FINANCIAL REVIEW

COMMENTARY BY GUILLAUME JEST, GROUP CHIEF FINANCIAL OFFICER

In FYE 2024, the Group continued to deliver on its value creation objectives, producing its best performance to date for both revenue and PAT. Revenue was RM11.6 billion, an 84% increase compared to the RM6.3 billion recorded the year before. As a result, PAT also increased to RM1.1 billion, 94% higher from RM588 million in FYE 2023. This increase in PAT to a new record level reaffirms that our strategy of inclusive transition and adaptability as an energy infrastructure and technology company is delivering results.

CONTINUED GROWTH OF OUR BUSINESSES

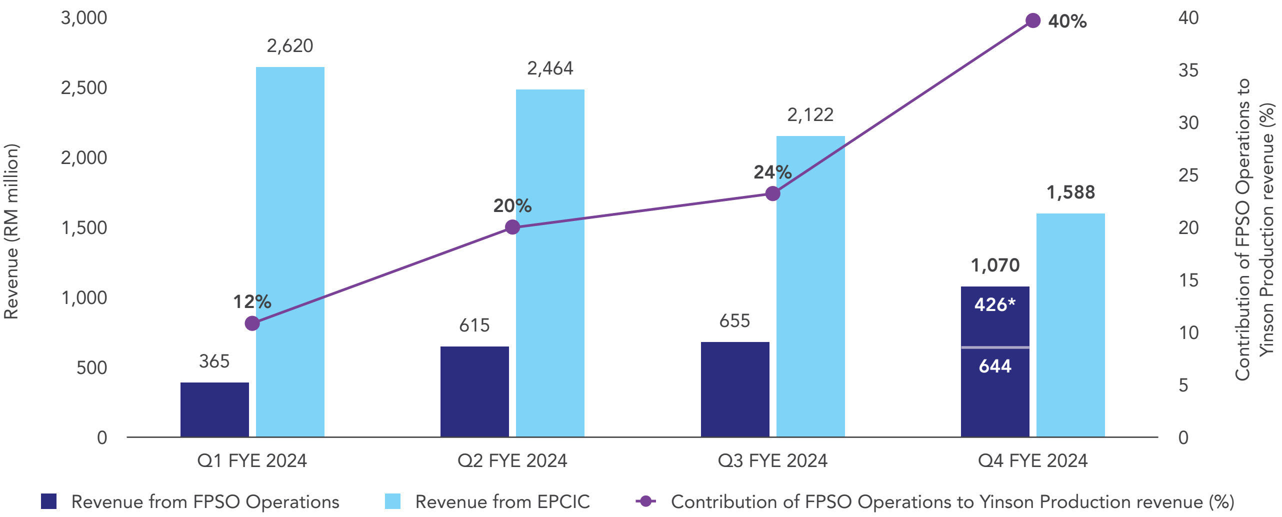
In FYE 2024, we continued to deliver our projects as planned and invest in the growth of our businesses, which aligns with our strategy of inclusive transition and adaptability.

On 7 May 2023, Yinson Production delivered FPSO Anna Nery. Since first oil was achieved, FPSO Anna Nery has been delivering impressive operational results. In FYE 2024, FPSO Anna Nery contributed RM1.2 billion* and RM547 million* in FPSO Operations revenue and PAT respectively.

FPSO Maria Quitéria, FPSO Atlanta and FPSO Agogo continue their construction as planned. They are expected to be completed and delivered to our clients within the next two financial years. The delivery of FPSO Maria Quitéria and FPSO Atlanta is scheduled in FYE 2025.

As the remaining projects under construction are progressively completed, the significance of contribution from FPSO Operations will increase, strengthening the Group's track record of stable profits and cash flows. In FYE 2024, the proportion of FPSO Operations revenue to total revenue of Yinson Production increased significantly from 12% in Q1 FYE 2024 to 40% in Q4 FYE 2024.

INCREASE IN REVENUE CONTRIBUTION FROM FPSO OPERATIONS



* *Including effect of remeasurement of finance lease receivable of RM426 million and RM316 million to FPSO Operations revenue and PAT respectively, which arises from the estimated charter day rate escalation determined at lease commencement and effective dates as stipulated in the charter contract.*

In FYE 2024, we continued allocating significant capital to our two businesses that directly support the development of an economy powered by clean energy, Yinson Renewables and Yinson GreenTech, demonstrating our commitment to the energy transition. As of 31 January 2024, the cumulative capital invested into developing these two businesses since their establishment in 2019 and 2020 respectively, represented by their total asset values, amounted to RM1.9 billion, an increase of RM584 million or 43% from FYE 2023.

In addition, Yinson's Internal Carbon Pricing Policy and Framework ("ICP") has been approved, and is set to be piloted for Yinson Production in FYE 2025. The ICP will allow us to leverage a financial approach on strategic capital allocation towards energy transition strategies, such as investing in the expansion of clean energy businesses.

As a result of these efforts, we are leading the energy transition in our industry and demonstrated that we have established a solid organisational foundation that will support and future-proof our business.

FINANCING OUR GROWTH

In FYE 2024, the Group's loans and borrowings increased by RM6.7 billion, or 70%, to RM16.3 billion as compared to RM9.6 billion for the last audited financial year ended 31 January 2023.

As the construction of FPSO Maria Quitéria, FPSO Atlanta and FPSO Agogo are currently ongoing (with FPSO Maria Quitéria and FPSO Atlanta expected to be completed in FYE 2025), higher drawdowns of the Group's financing facilities are required to fund the construction activities to completion. This is within the Group's expectations and is in line with the typical nature and cash flow requirements of EPCIC projects. As we carefully manage our financing risks, we consistently meet our financial covenants and debt servicing requirements.

Our strong track record in delivering FPSOs has enabled us to secure financing at more favourable terms. The Group also continues to hedge against interest rate volatility by entering into floating-to-fixed interest rate swaps for about 90% of our project financing loans. Overall, loans and borrowings at fixed (including swapped-to-fixed) rates comprise about 70% of the Group's total loans and borrowings. This has allowed us to keep such costs at a level that is stable to deliver sustainable returns.

The Group experienced an increase in finance costs by RM386 million or 67%, which was primarily driven by higher project execution requirements for the Group's FPSOs that are currently under construction and approaching completion as discussed above.

FINANCIAL PERFORMANCE

	FYE 2024	FYE 2023	Change	
	RM million	RM million	RM million	%
Extract from Consolidated Income Statements				
Revenue	11,646	6,324	5,322	84.2%
Cost of sales	8,659	4,497	4,162	92.6%
Gross profit	2,987	1,827	1,160	63.5%
EBITDA*	2,993	1,782	1,211	68.0%
Profit before tax	1,695	855	840	98.2%
Profit after tax	1,142	588	554	94.2%
Core profit after tax	1,109	741	368	49.7%
Gross profit margin	25.6%	28.9%	-3.3%	-11.4%
Net profit margin	9.8%	9.3%	0.5%	5.4%
Core profit margin	9.5%	11.7%	-2.2%	-18.8%

	FYE 2024 RM million	FYE 2023 RM million	Change RM million	Change %
Extract from Consolidated Statements of Financial Position				
Total assets	28,692	19,259	9,433	49.0%
Current assets	4,782	3,515	1,267	36.0%
Money market investments	-	153	(153)	-100.0%
Cash and bank balances	3,063	1,507	1,556	103.3%
Total liabilities	20,715	12,801	7,914	61.8%
Current liabilities	4,575	3,590	985	27.4%
Loans and borrowings	16,319	9,584	6,735	70.3%
Non-recourse project financing loans	4,231	3,922	309	7.9%
Total equity	7,977	6,458	1,519	23.5%
Extract from Consolidated Statements of Cash Flows				
Net cash flows used in operating activities	(2,833)	(1,225)	(1,608)	131.3%
Net cash flows used in investing activities	(241)	(1,041)	800	76.8%
Net cash flows generated from financing activities	4,436	781	3,655	468.0%

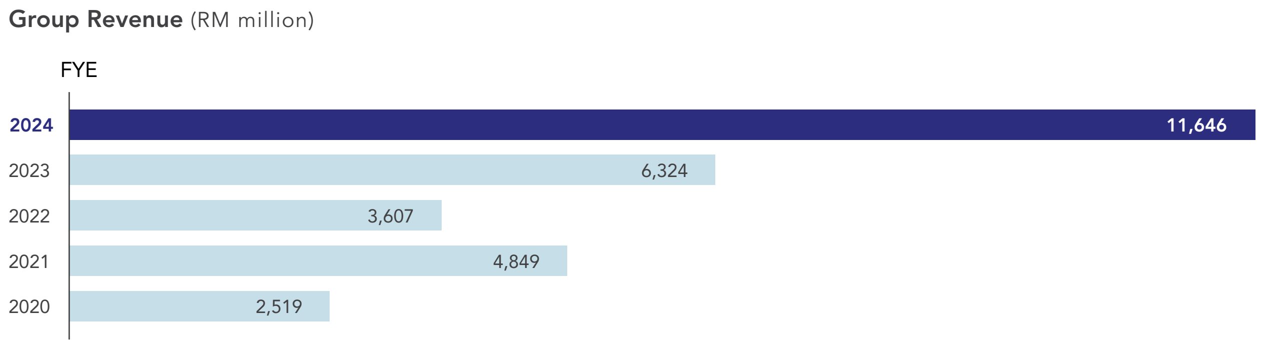
	FYE 2024	FYE 2023	Change	%
Financial Indicators				
Return on equity	14.3%	9.1%	5.2%	57.1%
Current ratio (times)	1.05	0.98	0.07	7.1%
Gross gearing ratio (times)	2.05	1.48	0.57	38.5%
- Excluding non-recourse project financing loans	1.52	0.88	0.64	72.7%
Net gearing ratio (times)	1.66	1.23	0.43	35.0%
- Excluding non-recourse project financing loans	1.13	0.62	0.51	82.3%
Net debt/EBITDA ratio (times)	4.43	4.45	-0.02	-0.5%

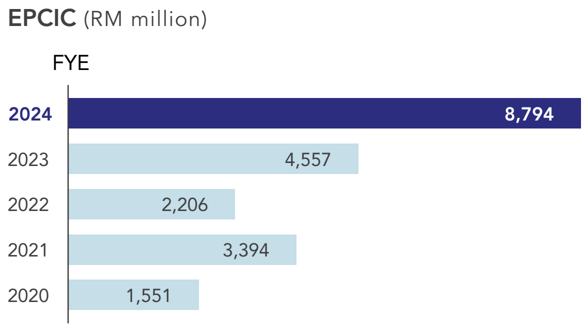
	Q1 FYE 2024 RM million	Q2 FYE 2024 RM million	Q3 FYE 2024 RM million	Q4 FYE 2024 RM million
Snapshot of quarterly announced results for FYE 2024				
Revenue	3,018	3,113	2,813	2,702
Cost of sales	2,395	2,354	2,123	1,787
Gross profit	623	759	690	915
EBITDA*	579	726	677	1,011
Profit before tax	296	449	353	597
Profit after tax	194	275	278	395
Core profit after tax	208	282	298	321

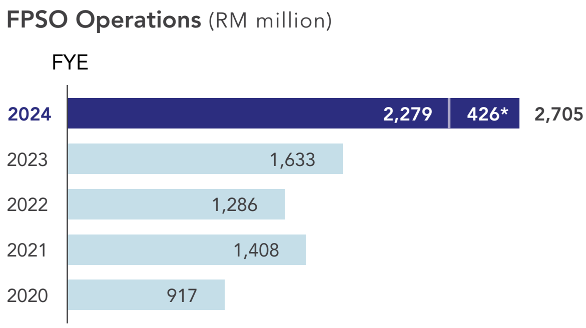
* *Earnings Before Interest, Tax, Depreciation and Amortisation.*

	FYE 2024 RM million	FYE 2023 RM million	Change RM million	Change %
Operating Results by Segment				
Offshore Production and Offshore Marine	2,823	1,675	1,148	68.5%
Renewables	(41)	(129)	88	-68.2%
Green Technologies	(23)	(28)	5	-17.9%
Other Operations	(110)	(70)	(40)	57.1%
Share of results of joint ventures and associates	9	(16)	25	-156.3%

REVENUE AND PROFITABILITY







* *Including effect of remeasurement of finance lease receivable of RM426 million to revenue for FPSO Anna Nery.*

The Group's awarded lease contracts are classified as finance leases in accordance with the International Financial Reporting Standards ("IFRS") for accounting purposes. The revenue generated from the conversion of very large crude carriers (VLCC) into FPSOs, which is classified as EPCIC revenue, is recognised either over time (based on the progress of construction) or at a point in time when the asset's rights of use are handed over to a lease client.

EPCIC revenues and profits are recognised during the construction phase of the asset under this accounting treatment. Except for advance payments received for certain FPSO contracts, the asset generates cash only after construction and commissioning activities are completed, as that is the point in time the Group is entitled to start receiving the lease payments. In the case of an operating lease, lease revenues and profits are recognised during the lease period, effectively more closely tracking cash receipts.

Vessel	Equity ownership	Accounting classification	EPCIC recognition*	Timing of EPCIC recognition*
Owned by the Group				
FPSO JAK	74%	Operating lease	No	
FPSO Helang	100%	Finance lease	Yes	Point in time (Q4 FYE 2020)
FPSO Abigail-Joseph	100%	Finance lease	Yes	Point in time (Q3 FYE 2021)
FPSO Anna Nery	75%	Finance lease	Yes	Over time
FPSO Maria Quitéria	100%	Finance lease	Yes	Over time
FPSO Atlanta	100%	Accounted for as a service contract under IFRS 15	Yes	Over time
FPSO Agogo	100%	Finance lease	Yes	Over time
Owned through joint venture arrangements				
FPSO PTSC Lam Son	49%	Operating lease	No	
FSO PTSC Bien Dong 01	49%	Operating lease	No	

* *Refer to the Group's accounting policy for EPCIC revenue recognition in Note 2.6(i) to the Financial Statements.*

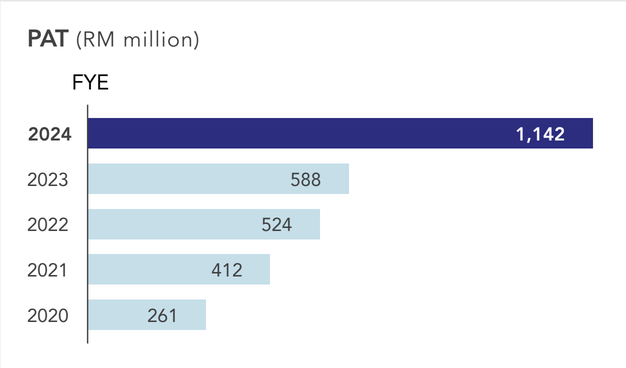
The Group charted an 84% increase in revenue in FYE 2024 compared to FYE 2023, from RM6.3 billion to RM11.6 billion. The key drivers for the increase in the financial year under review are as follows:

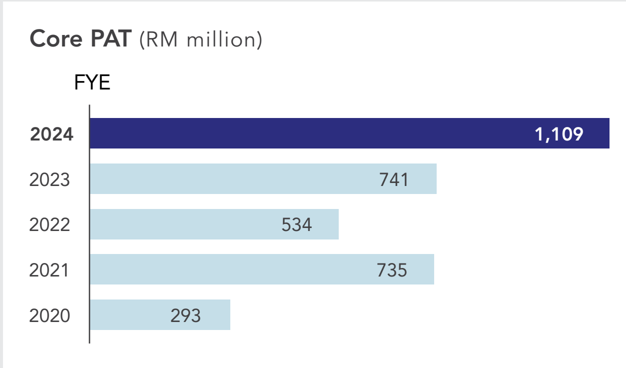
- EPCIC business activities for FPSO Agogo had commenced subsequent to the execution of firm contracts with Azule Energy Angola S.p.A. on 27 February 2023.
- On 31 July 2023, the Group exercised a call option and completed the acquisition of the asset-owning company of FPSO Atlanta with a 15-year time charter agreement and operation & maintenance agreement with a five year extension option, which increased the total contract value prior to completion of construction.
- The estimated charter day rate escalation determined at lease commencement and effective dates as stipulated in certain charter contracts was included in the calculation of the respective total contract values, which resulted in the remeasurement of finance lease receivable and the recognition of additional revenue.
- FPSO Anna Nery achieved first oil and commenced operations on 7 May 2023.

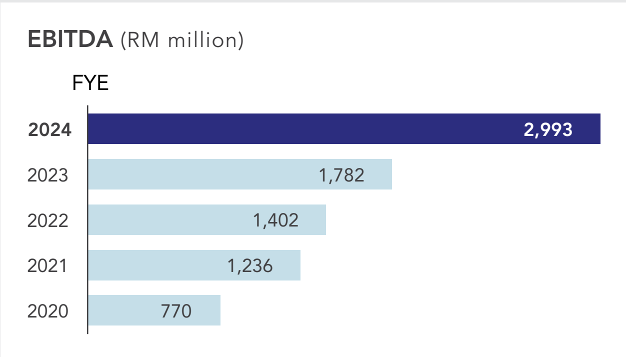
In addition, we have been actively building our renewables and green technologies businesses, with healthy business development activities and new projects secured.

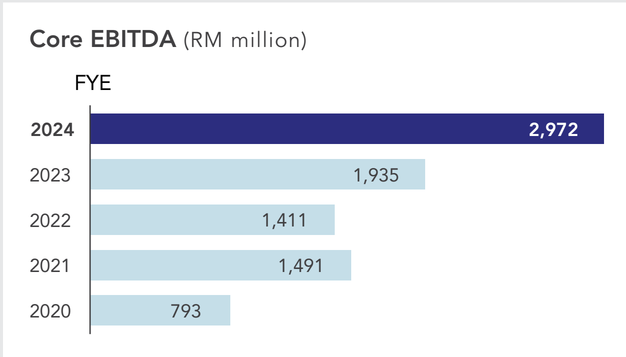
The revenue contributions from the Group's joint venture arrangements in Vietnam are presented separately as adjusted revenue and accounted for in accordance with the Group's equity ownership.

Group profitability

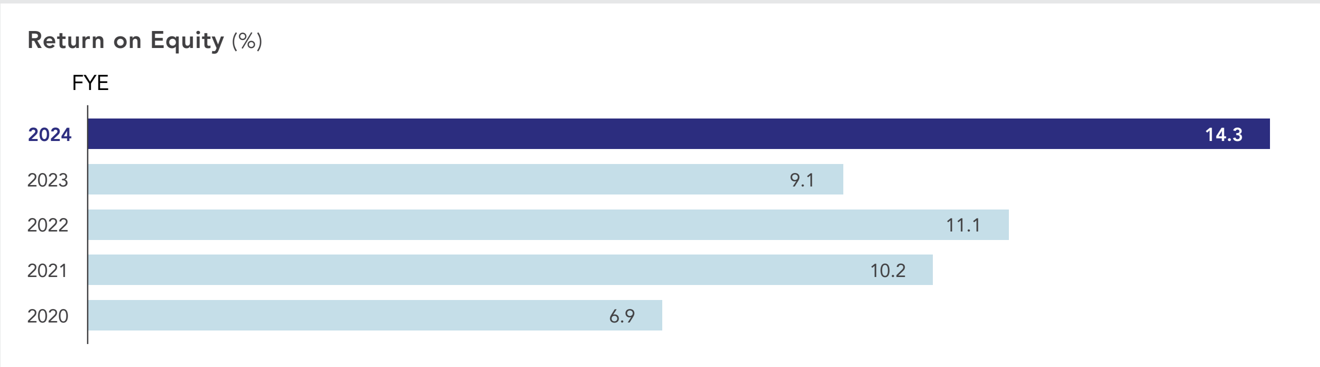








The Group's profitability benchmark indicators continued to grow in FYE 2024 with higher contributions from EPCIC and FPSO Operations business activities (refer to EPCIC and FPSO Operations profitability sections below). The Group's EBITDA was RM3.0 billion and PAT was RM1.1 billion, which were 68% and 94% higher than the previous financial year respectively – our best performance yet.



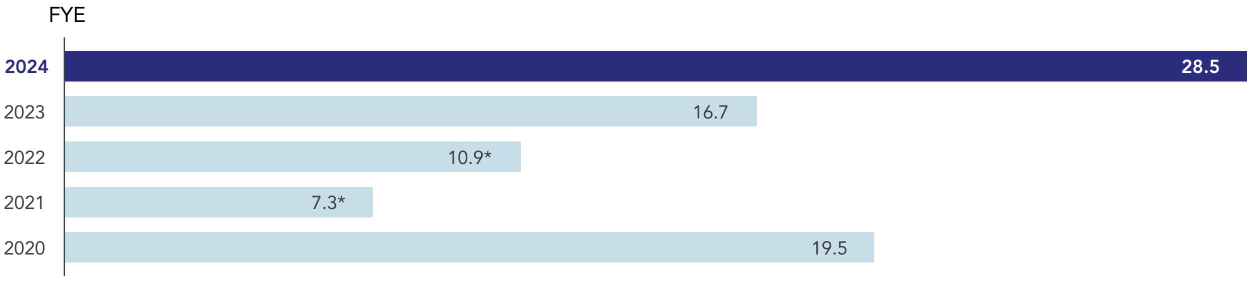
Return on equity ("ROE") represents the percentage of investor dollars that have been converted into earnings. Group ROE increased to 14.3% in FYE 2024 from 9.1% in the previous financial year, indicating the profitability generated by our assets as they become operational and how efficiently the Group is allocating and utilising its capital to generate income.

As our remaining FPSOs under construction are progressively completed, the Group ROE is correspondingly expected to improve even further. We are monitoring this ratio closely to ensure we maintain this healthy profitability growth.

Core EBITDA and Core PAT, which excludes the impact of exceptional or non-core items, were 54% and 50% higher at RM3.0 billion and RM1.1 billion respectively.

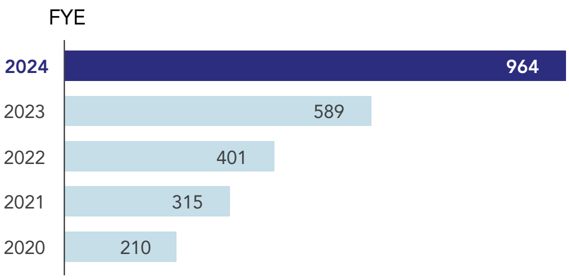
Our healthy profitability is even more noteworthy considering our finance costs increase of RM386 million. The higher finance costs supported our increased investments into our offshore production, renewables and green technologies businesses, in line with our business plans.

Basic Earnings per Share (sen)

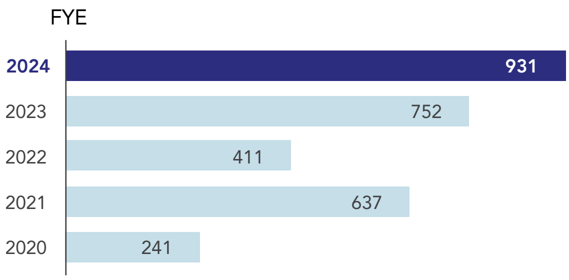


* *FYE 2022 and FYE 2021 adjusted to reflect the bonus issue of 1 bonus share for every 1 existing ordinary share which was completed on 13 April 2022, the bonus element of the rights issue of 2 rights shares for every 5 existing ordinary shares which was completed on 28 June 2022, and distributions declared to holders of perpetual securities in determining the profits attributable to ordinary equity shareholders.*

PATAMI (RM million)



Core PATAMI (RM million)

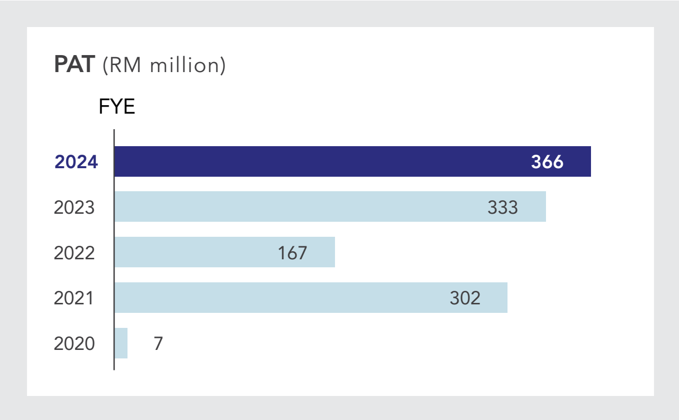


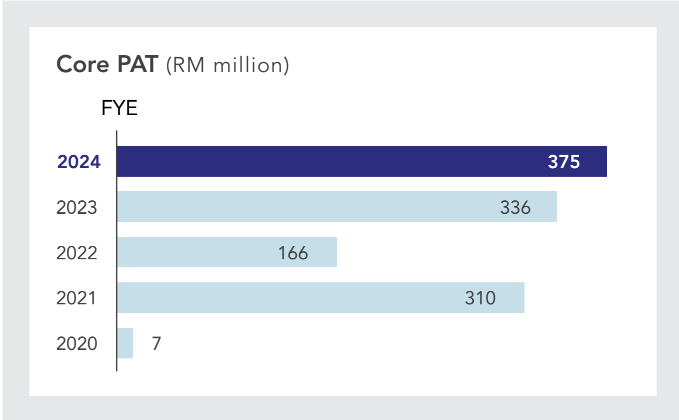
It is the Group's strategy to invite strategic partners to participate in our projects to manage our overall portfolio mix and maximise shareholder value. Thus, shareholders should refer to Profit after Tax and Minority Interests ("PATAMI") to determine the amount of profit attributable to them.

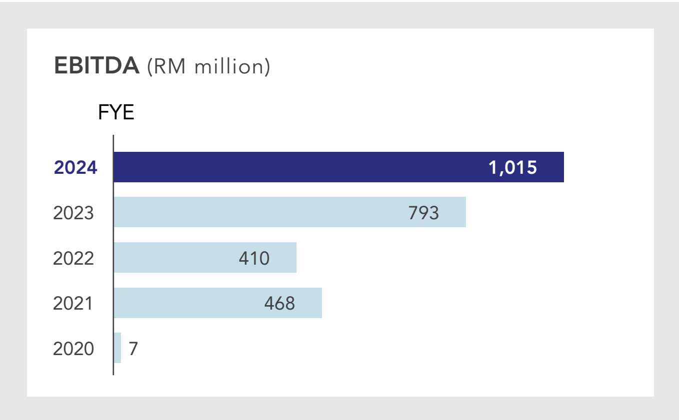
The Group recorded higher PATAMI and Core PATAMI in FYE 2024 of RM964 million and RM931 million respectively due to factors disclosed in the previous profitability section. The Group's Basic Earnings per Share ("EPS"), computed based on PATAMI, reflected similar trends.

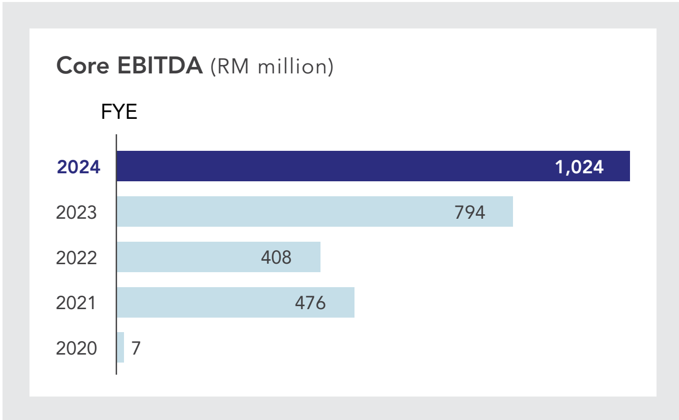
EPCIC profitability

FPSO Anna Nery, FPSO Maria Quitéria, FPSO Atlanta and FPSO Agogo comprise the four EPCIC projects undertaken by the Group in FYE 2024. These projects contain an EPCIC component where revenue is recognised over time, based on the progress of construction.









In line with the commencement of EPCIC activities for FPSO Agogo and other key revenue drivers (as set out in the Group revenue section) in the current financial year, the Group experienced a higher contribution from EPCIC business activities in FYE 2024.

The status of the Group's FPSOs that were under construction as at 31 January 2024 is summarised in the following table:

Vessel	Client	Percentage of completion	Expected first oil (calendar year)
FPSO Anna Nery	Petróleo Brasileiro S.A.	Achieved first oil on 7 May 2023	
FPSO Maria Quitéria	Petróleo Brasileiro S.A.	75% to 100%	2024
FPSO Atlanta	Enauta Energia S.A.	50% to 75%	2024
FPSO Agogo	Azule Energy Angola S.p.A	50% to 75%	2025

FPSO Anna Nery achieved final acceptance and first oil on 7 May 2023, marking the commencement of the 25-year firm charter period until 2048. Our progress on FPSO Maria Quitéria, FPSO Atlanta and FPSO Agogo remain on schedule.

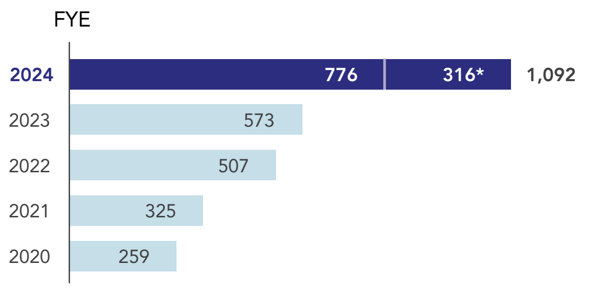
Business Reviews: Yinson Production, pg 68 - 75.

FPSO Operations profitability

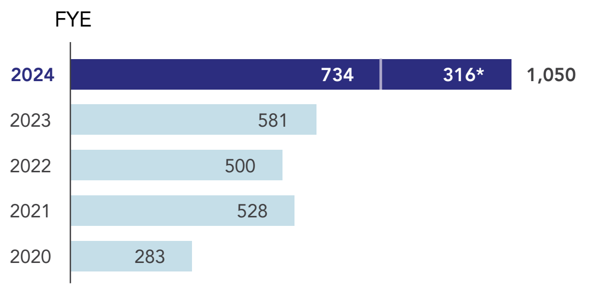
Non-EPCIC business activities represent Yinson Production's operating activities, comprising the leasing of vessels and marine-related services. These are areas in which the Group has extensive experience and a strong track record.

The Group has five operating FPSOs and one operating FSO on charter lease as at 31 January 2024.

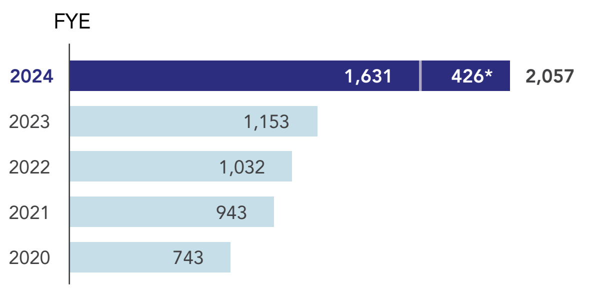
PAT (RM million)



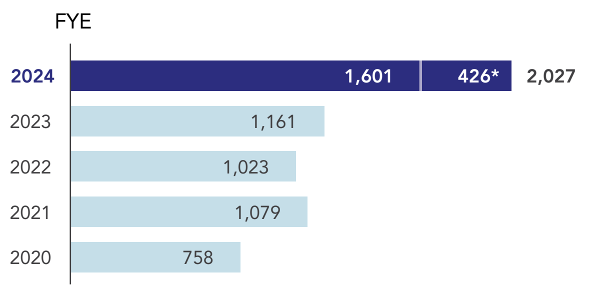
Core PAT (RM million)



EBITDA (RM million)



Core EBITDA (RM million)



* *Including effect of remeasurement of finance lease receivable of RM426 million to revenue and RM316 million to PAT for FPSO Anna Nery.*

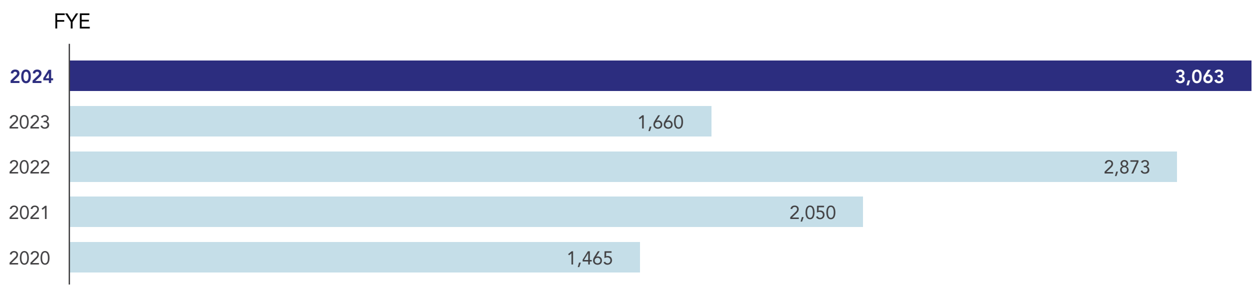
In FYE 2024, FPSO Operations' EBITDA and PAT grew by 78% and 90% respectively compared to FYE 2023. The growth was driven primarily by FPSO Anna Nery which achieved first oil and commenced operations on 7 May 2023, including the effect of remeasurement of finance lease receivable at commencement of the lease.

Core EBITDA and Core PAT were 75% and 81% higher at RM2.0 billion and RM1.1 billion respectively, which is an indication of our stable and profitable business model.

Our industry-leading safety and uptime performance undertaken by our global operations teams, which resulted in 100% commercial uptime across our fleet in FYE 2024, together with higher oil prices resulting in more favourable charter rates and cash flows, has allowed us to maintain the asset values of our offshore production assets.

CASH FLOWS AND LIQUIDITY

Cash and Money Market Investments (RM million)

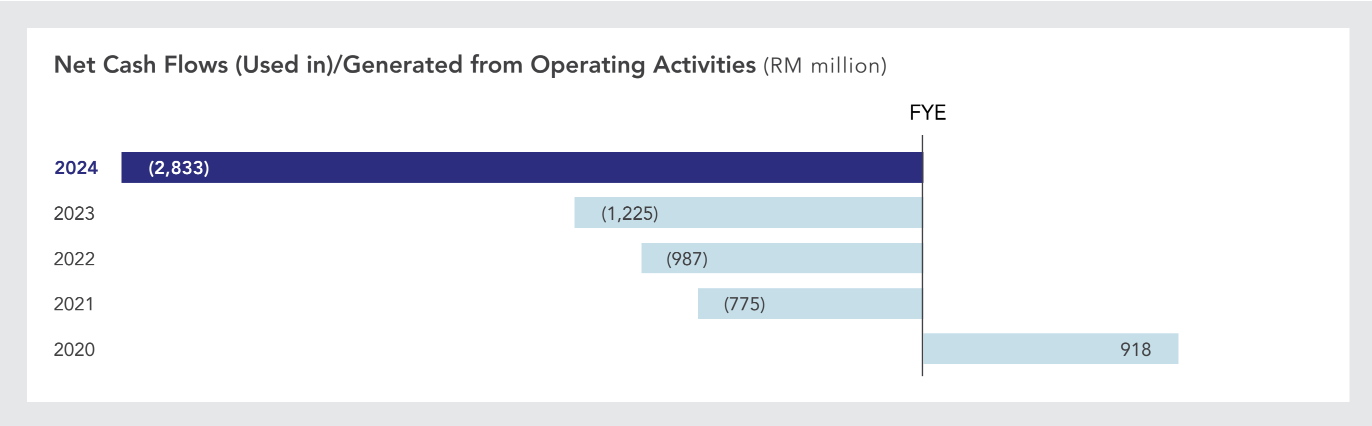


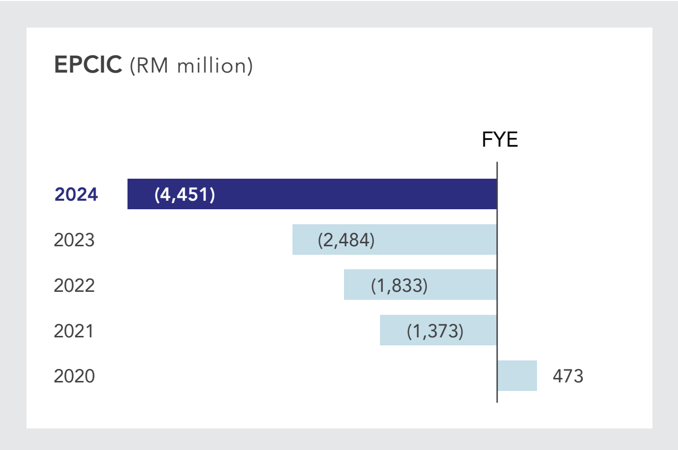
Our objective is to maintain an adequate cash balance to cover our working capital and meet our financial commitments. We place continuous focus on both improving our free cash flow position and increasing our long-term borrowings to finance our future growth. We are committed to maintaining this prudent and forward-looking approach, as it has been a crucial strategy for the achievement of our success thus far, and we believe it will continue to safeguard the growth plans that we have ahead.

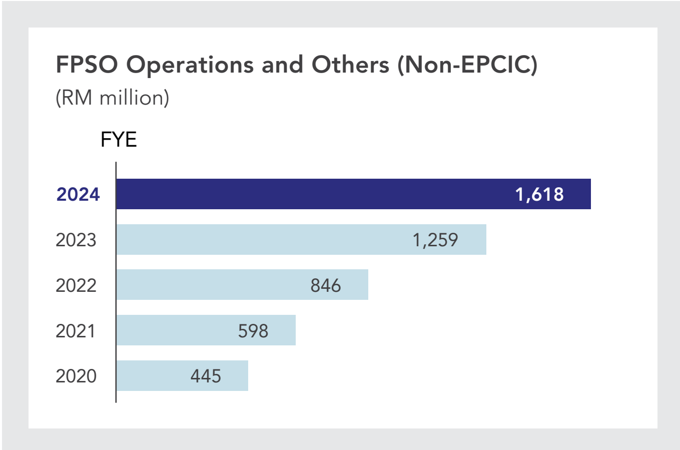
The Group's cash and bank balances and liquid investments increased by 85% from RM1.7 billion in FYE 2023 to RM3.1 billion in FYE 2024. This was mainly due to the higher drawdowns of the Group's financing facilities to fund the project expenditure for EPCIC business activities and construction of the Nokh Solar Park to build our portfolio of assets in the current financial year.

Included within the Group's cash and bank balances and liquid investments of RM3.1 billion are bank balances and deposits of RM1.4 billion which are pledged to banks or lenders and can only be used for servicing of debts or the payment of suppliers relating to the construction of certain FPSO projects. The remaining balance of RM1.7 billion represents Yinson's free and available cash position, which provides flexibility for expansion and adequate buffer to meet any unforeseen cash requirements. Free and available cash is derived through cash flows from operations, raising of financial capital and drawdown of loans and borrowings pending deployment for projects. It is important to note that the cash flows generated from our operational assets have been extremely stable in recent years.

CASH FLOWS FROM OPERATING ACTIVITIES







EPCIC cash flows

During the FPSO conversion period prior to lease commencement, EPCIC business activities do not generate cash for the Group, except in instances where our clients provide advanced funding for the FPSO conversion or where there are normal timing differences arising from payments to our vendors. In FYE 2024, the EPCIC net operating cash outflow primarily represents our continued investment into the conversion of FPSO Anna Nery, FPSO Maria Quitéria, FPSO Atlanta and FPSO Agogo, where the costs incurred are in line with our expectations. Our investment into the projects during the conversion phase will be recovered through the bareboat charter payments received during the operations period.

Non-EPCIC cash flows

Yinson's order book represents RM110.6 billion for the next 25 years. This provides a stable revenue outlook for the foreseeable future, giving us confidence that we will be able to comfortably meet our operational needs.

The Group's business model of earning stable recurring income from asset-leasing contracts is evidenced by the steady growth of our non-EPCIC activities' cash flows from operations over the past years. In FYE 2024, the net cash flows generated from operating activities for non-EPCIC activities was RM1.6 billion, a 29% increase from the previous year. Looking back over a three year time horizon, Yinson's operating cash flows from non-EPCIC activities have more than doubled since FYE 2021.

Cash flows from investing and financing activities

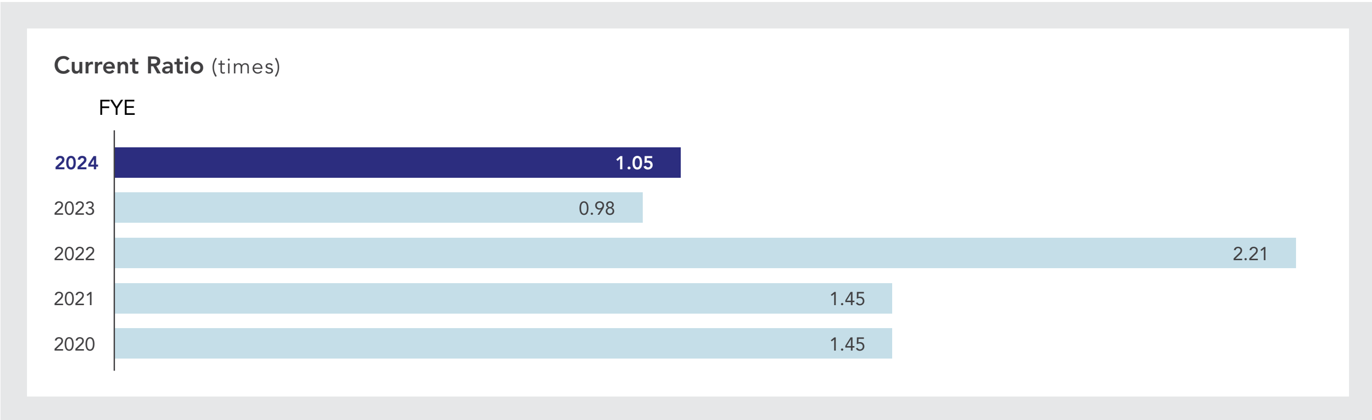
During FYE 2024, cash flows generated from financing activities, primarily through drawdown of loans and borrowings, were deployed towards funding the project execution and investing activities of the Group as presented in the Statements of Cash Flows from pg 192 - 196. These activities are in line with the Group's strategy to build a diverse portfolio of assets by growing and developing new businesses.

As at 31 January 2024, the Group's total undrawn borrowing facilities amounted to RM1.2 billion, which comprises project financing term loan facilities of RM846 million, other loan facilities of RM281 million and revolving credit facilities of RM106 million. In addition, the Group has available room in our perpetual securities programmes of RM2.0 billion. These facilities and perpetual securities are secured primarily to finance the Group's ongoing and new FPSO projects, and expansion of our renewables and green technologies businesses.

Structuring our finances with a long-term vision also allows us to secure funding at a lower cost.

With our strong order book and the continued availability of these borrowing facilities and perpetual securities, the Group is confident that we have sufficient liquidity to meet our liabilities in the foreseeable future.

Liquidity ratios

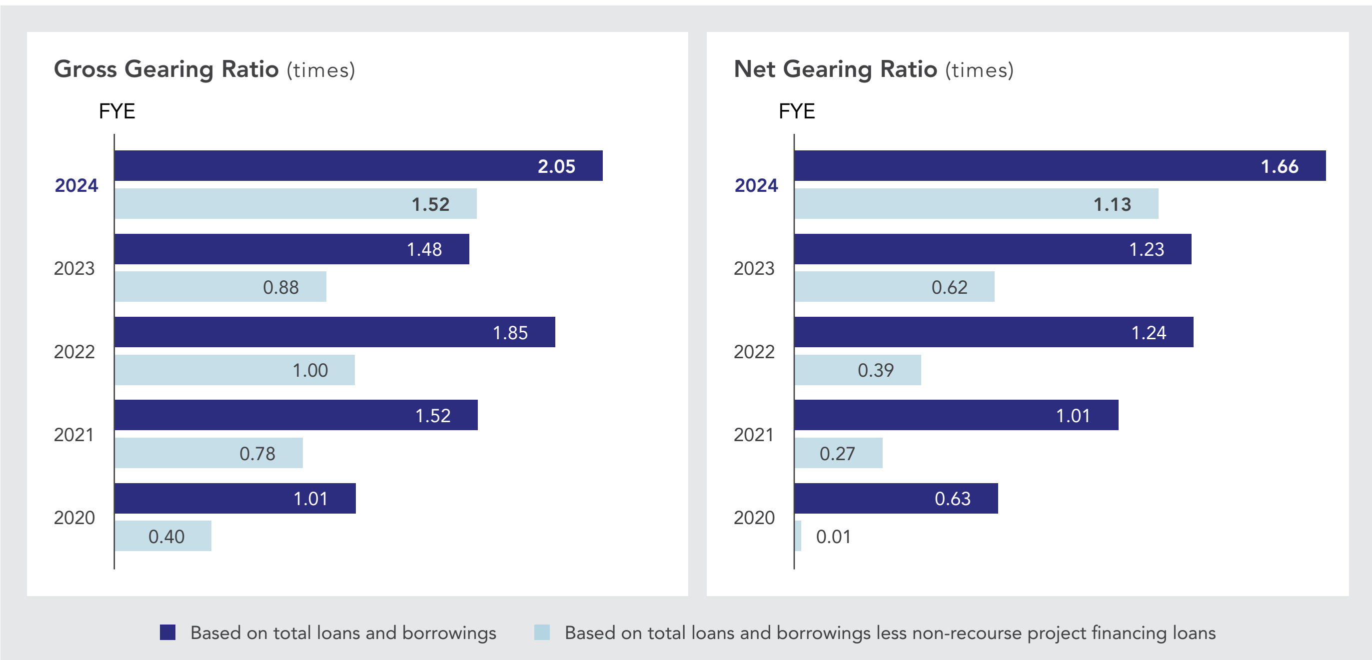


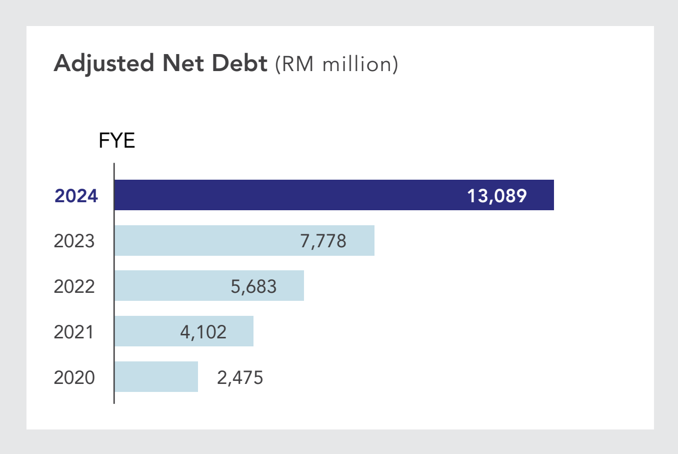
The Group's current ratio increased from 0.98 times to 1.05 times, mainly as a result of the higher cash position as discussed above, moderated by the increased payables and project cost accruals to fund the EPCIC business activities in FYE 2024.

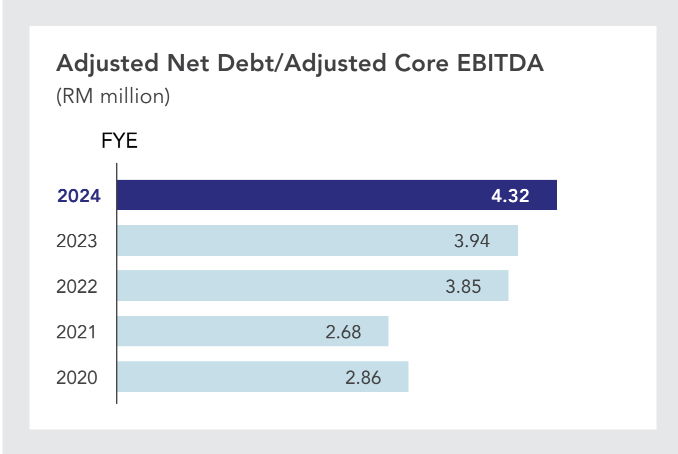
Business Management & Performance, pg 120 - 122.

FINANCING ACTIVITIES

Leverage indicators







The Group applies Net Gearing Ratio (calculated as 'Total Loans and Borrowings' less 'Cash and Bank Balances plus Money Market Investments' divided by 'Total Equity') as a key indicator to manage its operational funding structure. The ratio increased to 1.66 times in the current financial year as compared to 1.23 times in FYE 2023 due to the Group's higher leverage on additional loans drawn down to fund project execution needs, which was moderated by the Group's enhanced total equity position of RM8.0 billion.

As at 31 January 2024, RM9.6 billion of loans and borrowings are project financing loans for FPSO JAK, FPSO Helang, FPSO Anna Nery, FPSO Maria Quitéria, Rising Bhadla 1 & 2 Solar Parks and Nokh Solar Park, which are structured to ensure repayment over the course of the assets' contracted periods.

Some key features of Yinson's project financing loans are as below:
- Project financing loans are non-recourse to Yinson once operational with Yinson's guarantee being released from the project financing loan, which minimises the risk of these loans to Yinson's liquidity.
- Once the project financing loans become non-recourse, the project financing lenders are only entitled to repayment from cash flows of the projects the loan is financing, and not from any other assets of Yinson.
- Project financing loans for FPSO JAK, FPSO Helang, Rising Bhadla 1 & 2 Solar Parks and Nokh Solar Park are non-recourse. The project financing loan for FPSO Anna Nery became non-recourse on 22 March 2024.

In assessing the Group's ability to repay its loans and borrowings, the Management refers to the Adjusted Net Debt/Adjusted Core EBITDA ratio. This ratio indicates the number of years' profits that are needed to cover outstanding loans and borrowings. FYE 2024's ratio increased to 4.32 times as compared to 3.94 times as at FYE 2023, as the FPSO Maria Quitéria and FPSO Atlanta projects are under construction and FPSO Agogo commenced construction in the current financial year. During the construction phase, this ratio is temporarily elevated as collections from operations have not yet commenced whereas the project financing loan is being drawn to finance the construction. This increase in Adjusted Net Debt/Adjusted Core EBITDA ratio is manageable because project financing loan repayments are only scheduled to commence after first oil.

As the Group continues to grow, we will continuously assess and determine the appropriate financing strategy for the Group to ensure an optimal mix of funding of debt and equity markets to support future projects.

CLOSING REMARKS

As we navigate the dynamic landscape of today's business environment, I underscore the critical role that adaptability and decisiveness plays in our success. External forces such as economic shifts, technological disruptions and global events can bring about new risks.

To adapt to this environment, in 2023, we decentralised our organisation to empower greater decision-making autonomy at business unit-level, while retaining active stewardship at Group. We have invested into building an experienced global finance team and developed robust financial strategies and processes by a continued focus on cross functional and cross business unit collaborations and communications.

We have seen success from this exercise, with the strengthening of corporate functions for all our key businesses. Through this, we keep raising the standards of information required to make better business decisions and build greater agility to manage our financial risks and capitalise on opportunities.