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MARINE & GENERAL BERHAD - [Company No 199601033545]

NEWS RELEASE

MARINE & GENERAL RECORDS RM 11 MILLION PRE-TAX LOSS FOR QUARTER ENDED 31 OCTOBER 2021

KUALA LUMPUR, 23 December 2021 – Marine & General Berhad (“M&G” or “the Group”) announced its results for the quarter ended 31 October 2021 today, reporting a revenue of RM54.1 million, representing an improvement of 13.8% compared to the revenue recorded in the preceding year corresponding quarter. The Upstream Division continued as the main revenue contributor for the quarter, generating 71% of the Group revenue, while the Downstream Division generated the balance 29%.

The Group recorded lower loss before taxation of RM11.2 million in the current quarter compared to RM23.8 million loss before the non-recurring gain of RM106.8 million on restructuring of debts recognised during the preceding year corresponding quarter, mainly due to higher revenue recorded in the current quarter and lower operating expenditures incurred by the Downstream Division.

For the current 6 months cumulative period, the Group recorded revenue of RM98.8 million, representing a marginal decrease from the preceding year corresponding period due to a marginal decrease in charter activity recorded by the Upstream Division.

For the current 6 months cumulative period, the Group recorded RM34.2 million loss before taxation. During the preceding year corresponding period, the Group recorded a non-recurring gain of RM106.8 million resulting from recognition of gain from restructuring of debts.



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Marine Logistics – Upstream Division

During the period under review, the Upstream Division recorded a fleet utilization of 69% compared to 63% recorded in the previous year corresponding period. This in turn allowed the Upstream Division to record revenue of RM38.2 million for the current quarter, representing a 12% higher revenue than the preceding year corresponding quarter.

The Division recorded RM6.4 million loss before taxation in the current quarter compared to RM13.6 million loss before the non-recurring gain of RM106.8 million on restructuring of debts recognised during the preceding year corresponding quarter. The lower loss recorded by the Division is in line with higher revenue during the current period.

During the 6-month cumulative period under review, the Upstream Division recorded a fleet utilization of 64% compared to 66%. As a result of this, the Upstream Division recorded a revenue of RM68.4 million, representing 6% lower revenue than the preceding year corresponding period in line with lower charter activities in the current period.

Despite recording lower revenue during the period, the Division recorded marginally lower loss before taxation of RM25.4 million compared to the RM26 million loss before the non-recurring gain of RM106.8 million on restructuring of debts recognised during the preceding year corresponding period, mainly due to lower direct expenses in line with lower vessel deployment and lower overhead costs.

Marine Logistics – Downstream Division

During the period under review, the Downstream Division recorded a fleet utilization of 76% compared to 44% recorded in the previous year corresponding period. This increase resulted in the Downstream Division recording revenue of RM15.9 million for the current quarter, representing 18% higher revenue than the preceding year corresponding quarter.



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The Downstream Division recorded RM2.3 million loss before taxation for the current quarter, representing 76% lower loss than the preceding year corresponding quarter mainly due to higher revenue recorded in the current quarter in line with higher charter activity and lower operating expenditures incurred mainly due to the deployment of the five (5) tankers on term-charter contracts in the current quarter compared to none in the preceding year corresponding quarter.

During the current cumulative period, the Downstream Division recorded a fleet utilization of 71% compared to 55% recorded in the previous year corresponding cumulative period. This allowed the Downstream Division to record revenue of RM30.4 million for the current quarter. Despite recording a sizeable increase in charter activities, revenue increased only marginally as most of the vessels were deployed on term-charter basis compared to only two (2) tankers in the preceding year. The marginal increase is in line with lower rates under the term charter than under the voyage charter arrangement.

The Downstream Division recorded RM6.9 million loss before taxation, a 54% improvement from the preceding year corresponding quarter. The lower loss was mainly due to lower direct expenses incurred in the current period in line with higher term charter activities.

Concluding remarks

The Group's main businesses correlate to and is significantly affected by the outlook of the oil and gas industry, which is expected to continue to be challenging arising from a combination of uncertain demand for oil due to the continuing Covid-19 pandemic and slow recovery of economic activities.

"The on-going Covid-19 pandemic remains a key risk to the Group's outlook for financial year ending 30 April 2022 given the recent emergence of new Covid-19 variants, resurgence of new cases, and the re-implementation of travel restrictions", Tan Sri Azlan explained.



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“Given this, the Board remains cautiously optimistic on the prospects for the current financial year. On a more longer-term basis, the Board will strive to ensure both Divisions remain competitive”, Tan Sri Azlan concluded.



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Marine & General Berhad ("M&G" or "the Company") was originally incorporated as SILK Concessionaire Holdings Sdn Bhd on 14 October 1996, and subsequently changed its name to Sunway Infrastructure Berhad on 14 February 2002. It assumed the name of SILK Holdings Berhad on 31 October 2008. It assumed its current name on 23 June 2017 after the successful completion of the disposal of the Company's highway assets.

The Company, at present, has two major operating divisions, namely the Marine Logistics - Upstream Division ("Upstream") spearheaded by Jasa Merin (Malaysia) Sdn Bhd ("JMM") and the Marine Logistics - Downstream Division ("Downstream"), consisting of several ship owning companies ("SOCs") including Jasa Merin (Labuan) PLC ("JML") under M&G Marine Logistics Holdings Sdn Bhd ("MGMLH").

JMM charters out offshore support vessels ("OSV") for use by the oil majors in their exploration and production activities. On the other hand, the SOCs under the Downstream Division charter out liquid bulk carriers ("LBC") to the petro-chemical and oleo-chemical industries, whereby the vessels are used to transport liquid bulk products.



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Forward looking statements

This release may contain certain forward-looking statements with respect to the financial conditions, results of operations and business of the Group and certain plans and objectives of Marine & General Berhad with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

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