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MARINE & GENERAL BERHAD - [Company No 199601033545]

NEWS RELEASE

MARINE & GENERAL RECORDS RM12 MILLION PRE-TAX PROFIT FOR QUARTER ENDED 31 OCTOBER 2023

KUALA LUMPUR, 15 December 2023 – Marine & General Berhad (“M&G” or “the Group”) announced its results for the quarter ended 31 October 2023 today, reporting a revenue of RM91.8 million, representing a 12% improvement compared to the revenue recorded in the preceding year corresponding quarter.

This improvement is in line with an increase in operating level during the current quarter. Accordingly, the fleet utilisation for both Upstream and Downstream Divisions was 81% and 91% respectively as compared to 74% and 86% respectively recorded in the preceding year corresponding quarter.

The Upstream Division continued as the main revenue contributor, generating 74% of the Group’s revenue, while the Downstream Division generated the balance 26%.

The Group recorded a profit before taxation of RM12 million in the current quarter compared to RM23.6 million profit before taxation during the preceding year corresponding quarter. This decrease was mainly due to the non-recurring depreciation adjustment made in the preceding year corresponding quarter following the increase in useful life of its OSV fleet from 15 years to 20 years. This adjustment was to align M&G with industry practices and with PETRONAS’ extension of the vessels service life to 20 years.

For the current 6-month cumulative period, the Group recorded RM176.5 million revenue, reflecting a 12% increase over the preceding year corresponding period. The increase was in line with higher charter activities and charter rates for both Upstream and Downstream Divisions.



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For the current 6-month cumulative period, the Group recorded a profit before taxation of RM23.4 million, representing a marginal increase of 3% compared to the corresponding period of the preceding year.

Marine Logistics – Upstream Division

The Upstream Division recorded a revenue of RM68.2 million and RM131.6 million in the current quarter and the 6-month period respectively. This represents a 12% increase compared to the preceding year corresponding periods. The increase was in line with the higher charter activities and charter rates particularly in the 70M AHTS vessels segment, in line with the continued drilling and exploration activities.

Despite the Division's higher revenue, it reported lower profit before taxation, totalling RM11.9 million during the current quarter. This decrease is mainly attributed to a non-recurring adjustment resulting from the extension of the useful life of its OSV from 15 years to 20 years in the corresponding period of the preceding year.

During the 6-month period, the Division recorded higher profit before taxation of RM24.3 million compared to RM21.1 million in the preceding year in line with higher revenue recorded in the current period.

Marine Logistics – Downstream Division

The Downstream Division recorded a revenue of RM23.6 million and RM44.9 million in the current quarter and 6-month period, respectively. This represents a 12% and 13% increase compared to the preceding year corresponding periods in line with higher charter activities and charter rates.

The Division recorded lower profit before taxation of RM1.2 million and RM1.1 million for the current quarter and the 6-month period respectively compared to RM2.2 million and RM3.3 million profit before taxation in the preceding year corresponding periods mainly due to higher tanker repair expenses incurred during the current periods.



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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 its recovery.

"The Upstream Division looks forward to an active year in line with PETRONAS' positive outlook for its drilling and exploration activities as highlighted in its Activity Outlook for 2023 - 2025. The Board expects the vessel utilisation and charter rate increase to continue in the current financial year, although at a slower rate than the previous financial year", Executive Chairman, Tan Sri Azlan explained.

"In relation to the Downstream Division, the Division expects the charter operations to continue to experience higher levels of utilisation in the current financial year, given all the vessels are on time-charter contracts", elaborated Tan Sri Azlan.

"Nevertheless, the Board is also cautious about the potential economic disruption brought about by the geo-political instability in Europe and the Middle-East that could affect the regional and domestic economic climate. In view of the foregoing, the Board is cautiously optimistic on the prospects for the rest of the financial year", Tan Sri Azlan concluded.

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.



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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 petrochemical and oleo-chemical industries, whereby the vessels are used to transport liquid bulk products.

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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