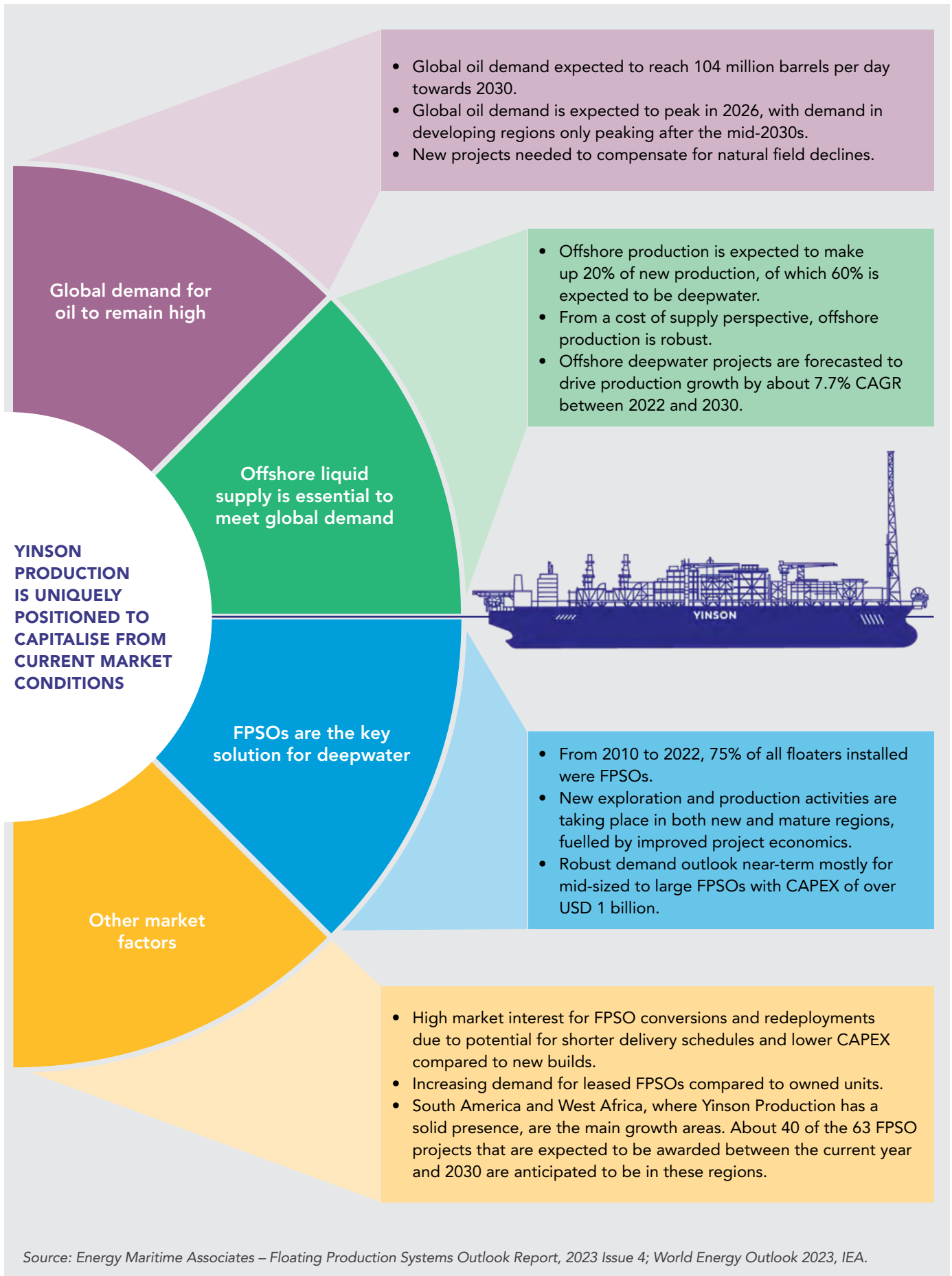
99.7%

average 5-year technical uptime

FLEET



MARKET OVERVIEW AND OUTLOOK



Source: Energy Maritime Associates – Floating Production Systems Outlook Report, 2023 Issue 4; World Energy Outlook 2023, IEA.

MEETING OUR STRATEGIC GOALS

We are making strong progress against our six strategic goals that were set in 2020.

STRATEGIC GOALS (2020 – 2030)	▶ PROGRESS AGAINST OUR GOALS												
<p>Increase portfolio of profitable assets, creating long-term EBITDA of USD 1 billion* by 2030.</p> <p><i>* Note: Revised in FYE 2024 from the initial target of USD 500 million by 2030.</i></p>	<p>EBITDA (USD million)</p> <p>FYE</p> <table border="1"> <thead> <tr> <th>FYE</th> <th>EBITDA (USD million)</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>658</td> </tr> <tr> <td>2023</td> <td>434</td> </tr> <tr> <td>2022</td> <td>348</td> </tr> <tr> <td>2021</td> <td>317</td> </tr> <tr> <td>2020</td> <td>185</td> </tr> </tbody> </table>	FYE	EBITDA (USD million)	2024	658	2023	434	2022	348	2021	317	2020	185
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<p>Lead the way towards net zero with responsible solutions.</p>	<ul style="list-style-type: none"> • FPSO Agogo is designed to feature a full suite of carbon emission reduction technologies and stands at the forefront as one of the most environmentally advanced vessels to be in operation. • We are also actively investing into the carbon value chain to develop solutions for the industry and beyond. 												
<p>Execute projects on time and on budget to support a strong brand reputation.</p>	<ul style="list-style-type: none"> • FPSO Helang, FPSO Abigail-Joseph and FPSO Anna Nery were all delivered as promised. • FPSO Atlanta, FPSO Maria Quitéria and FPSO Agogo are currently under construction and on track for delivery as scheduled. 												
<p>Deliver on our promises to clients and stakeholders to maximise value creation with high quality operations.</p>	<p>AVERAGE 5-YEAR FLEET TECHNICAL UPTIME</p> <table border="1"> <thead> <tr> <th>FYE</th> <th>Average 5-Year Fleet Technical Uptime</th> </tr> </thead> <tbody> <tr> <td>FYE 2020</td> <td>100%</td> </tr> <tr> <td>FYE 2021</td> <td>99.8%</td> </tr> <tr> <td>FYE 2022</td> <td>99.8%</td> </tr> <tr> <td>FYE 2023</td> <td>99.6%</td> </tr> <tr> <td>FYE 2024</td> <td>99.7%</td> </tr> </tbody> </table>	FYE	Average 5-Year Fleet Technical Uptime	FYE 2020	100%	FYE 2021	99.8%	FYE 2022	99.8%	FYE 2023	99.6%	FYE 2024	99.7%
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<p>Maintain a safe workplace at all times.</p>	<ul style="list-style-type: none"> • We have maintained a best-in-class safety performance since the start-up of operations, with performance for the past 5 years surpassing industry benchmarks. 												
<p>Build strong leadership team, skilled workforce, and corporate culture.</p>	<ul style="list-style-type: none"> • Yinson Production has a strong and capable senior leadership team and a workforce of more than 1,700 spanning 10 countries. 												

THE YEAR IN REVIEW

All FPSO projects progressing smoothly

Yinson Production's priority throughout 2023 was delivering our four FPSO projects under construction, as their timely delivery is crucial to unlocking the sustained value that will facilitate our growth plans, both as a business and as part of Yinson Group.

A huge milestone in the financial year was FPSO Anna Nery achieving first oil on 7 May 2023. Executing this project during the pandemic was not easy. However, with support from our client, vendors, and investors, we were able to navigate the uncertainties to deliver our first Brazilian asset for our client.

We have successfully completed FPSO Atlanta's project execution phase, marked by the vessel's sail away from Dubai on 15 March 2024. The asset arrived in the Atlanta Field in the Santos Basin, Brazil on 11 May 2024. The project has clocked over 10 million manhours without LTI, and is progressing well towards first oil before year-end.

The FPSO Maria Quitéria project is progressing according to schedule with respect to first oil. All topsides modules are onboard and integrated and commissioning is underway with system handover to operations ongoing. The project incorporates some key technological features to reduce emissions including combined cycle power generation and flare gas recovery. The asset's naming ceremony celebration was held in early April 2024, with sail away from the shipyard following on 7 May 2024.

As of May 2024, FPSO Agogo has achieved 18 million manhours, with progress at around 73%, on par with the forecast. Core engineering activities, as well as procurement activities for Marine and Topsides CSI packages are completed. Construction work is progressing well, with first module lifting campaign completed in March 2024 and second module lifting campaign planned in June 2024. 25% of overall Mechanical Completion has been achieved and commissioning activities are planned to start in May 2024 ahead of schedule. Overall, the project is advancing steadily, with teams actively managing various aspects to ensure alignment with schedules and objectives.

FPSO Anna Nery starting up production in May 2023 has improved Yinson Production's cash returns. When our operating fleet is joined by FPSO Maria Quitéria and FPSO Atlanta (scheduled for end 2024), followed by FPSO Agogo (scheduled for Q4 2025), recurring revenue from FPSO Operations will be at its strongest yet, increasing Yinson Production's platform value even further.

Building a strategic pipeline to unlock value for the business and Group

In this present flourishing offshore production market, we are one of a limited number of FPSO providers globally that have the capabilities to meet increasingly complex technical requirements. The high demand for our services allows us to strategically build our project pipeline to match our strengths and business plans.

OUR STRATEGIC CONSIDERATIONS WHEN BUILDING OUR FUTURE PROJECT PIPELINE

Geographical location

We will maintain focus on South America, Africa, and Asia, which dominate the outlook for the FPSO industry. These areas are where Yinson currently has the strongest presence, and we aim to further capitalise on our track record with our clients and our local human capital. These are also where most emerging economies, which are facing critical energy security concerns, are located. Yinson Production will play an important role in the provision of energy to support local economic growth.

Carbon emissions profile

We will select projects which align with our Climate Goals of lowering our operating fleet's carbon intensity by 30% by 2030, and a further 30% by 2050. We will work with clients that support our philosophy and share our targets.

Project developments

We will maintain focus on conversion and redeployment projects, and mid-sized, deepwater units. We will leverage our long track record in this environment.

Technology

We will continue developing our carbon technologies and integrate such facilities in future design. Our concept for CO₂ Floating Storage and Injection Unit will be offered to our clients as well as the Green and Blue Ammonia FPSO Concept. New markets will form part of our future project pipeline.

Maintaining industry-leading safety performance

Yinson Production’s Health, Safety and Environment (“HSE”) performance in the period under review was superior to industry benchmarks, maintaining our best-in-class safety performance standards over the years. Operational Health and Safety (“OHS”) is Yinson’s most material matter, therefore we will never compromise on the safety of our people and are committed to continuous improvement and optimisation.

YINSON PRODUCTION’S HSE PERFORMANCE

	LTIF	IOGP benchmark
FYE 2022	0	0.22
FYE 2023	0	0.24
FYE 2024	0.06	0.28

	TRIF	IOGP benchmark
FYE 2022	0.14	0.78
FYE 2023	0.21	0.85
FYE 2024	0.36	0.99

A key focus for us in 2023 was enhancing our subcontractor management processes, as we recognise the high-risk nature of our contract partners’ operational environments. Measures taken include enhancing our vendor screening process, implementing support within third-party incident investigation processes and implementing an online methodology to assess high-risk tasks performed by subcontractors. These measures have improved our compliance rates to consistently surpass 95% throughout the year.

SUBCONTRACTOR HSE PERFORMANCE

	Our performance	IOGP benchmark
LTIF	0.06	0.28
TRIF	0.34	0.99
Lost Workday Cases: average days lost	17	49
Restricted Workday Cases: average days lost	15	27

Note: For the period January to December 2023.

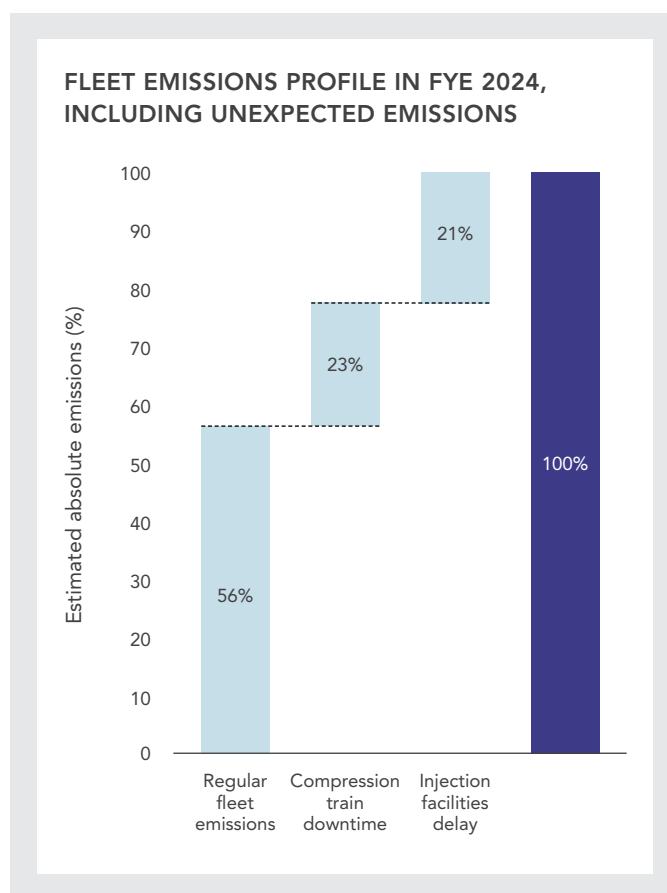
Other HSE improvement initiatives that took place during the period under review include:

- Establishment of a Competency and Capability Framework for Health, Safety, Security, Environment and Quality (“HSEQ”) personnel and the broader workforce.
- Performance benchmarking to International Association of Oil & Gas Producers (“IOGP”).
- Progressive digitalisation of numerous risk assurance and reporting processes.
- Synchronisation of our Emergency Preparedness protocols with ISO 22320 Security and Resilience – Emergency Management – Guidelines for Incident Management.

 Occupational Health & Safety, pg 105 - 108.

Steady environmental performance amid continuing efforts to lower our emissions

The majority of our fleet performed well with regards to environmental metrics. However, despite our best efforts, our carbon intensity remained at elevated levels for the financial year, landing at a fleet average of 33.9 kg CO₂e/BOE. 43% of our absolute emissions in FYE 2024 are attributed to unexpected flaring on two assets. First, as a result of a delay in building gas infrastructure on one asset, due to circumstances beyond our control, and secondly, due to technical downtime on the compressor train on another asset, reducing gas reinjection capacity. The absolute emissions of our fleet are reflected in the graph below.







We have invested considerable time and resources with our respective clients to mitigate disruptions and reduce emissions from the two assets. As measures are still being implemented, the emissions from these assets will follow the current upward trend in FYE 2025. However, through our joint efforts, a significant decrease in fleet carbon intensity is expected to be reflected in our FYE 2026 emissions profile.

Further to this, we have signed an agreement for two engineering studies aimed at retrofitting a closed flare system and a hydrocarbon blanketing system for one of our current operating assets. On another asset, we are in talks with our client to implement gas export capabilities. Due to the complexity of retrofitting technologies on our assets and supply chain constraints, these projects could take some time to materialise if we reach final investment decision with our clients.

The measures we are taking are in line with our strategy to optimise our existing fleet where possible while fitting the latest emission reduction technologies on our new projects.

Making great strides in lowering the emissions of our future fleet and industry as a whole

The Zero Emissions FPSO Concept designs are continuously being developed and deployed across our fleet. As the industry matures and as we gain more knowledge in this space, we are able to mature the designs and evaluate how they can be adapted into our future and existing units. For example, we are currently working on detailed design engineering to close the HP flare and connect the hydrocarbon blanketing system onboard one of our assets. We are also working on the completion of FPSO Agogo where major components of the Zero Emissions Concept are being installed.

CONTINUOUS IMPLEMENTATION OF LOW EMISSIONS FEATURES ON OUR ASSETS			
			All electric drives
			Automated process controls
		All electric drives	Closed flare system
		Automated process controls	Hydrocarbon blanketing
	Automated process controls	Closed flare system	Combined cycle technology
All electric drives	Closed flare system	Combined cycle technology	Pilot carbon capture plant
Automated process controls	Hydrocarbon blanketing	DNV Abate notation	Seawater Turbine Generator
			
FPSO Anna Nery Operational May 2023	FPSO Atlanta Expected to be operational by Q3 2024	FPSO Maria Quitéria Expected to be operational by Q4 2024	FPSO Agogo Expected to be operational by Q4 2025

Yinson Production is actively participating in the carbon value chain, with a view of diversifying our product offering while providing solutions for our clients, our industry, and beyond, to manage carbon emissions. Carbon capture and storage solutions form part of our strategy to remove the majority of the residual emissions on our operating assets. Direct air capture onshore also forms part of our strategy to reduce our residual emissions, and at the same time can be offered as a solution to other businesses to achieve their own net zero goals. Our participation in this value chain leverages our expertise in project execution and the operation of complex technical assets.

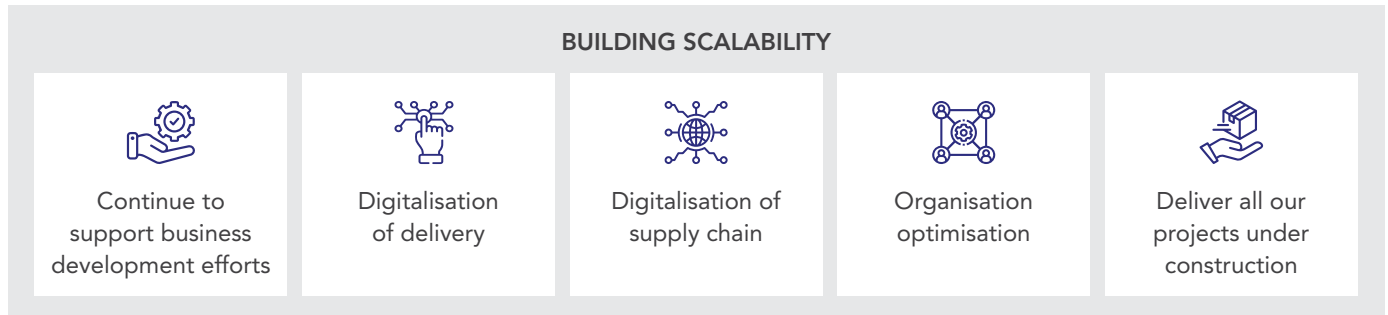
 Case study: Building the carbon value chain, pg 30.

RISKS AND OPPORTUNITIES

External environment	Risks	Opportunities	Yinson Production's response
Short to medium-term (1 to 5 years)			
Busy energy market	<ul style="list-style-type: none"> Supply chain constraints leading to increased delivery cost and delayed deliveries. Greater competition for limited talent pool will lead to higher costs for talent acquisition and retention. 	<ul style="list-style-type: none"> Higher oil prices, allowing more projects to become economically viable. Companies with strong supply chain practices will be preferred by clients. Companies that manage human capital well will be sought after. 	<ul style="list-style-type: none"> We have strategically built a pipeline of profitable assets. We have strengthened our project execution capacity. We engage with our supply chain early and focus on quality engagements. We have maintained our position as employer of choice.
ESG and climate change focus	<ul style="list-style-type: none"> Tighter access to capital due to evolving investor appetites to favour ESG-positive industries. Reputation risk for traditional energy producers. Reputational and regulatory risks associated with misleading environmental claims. Lack of interest from the research community into oil & gas projects. Lack of interest in pursuing oil & gas careers among young talent pool. 	<ul style="list-style-type: none"> More opportunities for projects that favour a pathway to a greener economy. Strong opportunities for transitional projects. More synergistic opportunities within the industry. Companies that have clear and transparent transition plans will enjoy stakeholder confidence. 	<ul style="list-style-type: none"> We are making great strides implementing our Zero Emissions FPSO Concept. We are actively building the carbon value chain. The projects we undertake must align with our Climate Goals and 30 by 30 targets. We adhere to the highest standards of transparency and disclosure. We are a leader in the sustainability space and have built a network of like-minded strategic partners.
Increased regulatory requirements	<ul style="list-style-type: none"> Non-compliance with regulatory requirements. Increased compliance costs. 	<ul style="list-style-type: none"> Opportunities for companies with strong regulatory compliance teams and track record. 	<ul style="list-style-type: none"> We have built strong corporate, compliance and regulatory teams. We adhere to the highest standards of compliance.
Long-term (6 to 10 years)			
Accelerated development of alternative energies	<ul style="list-style-type: none"> Decline in oil consumption. Earlier shift away from oil & gas. 	<ul style="list-style-type: none"> Good opportunities still remain for providers with strong track records of delivery and ESG performance. Strong opportunities for transitional projects. 	<ul style="list-style-type: none"> We are relatively resilient to external impacts due to the long-term nature of our contracts and surety of our backlog revenues. We are an industry leader in project delivery and operations & maintenance. We have a strong transition story.
Arrival at carbon neutral and net zero target dates, 2030 and 2050	<ul style="list-style-type: none"> Inability to meet targets, causing financial impact and reputational risk. Low investor confidence. 	<ul style="list-style-type: none"> Continued confidence in companies that are transparent about their ESG journey. 	<ul style="list-style-type: none"> We have set our Climate Goals and are transparent about our efforts and progress.
Technology and AI	<ul style="list-style-type: none"> Outdated and slow business and decision-making processes. Unable to compete with peers. 	<ul style="list-style-type: none"> Development of future generation assets powered by AI. Efficient and ESG-positive assets and processes will be preferred. Cost savings from efficiency gains. New business revenue streams. 	<ul style="list-style-type: none"> We are implementing all the latest technologies on board FPSO Agogo. We are leading the industry in asset lifecycle management technologies, including predictive maintenance. We are at the forefront of integrating AI into our processes.

A FOCUS ON BUILDING SCALABILITY

To capitalise on the present favourable FPSO market, our focus will be on building our business' scalability and optimising how we operate. This means carefully evaluating how we work, investing in things that are value adding, and removing those that are not. It also means simplifying and automating processes where it makes sense, and keeping our workforce lean and professional. We believe that this is key to enhancing our platform value, opening doors for strategic partnerships and other timely market opportunities.



Digitalisation is integral to our plans. With our rapid growth in terms of headcount, geographical locations, as well as number and complexity of projects, it has become more essential than ever to have efficient, consistent, and high-quality processes and assets. Here, we continue to embrace digitalisation and AI to enhance all areas of our business. We will be running workstreams in the coming year that will focus on integrating data analytics and machine learning to enhance our project delivery, supply chain, and resources management.

In the coming year, we will focus on optimising the capital structure of Yinson Production to align with our strategic objectives and risk profile, ensuring sustainable growth and shareholder value. Here, we will also carefully consider factors such as industry, size, growth prospects, risk tolerance, and financing options.

CLOSING REMARKS

Our goal is to rapidly grow Yinson Production while the market conditions are positive, while also reducing the carbon intensity of our fleet and industry as a whole. Over the longer term, our growth provides capital for the expansion of the Group's renewables and green technologies businesses. This is an important way we can contribute to the stability, availability, and affordability of energy supply to the communities where we operate throughout the transition.

We are in one of the most intense, yet exciting phases of growth in our history. I know our crew and projects teams all over the world have made tremendous sacrifices to ensure we deliver on our commitments, and that our assets continue operating efficiently and safely. I cannot thank you enough for your passion and commitment. Many thanks also to all our valued stakeholders. It is only with your continued support that we are where we are today. Let's continue partnering to deliver more powerful solutions together.

