

# OGSE100



TOP **100**  
OGSE COMPANIES  
IN MALAYSIA

**FY 2020**

# ABOUT MPRC



Malaysia Petroleum Resources Corporation (MPRC) is an agency under the Economic Planning Unit in the Prime Minister's Department. Established in April 2011, MPRC provides recommendations to the Government on development policy, industry master plans, business regulations, investments and fiscal incentives for the oil, gas and energy industry.

To encourage competitiveness and nurture long-term resilience among Malaysian OGSE players, MPRC works with relevant government agencies to implement industry development initiatives covering technology and innovation, human capital development, market access and internationalisation, and access to finance facilitation.

For more information, please visit [www.mprc.gov.my](http://www.mprc.gov.my)

## ABOUT OGSE100

*OGSE100 lists the top 100 Oil and Gas Services and Equipment (OGSE) companies registered in Malaysia and ranks them based on their revenue. MPRC conducts its study by acquiring financial information of OGSE companies on a consolidated basis.*

The purpose of OGSE100 is to highlight the growth of OGSE companies and serve as a point of reference for industry players, potential investors and relevant stakeholders. The OGSE companies are mapped based on the industry segments they are operating in, followed by a segment analysis.

We use a small sample of public-listed OGSE companies reflective of the major OGSE activity in Malaysia in the Southeast Asia (SEA) regional comparison section for the year for review. Also, OGSE100 contains forward-looking statements based on assumptions, information and various perspectives made available to MPRC to provide a holistic picture and direction of the industry.

### **Prepared by:**

Dr. Moonyati Mohd Yatid  
Adlina Mohd Adnan  
Ahmad Nadir Ahmad Rozalan  
Adam Aiman Khairul Azni

### **Editorial Committee:**

Ilham Fadilah Sunhaji  
Lim Shie-Lynn  
Fariz Zulfa Mohd Mustafa

## OUR APPROACH



Our study is based on Malaysian-licensed companies whose primary business is related to the OGSE sector. We have also included listed companies with licensed subsidiaries or associates. These companies are assessed based on their consolidated financial results for the financial year (FY) 2020. We had an initial population of 2,299 companies for FY2020. Our primary source of data is the Companies Commission of Malaysia's (SSM) Corporate and Business Information Data (CBID) database, from

which we obtained financial records of these companies.

The analyses and study are based on data available as of November 2021. After applying our methodology (see pages 41 and 42), we arrived at a final population of 1,328 OGSE companies. These companies are further categorised into the top 100 of OGSE100 companies, 154 non-OGSE100 Mid-Tiers and 1,074 non-OGSE100 Small and Medium-sized Enterprises (SMEs).

### INITIAL POPULATION

# 2,299

COMPANIES FOR FY2020

### FINAL POPULATION

# 1,328

OGSE COMPANIES

## MOVEMENT

FY2020 saw major rank climbers within the top 100 list, including MKN Odyssey Ventures Sdn Bhd, Aker Engineering Malaysia Sdn Bhd, Integrated Petroleum Services Sdn Bhd, Executive Offshore Services Sdn Bhd, VSD Automation Sdn Bhd and Esstar Vision Sdn Bhd.

The year under review also includes new entrants into OGSE100, namely Almitra Energy Services Sdn Bhd, Synergy Marine Sdn Bhd, BWS Engineering

Sdn Bhd, TMM Engineering Services Sdn Bhd and Redtech Offshore Sdn Bhd.

Alongside new entrants are comebacks by previous OGSE100 companies, including Ocean Vantage Holdings Bhd, FMC Wellhead Equipment Sdn Bhd, Eastern Pacific Industrial Corporation Bhd, Daya Materials Bhd, Punj Lloyd Sdn Bhd, Bintang Samudera Sdn Bhd, and Sumisaujana Sdn Bhd.

# MESSAGE FROM CEO



**Bismillahirrahmanirrahim.**

**FY2020 ended on a sombre note as effects of the COVID-19 pandemic took hold and demand for energy, in particular oil, reduced due to restrictive movement rules around the world. Whilst there is some light at the end of a very long tunnel with the rollout of vaccination programmes and resumption of economic activities, the pandemic has impacted the oil and gas industry drastically.**

**MOHD YAZID  
JA'AFAR**  
*President/CEO*



For the year in review, effects of the pandemic and movement control rules affected the performance of Malaysian OGSE companies, with industry revenue declining substantially during the year. The domestic sector incurred a loss due to necessary impairment costs. FY2020 also saw a collapse in oil demand and rising inventories. This weighed on the price of crude

oil and saw WTI crude oil futures contract falling briefly below zero, setting a sombre tone for the rest of the year. Nonetheless, some Malaysian OGSE players persevered and faced challenges head-on, maintaining their industry position and future growth. Due to their efforts, Malaysian OGSE sector had a relatively lower performance decline compared with their regional peers.



**Despite the decline, some Malaysian OGSE companies have remained resilient.**

In FY2020, Malaysian OGSE companies registered a double-digit decline for all three segments, including the Mid-Tiers and SMEs, with industry revenue at RM56.2 billion. However, on the back of this decline, MISC Bhd. and Sapura Energy Bhd. maintained their top two spots, having recorded strong revenue performance during the year. In the third and fourth spot are Yinson Holdings Bhd. and Bumi Armada Bhd., respectively, while Dialog Group Bhd. maintained its fifth position. Overall, the sector incurred a loss of RM4.0 billion on asset impairments by several major OGSE players, without which, the industry would have registered a profit of RM781.4 million.

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## **REGIONAL PERFORMANCE FY2020**

In Southeast Asia, pandemic-related lockdowns also led to a drastic drop in fuel demand, notably in the transportation, shipping and aviation sectors. Subsequently, countries like Malaysia, Indonesia, Thailand and the Philippines have had to halt or delay energy-related developments, including deep-water projects, due to a shortage of workers during the lockdown.

Throughout FY2020, Southeast Asia OGSE companies' focused on managing cashflows for survival whilst prioritising projects and maintaining future growth. Against regional peers, Malaysian OGSE companies coped better with the pandemic, having registered an average decline of 14.2 per cent compared to regional peers that saw a 23.1 per cent decline in revenue performance.

Despite the decline, some Malaysian OGSE companies have remained resilient with sizeable growth, namely Sapura Energy Bhd., Bumi Armada Bhd. and MISC Bhd. The former two recorded double-digit revenue growth of 37.5 per cent and 10.1 per cent, respectively, while the latter with 2.2 per cent.

# 2021 AT A GLANCE

2021 marked the second year of COVID-19 with accelerating rollouts of vaccinations in most major economies. Widespread fiscal responses to the economic crisis also boosted the outlook for economic growth, leading to a rebound in energy demand in 2021.

In Malaysia, borders have gradually reopened, and the national economy is on the road to recovery, even as risks remain from the ongoing COVID-19 crisis. Nevertheless, the Government is committed to the economy's return to pre-pandemic growth rates by focusing on three areas – recovery, resilience and reforms. The National Recovery Council has also outlined five initiatives for the Malaysian economy to recover and chart new paths for the future. These include loan moratorium and government guarantee schemes for companies, including OGSE companies.





## 2022 : WHAT'S NEXT FOR OGSE?

The path of global recovery is still underway, and Malaysia will continue to monitor the economic impact of the COVID-19 pandemic. Although the pandemic has been relatively well managed so far, its continuing impact on the OGSE sector in the upcoming financial year remains to be seen. At present, uncertainties still abound for the vaccination or booster coverage and any emerging variants of the coronavirus.

Nevertheless, we are cautiously optimistic. The National OGSE Industry Blueprint 2021–2030 that was introduced by the Government endeavours to grow Malaysia's OGSE sector in capacity and capability to ensure greater competitiveness and long-term sustainability.

The Government is also expected to launch the new National Energy Policy, which focuses on achieving long-term energy security at competitive prices while ensuring environmental sustainability, and complements the National Gas Roadmap that strives to optimise the value of indigenous gas resources, enhance the security of supply and access to cost-competitive gas, amongst others. Equally important, the coal-to-gas switching is also addressed in the 12th

Malaysia Plan, whereby cleaner electricity generation will be implemented through the operation of several gas power plants in Peninsular Malaysia to replace coal-fired power plants.

Looking beyond 2022, Malaysian OGSE players are to remain steadfast and agile while navigating the turbulence ahead. Above all, MPRC firmly believes the Government roadmaps and blueprints shall be the pathways to follow and could set a clear direction towards industry recovery, resilience-building and future-proofing businesses.

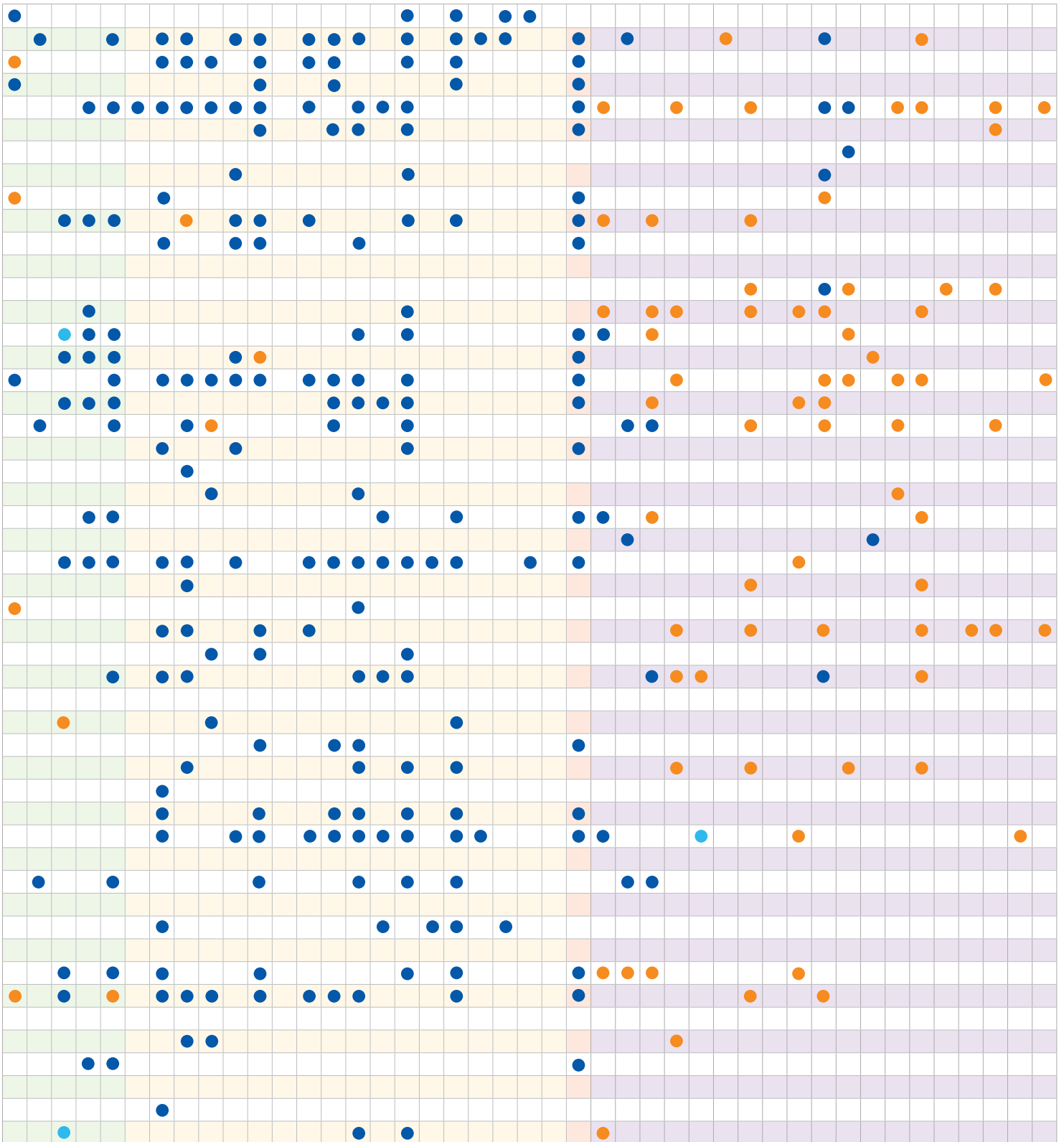
On behalf of MPRC, I would like to thank all industry players and stakeholders for your continuous support and participation in MPRC's initiatives.

**Mohd Yazid Ja'afar**  
President/CEO  
December 2021





FSO / FPSO Owner / Operator / Contractor	Subsea	Drilling Rigs	Drilling Services	Well services / Well completions	Lab Services	Maintenance - Piping & Valve / Structural	Maintenance - E & I	Maintenance - Mechanical (rotating)	Maintenance - Mechanical (static)	Maintenance - Pipeline	Maintenance - Safety Equipment	Minor Fabrication & Repair	Underwater Services	Asset Integrity Services	Health, Safety, Environment (HSE) & Security	Manpower Services	Environmental Clean-Up / Waste Disposal	Marine Vessel Services	Helicopter / Air Transportation Services	Land Transportation Services	Warehousing & Storage Services	Cargo Tankers	Decommissioning Contractor	Chemicals Supply & Services	Subsea	Drilling Equipment	Electrical	HVAC	ICT	Instrumentation	Insulation	Marine System	Mechanical	Pipelines	Riser	Rotating Equipments	Safety System	Structural	Transportations	Valves	Warehouse Equipment	Workshop Tools
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# WHERE DO OGSE100 COMPANIES OPERATE

The oil and gas services supply chain can be categorised into four segments: Exploration, Development, Production and Decommissioning, corresponding with the various phases along a project's life cycle.

Guided by PETRONAS' Standard Work & Equipment Categories (SWEC), the segments are further divided into 45 services and 23 product sub-segments. The OGSE100 companies are then mapped according to their corresponding operating segments, as illustrated in Figure 1.

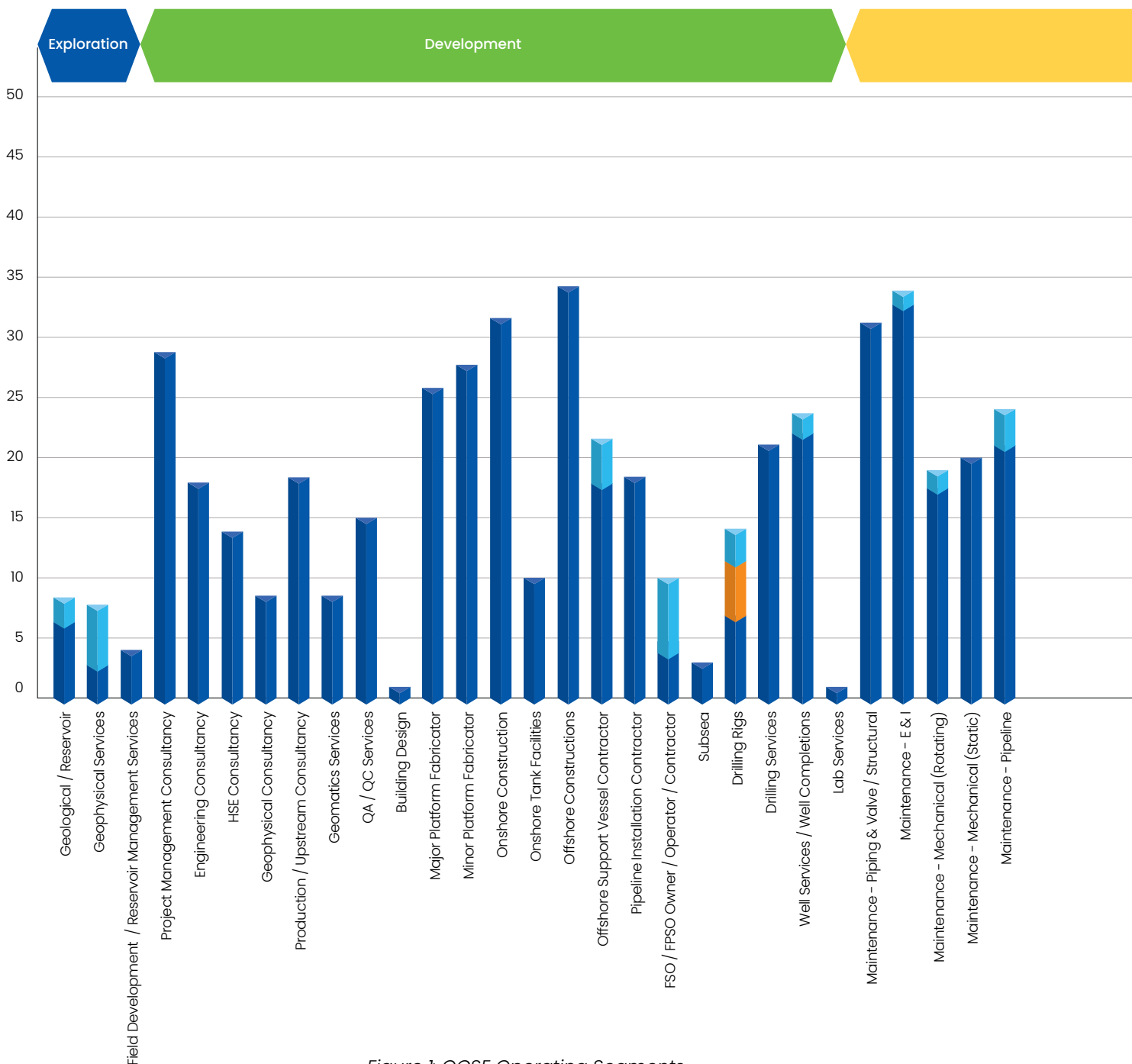





Figure 1: OGSE Operating Segments

The degree of value-added activities of these companies is based on the logical grouping of their respective mode of operations, as shown in the table below.

Group	Services Modus Operandi	Products Modus Operandi
	Self-Operated, Rig Owner Operator, Vessel Owner-Operator	Manufacturer, Fabricator
	Rig Operator, Vessel Operator	Assembler, Chemical Blender, Packager, System Integrator
	Agent, Dealer, Buying Arm	Agent, Dealer, Buying Arm

Based on Figure 1, we can deduce that OGSE100 companies operate across all categories of the oil and gas services and products supply chain and continue to exhibit a higher degree of value-added activities in the services categories.

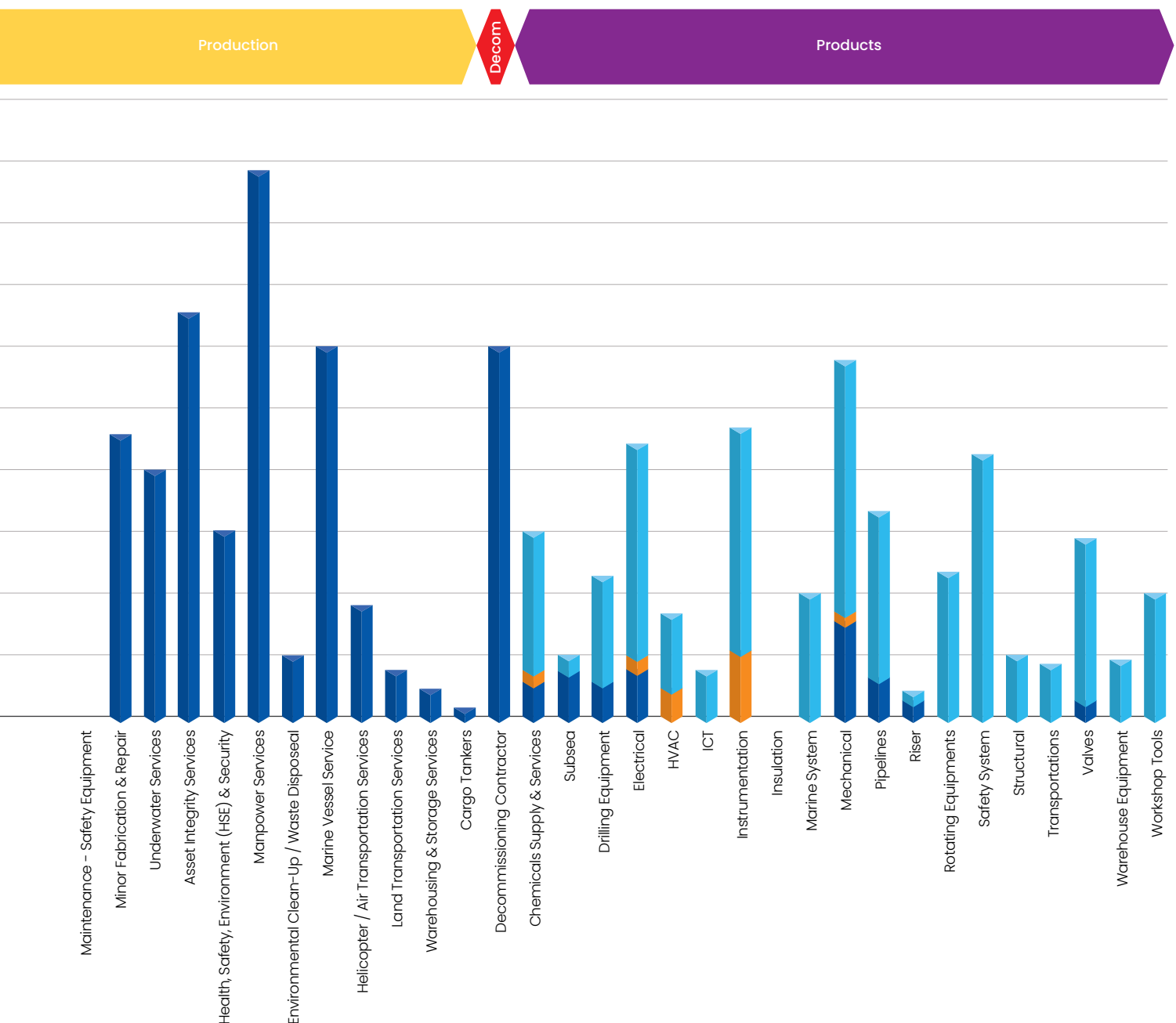


Figure 1: OGSE Operating Segments

# UPSTREAM OIL & GAS INDUSTRY – THE MOVEMENT

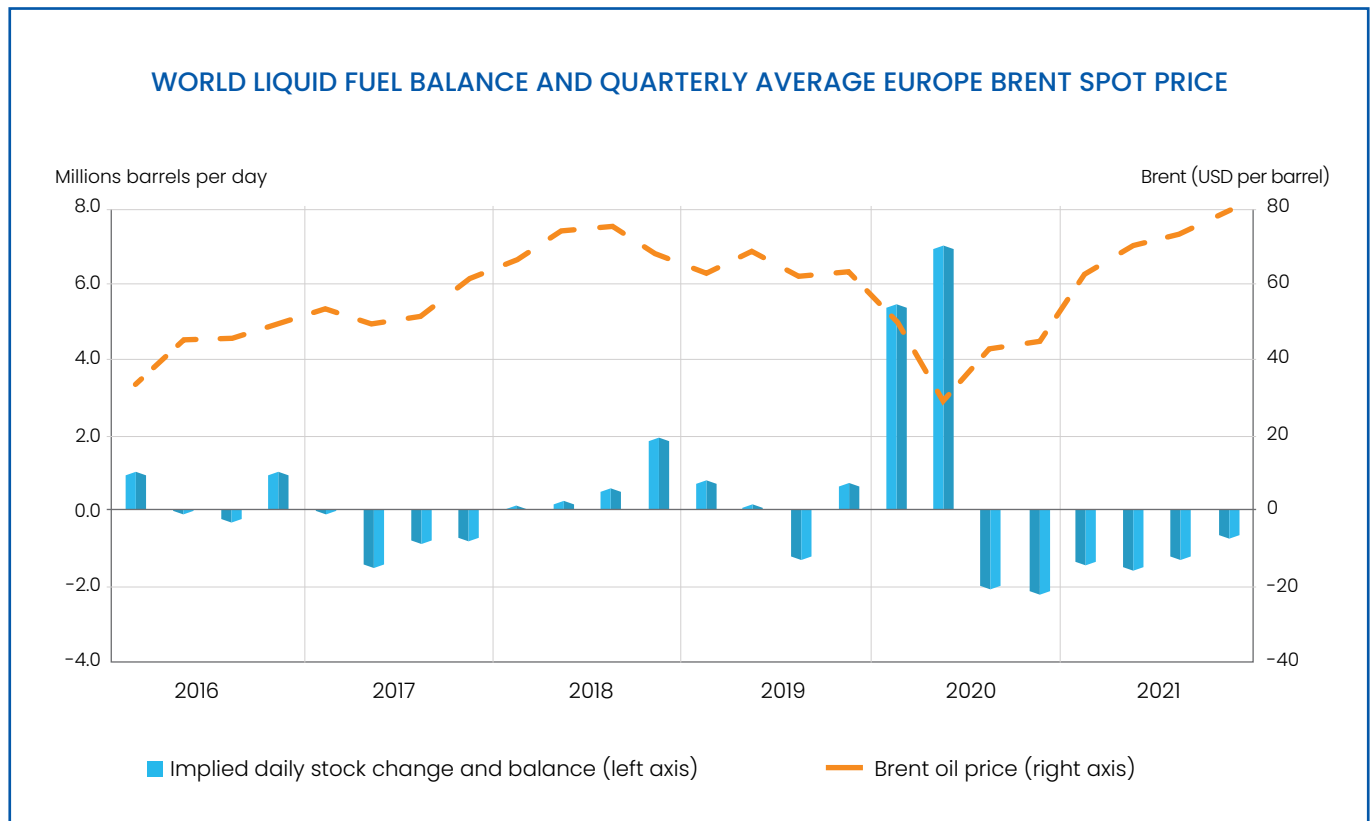


Figure 2: World Liquid Fuel Balance and Quarterly Average Europe Brent Spot Price

In FY2020, the COVID-19 pandemic triggered an unprecedented demand shock in the oil industry, leading to a historic market collapse in oil prices. As a result, the global oil price was lower in FY2020, with an average of USD41.8/bbl compared to USD64.4/bbl in 2019.

In April 2020, oil demand fell as governments worldwide imposed lockdowns and travel restrictions. The combination of falling demand, rising supply and decreasing storage space caused the crude oil price to plunge. Exacerbated by the oil price war between Saudi Arabia and Russia, global oil price collapsed to a 21-year low of USD18.4/bbl in April 2020.

Subsequently, the second half of FY2020 saw the global oil price gradually recover following the OPEC+ compliance to an unprecedented production cut of 9.7 mb/d starting in May 2020 and the strict US sanctions on Iran and Venezuela oil output. Nonetheless, the oil price recovery was still constrained by the slow demand in the transportation industry and the abundance of oil supplies kept in storage facilities, both land and sea.

# PETRONAS' CAPEX

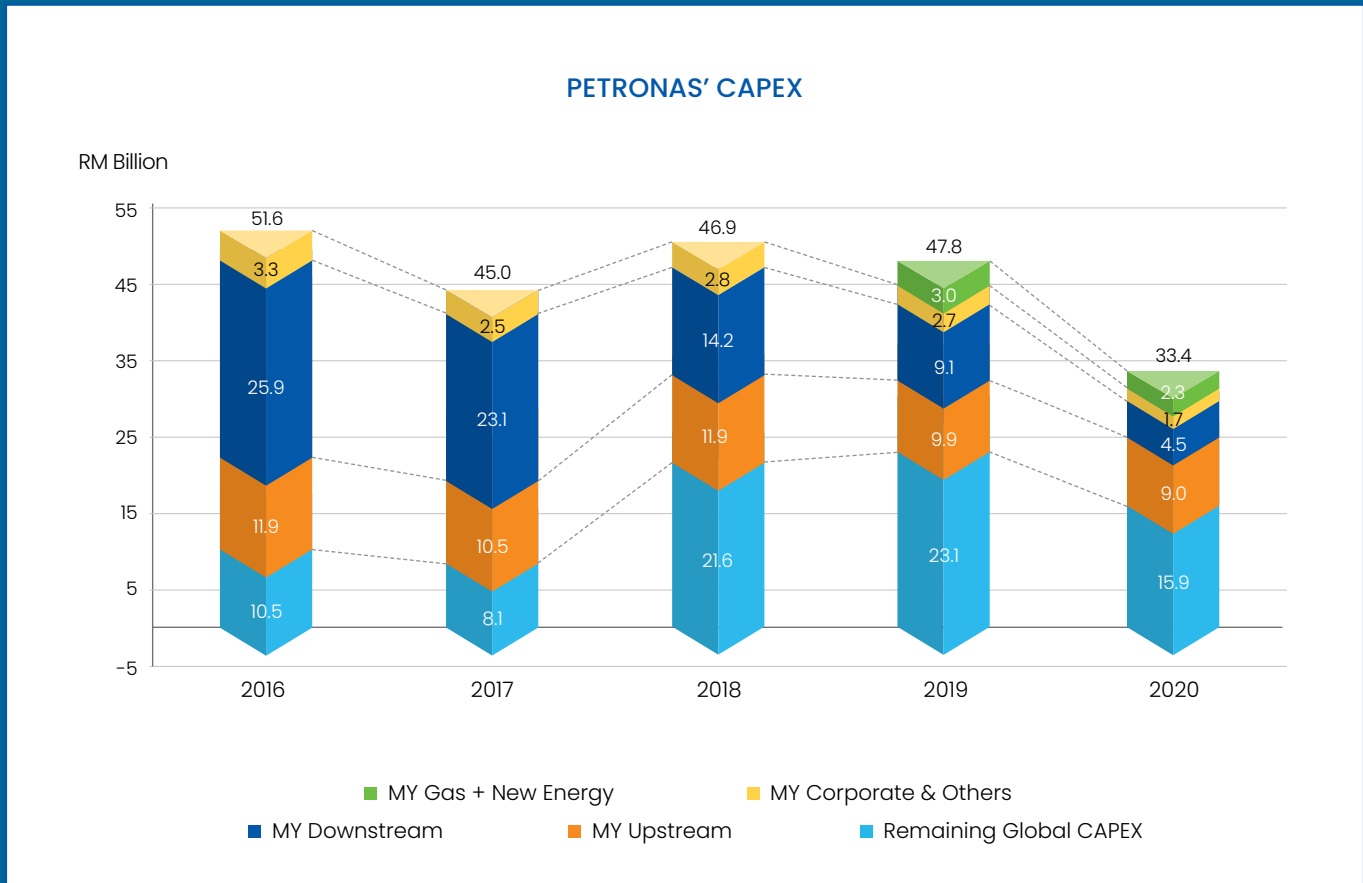


Figure 3: PETRONAS' CAPEX

In 2020, PETRONAS recorded RM15.9 billion total global capital expenditure (CAPEX), whereby RM5.4 billion was allocated to international portfolio investments in key countries such as Canada, Iraq, Azerbaijan and Mexico. Among notable investments is Upstream's first entry into the Gulf of Mexico's oil and gas operations. Through its subsidiary, Progress Resources USA LLC (PRUL), PETRONAS acquired a 30 per cent working interest in the Monument Prospect earlier in FY2020.

For the Gas + New Energy (GNE) segment, capital investments for FY2020 were primarily spent on international ventures, particularly for the liquefied natural gas (LNG) project in Canada,

with additional investments to acquire solar assets under Acme Solar in India.

In FY2020, PETRONAS recorded a domestic CAPEX spend of RM17.5 billion compared to RM24.7 billion in the previous year. Spending across all segments decreased for the year under review, with Downstream spending being significantly reduced to almost half than in 2019.

Domestically, RM9.0 billion or 51 per cent of Upstream's CAPEX was allocated for key projects, including the Kasawari Gas Field Development, Bayan Phase 2, Baram Delta Enhanced Oil Recovery and Pegaga Gas Field Development.

# 2020: MALAYSIA'S OGSE SECTOR IN REVIEW

## 1. TOTAL REVENUE DECLINED BY 13.7%

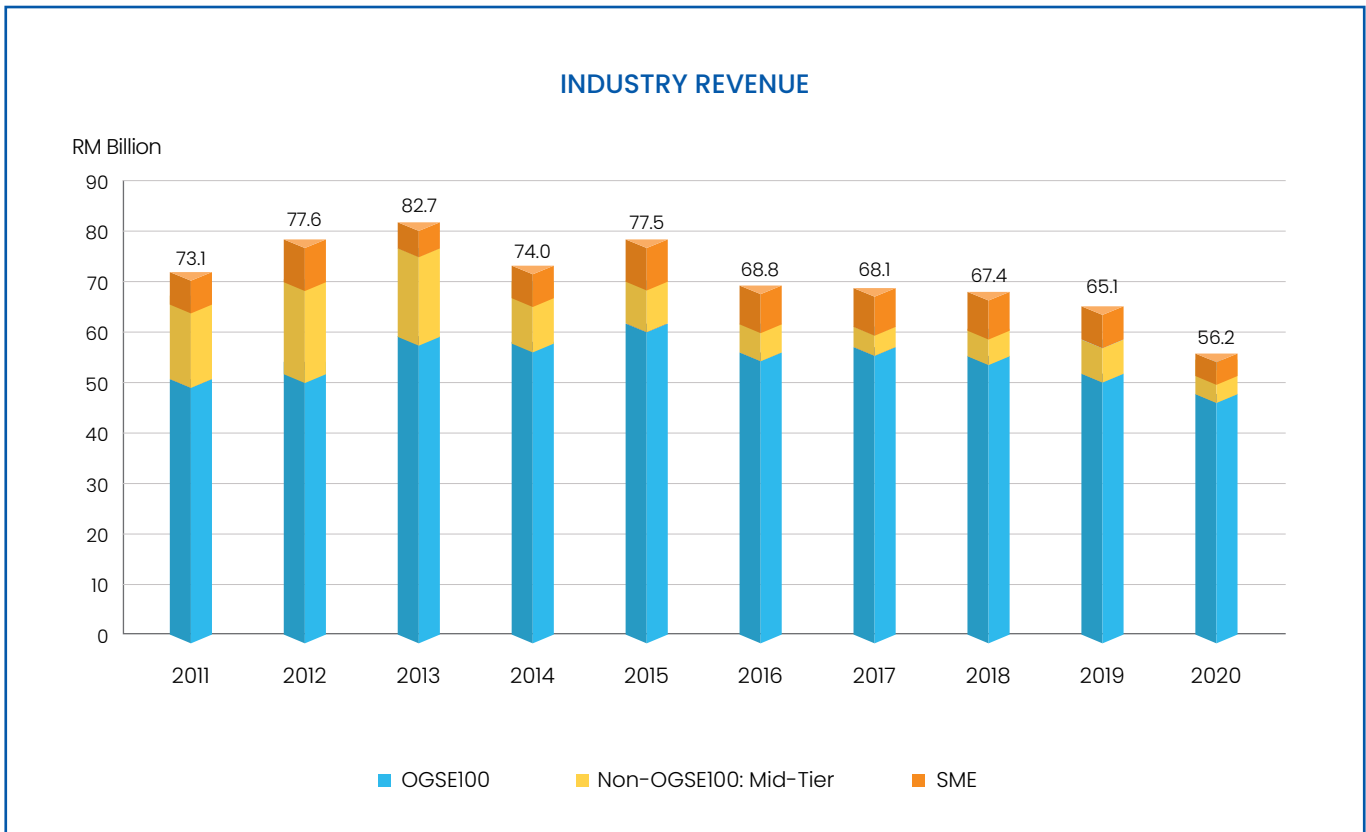


Figure 4: Industry Revenue

For the year under review, Malaysian OGSE sector recorded total revenue of RM56.2 billion or a 13.7 per cent decline against RM65.1 billion in 2019. Meanwhile, OGSE100 total revenue stood at RM46.8 billion, 10.5 per cent lower than 2019 (RM52.4 billion). Subsequently, FY2020 saw a more significant reduction in total revenue for non-OGSE Mid-Tier companies and SMEs with declines of 22.9 per cent (RM4.9 billion) and 30.4 per cent (RM4.5 billion), respectively.





## 2. INDUSTRY NEGATIVE PROFIT BEFORE TAX (PBT) OF RM4.0 BILLION

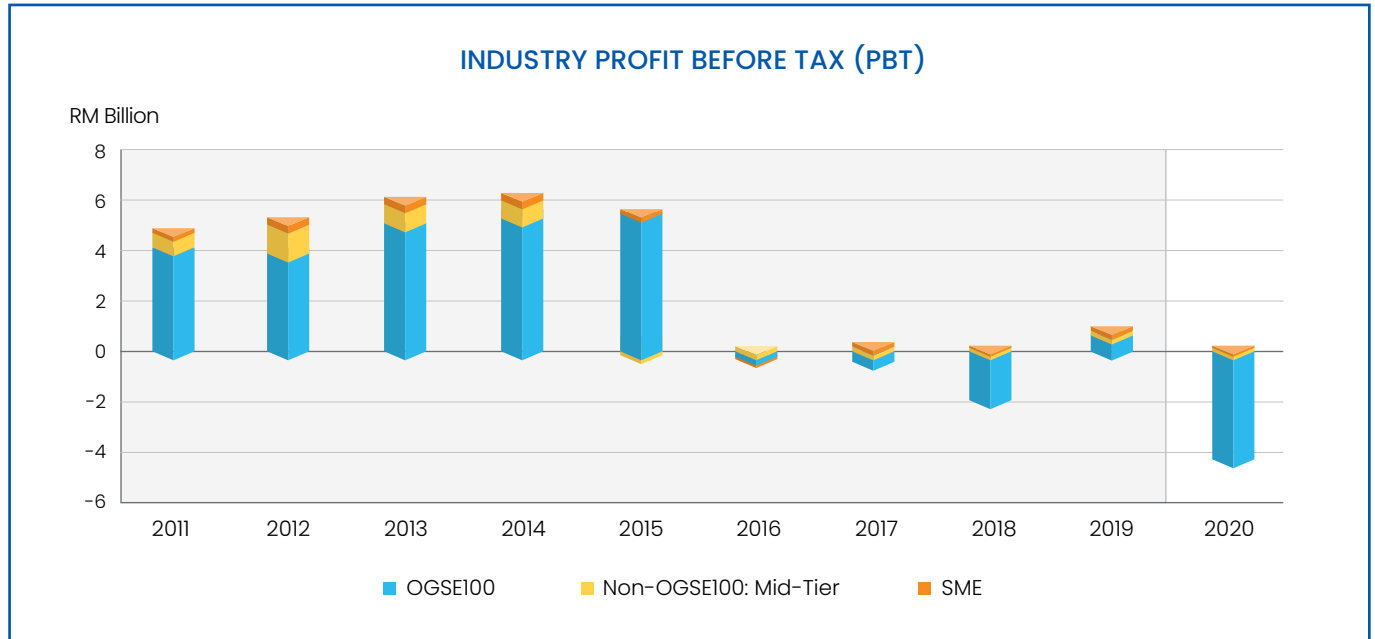


Figure 5: Industry PBT

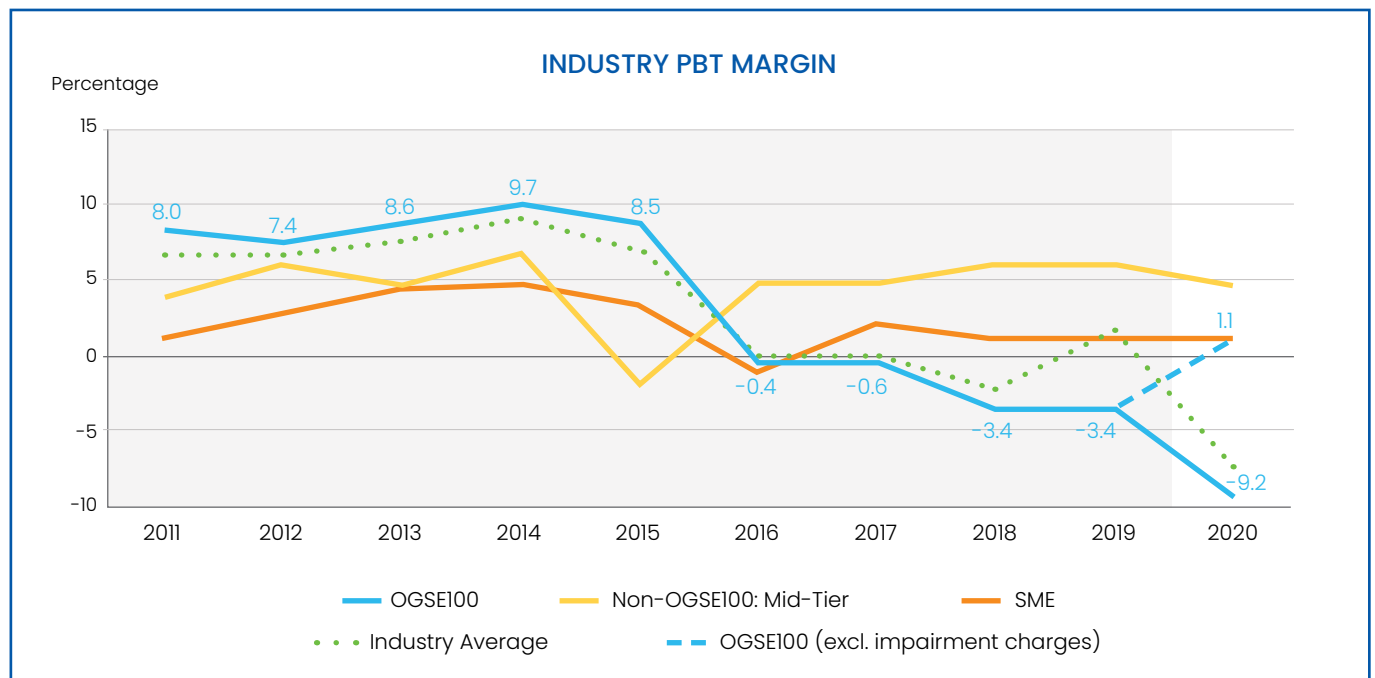


Figure 6: Industry PBT Margin

Malaysia's OGSE industry recorded a loss before tax (LBT) of RM4.0 billion with an average loss margin of 7.1 per cent against a PBT of RM1.1 billion in 2019. Moreover, the OGSE100 industry reported a massive LBT of RM4.3 billion with an average loss of 9.2 per cent due to impairment exercises by several asset-heavy players including Sapura Energy Bhd recognising an RM3.3 billion impairment in its books.

Without these charges, the total PBT and average PBT margin for OGSE100 companies would have been in the black, with the amount slightly over RM0.5 billion and 1.1 per cent, respectively.

Both non-OGSE100 Mid-Tier companies and SMEs continued to record positive PBT of RM224.1 million and RM56.2 million, correspondingly.

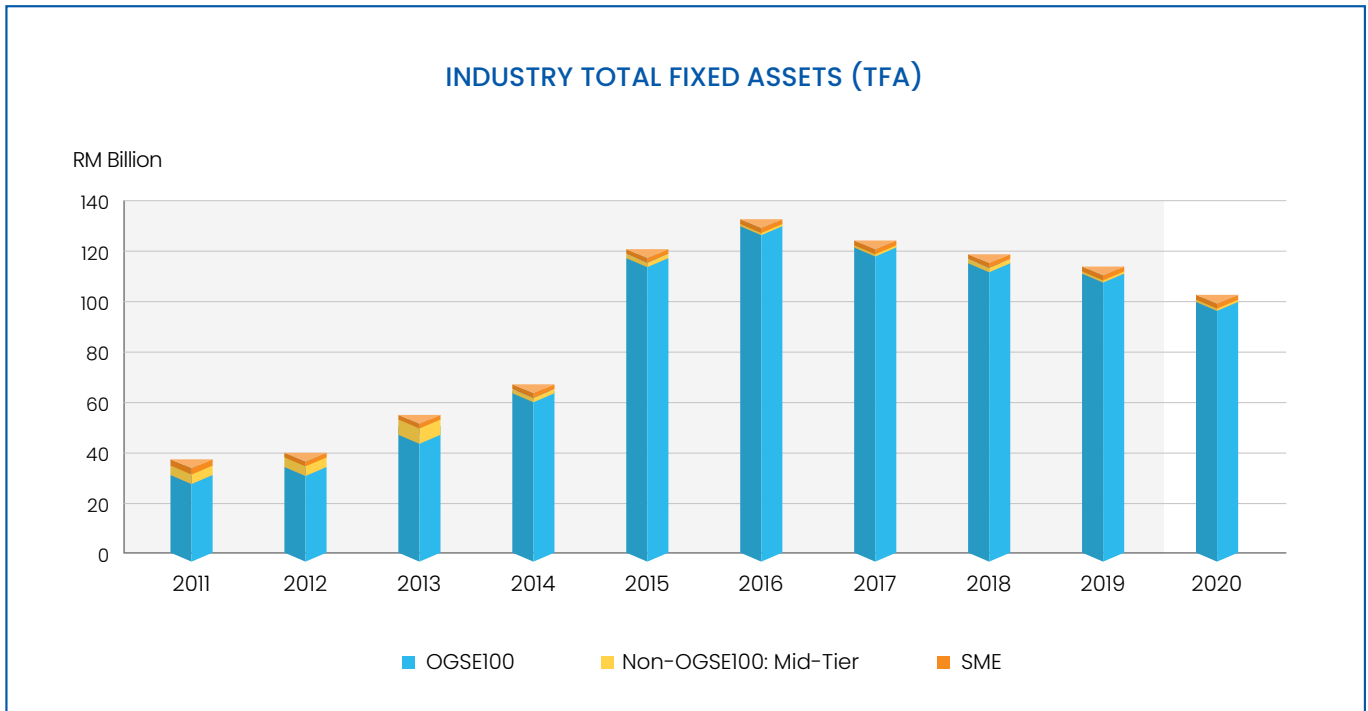


Figure 7: Total Fixed Assets

Overall, the industry continued efforts in reducing asset ownerships in FY2020, with a year-on-year decline by 8.6 per cent to RM103.1 billion compared to RM112.7 billion in 2019. The decline is due to industry players reducing liabilities created through asset ownerships and diversifying into less asset-intensive sectors.

In FY2020, OGSEI00 companies still owned circa 97.6 per cent of the assets totalling RM100.7 billion, whereas non-OGSEI00 Mid-Tier companies and SMEs recorded assets worth RM1.2 billion each.



# IN-DEPTH ANALYSIS OF OGSE100 WITHOUT MALAYSIA INTERNATIONAL SHIPPING CORPORATION (MISC) BHD.

For the FY2020 edition, we continue to provide an in-depth analysis of the industry by excluding MISC Bhd. (MISC), as its size and contribution could distort our sector analysis in terms of revenue, PBT and Total Fixed Assets (TFA).

On average, MISC accounted for 17 per cent of the OGSE100 revenue and 14 per cent of the total industry for the last five financial years since its addition to the population in 2016. Therefore, this analysis intends to provide an alternative view on the industry's movement and traction of the OGSE sector with the exclusion of MISC.

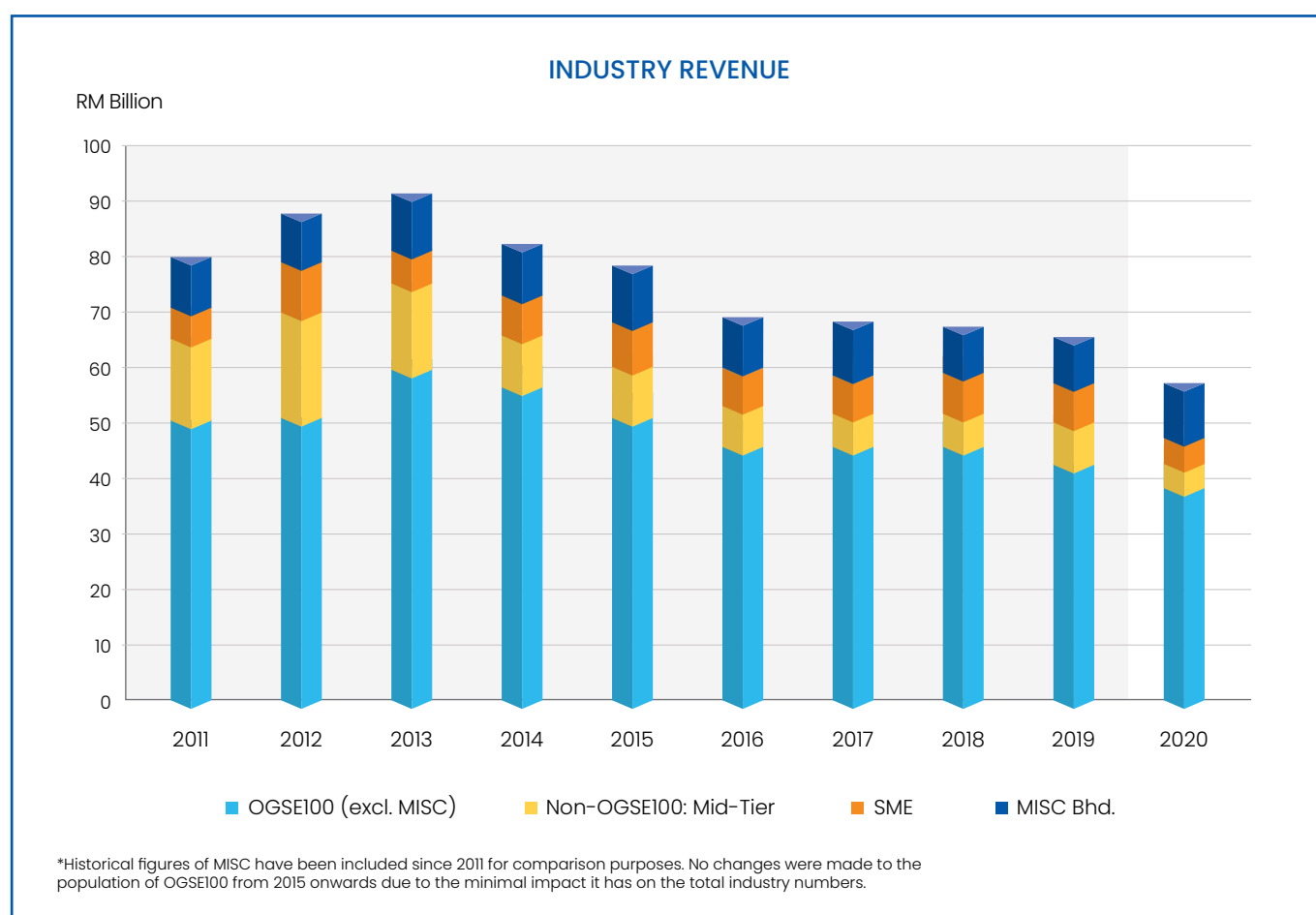


Figure 8: Industry Revenue excl. MISC

FY2020 saw total OGSE revenue of RM46.8 billion, a 16.6 per cent decline from RM56.1 billion in the previous year. Excluding MISC, OGSE companies reported total revenue of RM37.4 billion, a decline of 13.7 per cent compared to the RM43.4 billion in 2019, of which the top 10 companies contributed 57 per cent of the revenue. One of the major deliverables was the Central Processing Platforms for Mubadala Petroleum's Pegaga field in Sarawak by Sapura Energy Bhd.

The year under review also saw exemplary performance by Dialog Group from its terminal business, in particular the completion and commissioning of its petroleum terminal with an additional storage capacity of 430,000 m<sup>3</sup> at Pengerang Independent Terminals Sdn Bhd (PITSB) and an additional 120,000 m<sup>3</sup> at Dialog Terminals Langsat (3) Sdn Bhd (DTL3).

### INDUSTRY PROFIT BEFORE TAX

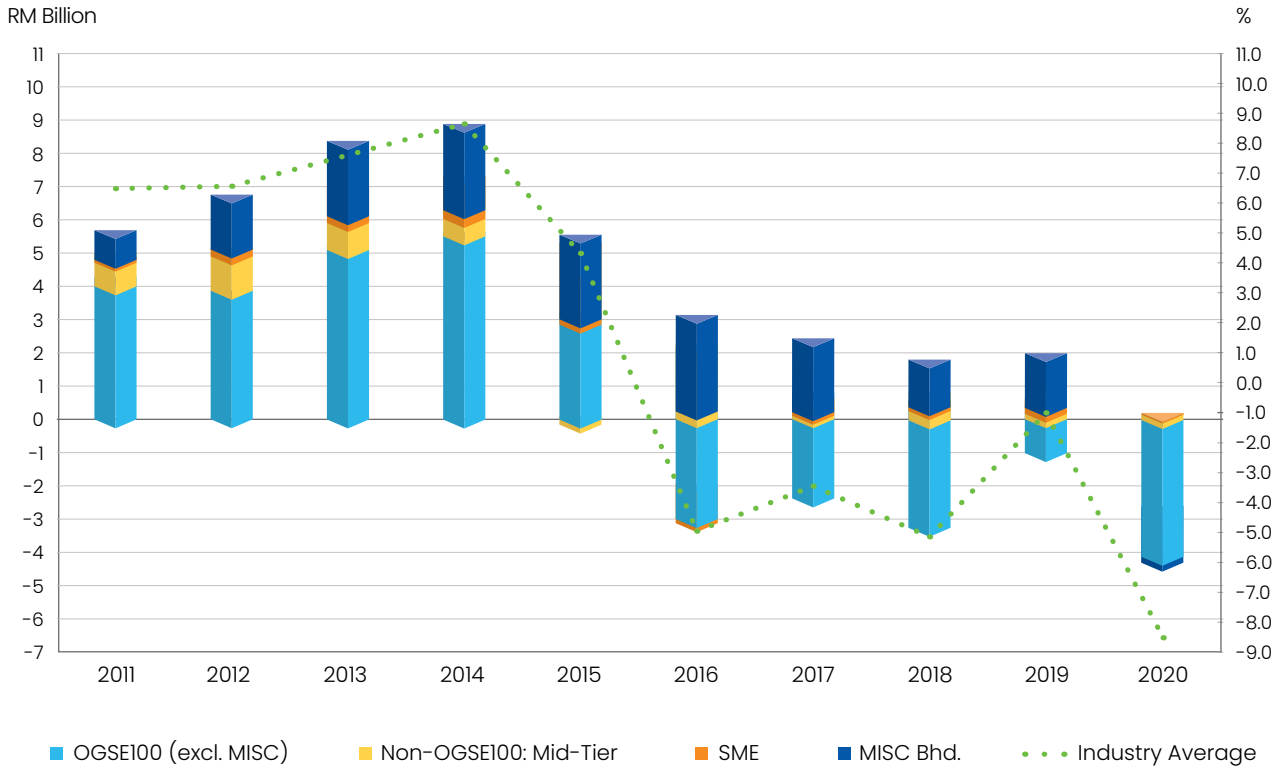


Figure 9: Industry PBT excl. MISC

### INDUSTRY PBT MARGIN

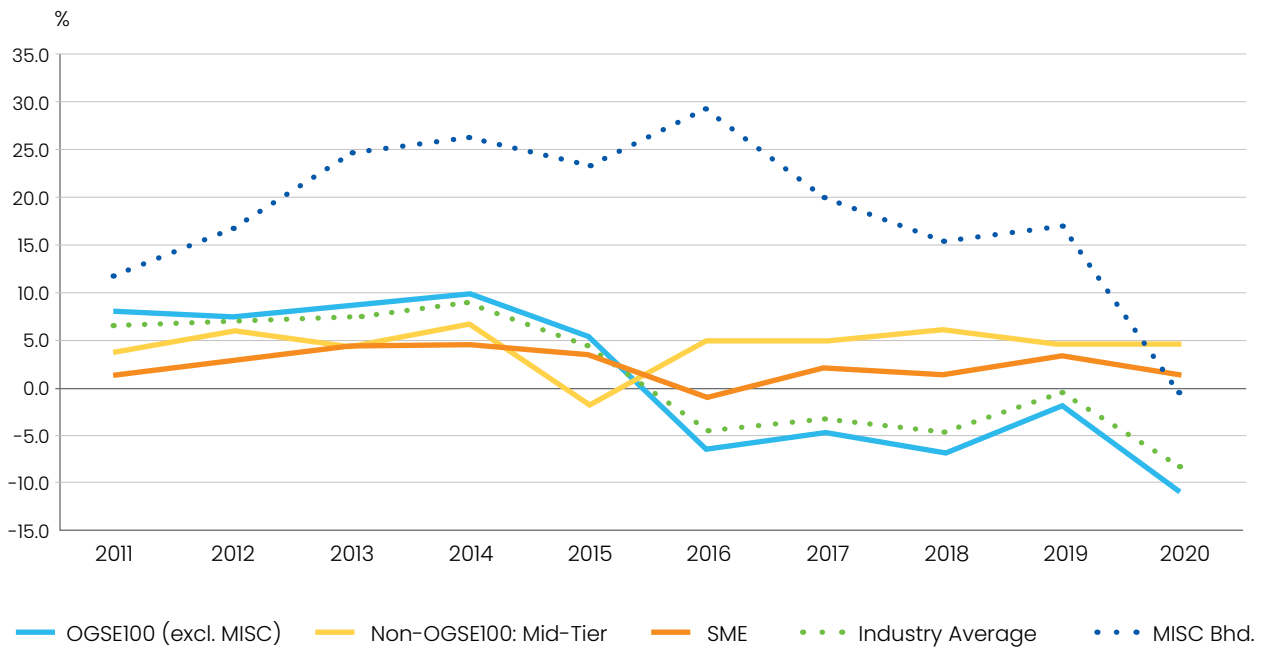


Figure 10: Industry PBT Margin excl. MISC

Excluding MISC, the Malaysian OGSE sector saw an LBT of RM3.9 billion from RM450 million in 2019, which is the fifth consecutive loss since 2016.

Similarly, the same trend was witnessed by the OGSE100 group of companies recording an LBT of RM4.2 billion with an average margin loss of 11.1 per cent, a further decline from over RM900 million loss in the year before.

In contrast, non-OGSE100 Mid-Tier companies and SMEs continued to record positive PBT of RM224.1 million and RM56.2 million, respectively.

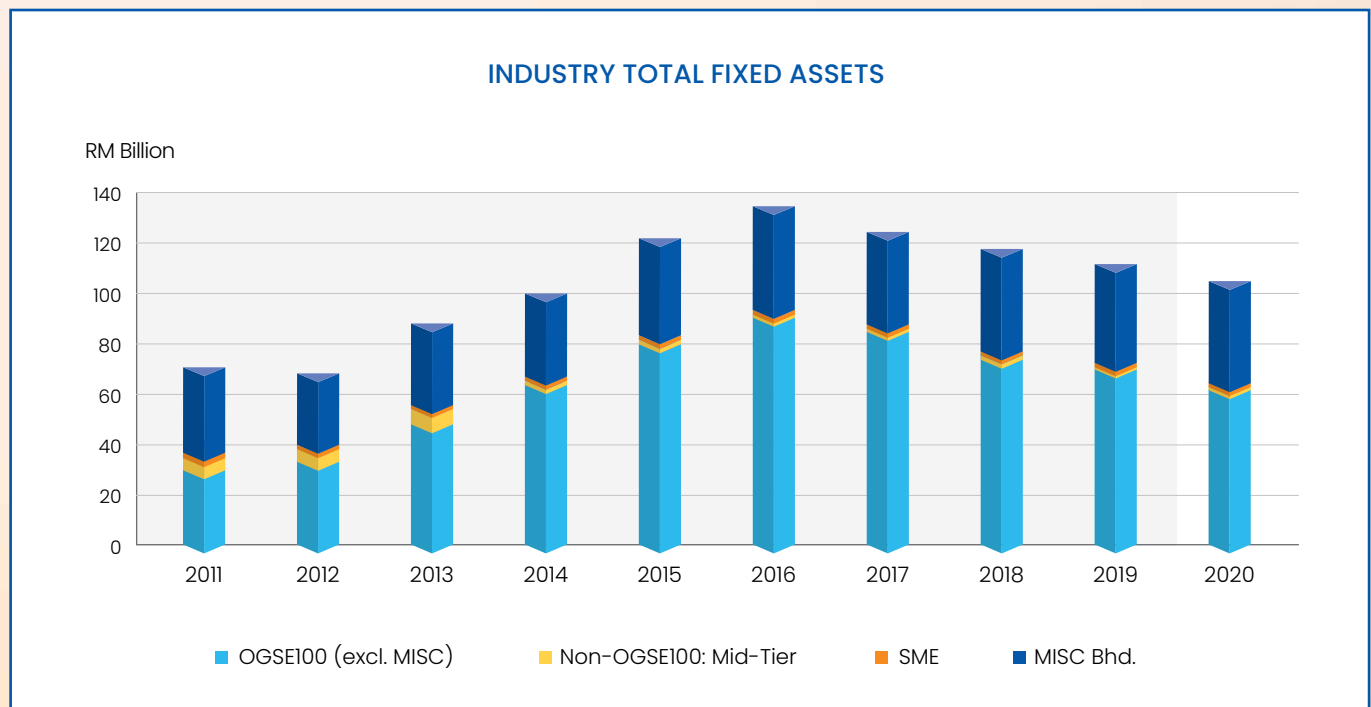


Figure 11: Total Fixed Assets excl. MISC

By omitting MISC, the domestic OGSE sector accumulated a TFA worth RM63.6 billion in FY2020, a decline of 11.8 per cent compared with 2019. The accumulation of TFA has seen a continued downward trend since 2016, aggravated by the unprecedented outbreak of COVID-19 during the year under review. Also, OGSE100 companies acquired a cumulative TFA of RM61.2 billion in FY2020, an annual decline of 11.7 per cent from the previous year.



**SPECIAL MENTION:  
TAKING STOCK OF  
SUSTAINABILITY IN  
MALAYSIA'S OGSE SECTOR**

This section assesses sustainability reporting among the OGSE100 companies. Content analysis was used on data sourced from the publicly available annual reports for FY2020 to identify the extent of the reporting covering

the sustainability aspects for the OGSE sector as shown in the table of OGSE100 Public Listed Companies Sustainability Reporting Themes based on Environment, Social and Governance (ESG) criteria.

## OGSE INDUSTRY SUSTAINABILITY REPORTING OVERVIEW

### OGSE100 POPULATION

**39%** REPORT  
SUSTAINABILITY  
PRACTICES

(39 COMPANIES OUT OF 100)

14%

25%

OUT OF  
100 COMPANIES



Non-PLCs



PLCs

### 25 PLCS REPORTING ON SUSTAINABILITY FROM OGSE100

**20%**

(From 25 PLCs)

OGSE PLCs reporting progress towards achieving their long term targets

**20%**

(From 25 PLCs)

OGSE PLCs reporting progress towards achieving their climate change target

## SUSTAINABILITY REPORTING ANALYSIS

### ENVIRONMENT



**32%**

(8 out of 25 PLCs)

Companies report on their greenhouse gas (GHG) emissions by disclosing their data of Scope 1 and Scope 2 of GHG emissions

### SOCIAL



**96%**

(24 out of 25 PLCs)

Reported on Health, Safety and Environment (HSE) practices,



**32%**

(8 out of 25 PLCs)

OGSE PLCs are found to have at least 30 per cent of women directors in their company (as per MCGG requirement as of 2021)

### GOVERNANCE



**88%**

(22 out of 25 PLCs)

Companies have adopted sustainability governance to oversee the implementation of sustainability (as per MCGG requirement as of 2021)

Note:

1. This section attempts to provide an overview of the current status of sustainability compliance and adoption among 25 Malaysia's public-listed companies based on their FY2020 filings to Bursa Malaysia].
2. Report on sustainability practices are screened based on the availability of the sustainability statements for both PLCs and non-PLCs.
3. This infographic is not indicative of the table in page 27 to 30.





Malaysia's OGSE sector has made significant progress in adhering to health, safety, environmental regulations and also stepping up contributions to communities they operate in. For FY2020, we noted 25 out of 26 OGSE100's public listed companies have incorporated the Environmental, Social and Governance (ESG), Economic, Environmental and Social (EES), and Global Reporting Initiative (GRI) frameworks in their respective sustainability progress reports.

According to Bursa Malaysia, the phrases EES and ESG are commonly interchangeable since they are not well defined. Both terms are also used in the GRI Guidelines, which is a more detailed standard reporting guideline for corporations. For a more holistic management approach, EES serves as a framework for businesses to assess economic, environmental and social risks and possibilities.<sup>1</sup>

We observed the following companies have taken steps to publish and align their sustainability targets to United Nations\* 17 Sustainability Development Goals in their sustainability reports. These companies are: MISC Bhd. (MISC), Yinson Holdings Bhd. (Yinson) and Boustead Heavy Industries Corporation Bhd. (Boustead).

The year in review saw 20 per cent of companies have complied with the requirement of disclosing sustainability by reporting the current progress of their long-term target. In contrast, 16 per cent of companies reported future targets but did not disclose progress towards achieving it and the year (specific or estimate) of its realisation.

<sup>1</sup>Approved by the United Nations in 2015, the Sustainable Development Goals (SDGs), also known as the Global Goals, is an urgent action plan set out to end poverty, protect the planet and foster peace and prosperity by 2030.

Under the Environment aspect, 32 per cent of the companies have been reporting on their greenhouse gas (GHG) emissions by disclosing their Scope 1\* and Scope 2\* of GHG emissions. Five OGSE PLCs have reported their progress and specified their climate change target for the future. Among them, Velesto Energy and MISC's mentioned target is aligned to the Paris Agreement target of Net Zero Carbon Emission by 2050. PETRONAS has also outlined their short-term target of capping GHG emissions at 49.5 million tonnes of carbon dioxide equivalent (MtCO<sub>2</sub>e) for its Malaysian operations by 2024.

Note:

<sup>1</sup> Scope 1 refers to direct emissions from assets and sources owned or controlled by the company.

<sup>2</sup> Scope 2 refers to indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.



# ENVIRONMENT

Companies have been consistent in reporting workforce diversity by disclosing their age, gender composition and nationality. Eight OGSE PLCs have a minimum of 32 per cent of women directors in their company. In this regard, OGSE PLCs should improve their diversity and inclusion measures at the board level as well as senior management as the Government and Securities Commission have strengthened the requirements in these areas.

In addition, almost all, or 96% of OGSE PLCs reported progress and updates on Health, Safety and Environment (HSE) in their respective sustainability reporting. For the year in review, measures for protecting workers and COVID-19 management in the workplace were planned and mapped out. These include mass COVID-19 screening, provision of medical equipment to frontliners and the move towards virtual interactions between employees and key stakeholders.



# SOCIAL



# GOVERNANCE

In terms of Governance, 88 per cent of companies have developed their sustainability governance structure to ensure the implementation of sustainable business strategy and practices. They each maintain their own stance towards bribery and corruption involving their organisation and stakeholders. Most companies have established a zero-tolerance policy towards bribery and corruption.



# WHAT'S NEXT

In recent years, investors, financiers, and governments have shifted their focus towards sustainability agenda projects. BlackRock, the world's largest asset manager, has put climate change at the centre of its investment strategies, having announced its divestment from coal in its portfolios.<sup>2</sup> Sustainable investments in five major international markets also saw an increase of 15 per cent within two years, valued at USD35.3 trillion in early 2020.<sup>3</sup> Malaysia saw similar uptick in sustainability-centric investments or financial instruments as well, with the launch of US1 billion Sustainable Sukuk, where proceeds will be used for eligible social and green projects that are aligned to the SDGs.

Closing on the heels of sustainability financing was the MYSDG Trust Fund, to also facilitate Malaysia's sustainable development agenda. This signals an increase in fund availability for OGSE players with innovative, sustainability-focused solutions to tap into.

The Economic Action Council (EAC) has also proposed shared responsibility, responsible governance, and

sustainability, including mandatory green government procurement for all Government-Linked Companies and incentive packages to attract more green investments.

Bank Negara Malaysia (BNM), Malaysia's central bank, has also established a Joint Committee on Climate Change for building resilience within Malaysia's financial sector.

What is worth noting is access to financing for SMEs towards sustainability-centric projects or solutions will also step up significantly in 2022, with access to a RMI billion financing facility.<sup>4</sup>

The growing number of grants and funds could help accelerate sustainability adoption among OGSE players, particularly SMEs, in Malaysia, but the path towards OGSE sustainability requires a roadmap towards collaboration and realistic pathways towards adopting sustainability.

## LIST OF THEMES AND ACTIVITIES OF 25 PLCS IN OGSE100 SUSTAINABILITY REPORT CRITERIA

This is MPRC's first attempt at listing activities/items that 25 PLCs in the OGSE100 report on ESG.

The table merely depicts the themes as presented by OGSE companies in their respective annual reports in FY2020. MPRC took note that these companies may have progressed in the disclosure of ESG practices.

The table also focused only on environment and social aspects, as the governance element has been extensively covered as part of Bursa's listing requirements and the MCCG. For further details, kindly contact the respective Investor Relations Department of the companies or refer to the relevant annual reports.

No	Company Name	Environment	Social
1.	ALAM MARITIM RESOURCES BHD	<ul style="list-style-type: none"> <li>Waste Management and Pollution Prevention</li> <li>Vessel Fuel &amp; Energy Management</li> </ul>	<ul style="list-style-type: none"> <li>Talent Management and Development</li> <li>Corporate Social Responsibility</li> <li>Quality and Health, Safety, Security and Environment</li> <li>Organisational Culture Development</li> </ul>
2.	BARAKAH OFFSHORE PETROLEUM BHD	<ul style="list-style-type: none"> <li>Energy Consumption</li> <li>Water Consumption</li> <li>Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>Employee Retention</li> <li>Diversity and Equal Opportunity</li> <li>Community Engagement</li> <li>Training Occupational health and safety</li> <li>Recognition for Good Safety Practices</li> <li>New Employee Hire and Employee Turnover</li> </ul>
3.	BOUSTEAD HEAVY INDUSTRIES CORPORATION BHD	<ul style="list-style-type: none"> <li>Waste and Water Management</li> <li>Greenhouse Gas (GHS) Emissions and Energy Management</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Health and Safety</li> <li>Employee Diversity Profile</li> <li>Employee Training, Education, and Development</li> <li>Labour Practices and Human Rights</li> <li>Community Contributions and Development</li> </ul>
4.	BUMI ARMADA BHD	<ul style="list-style-type: none"> <li>Spill Management</li> <li>GHG Reduction</li> <li>Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Health, Safety, Security, Environment &amp; Quality</li> <li>Integrated Management System ("IMS")</li> <li>Corporate HSSEQ policies</li> <li>Operational Excellence</li> <li>Health and Safety</li> <li>Process Safety</li> <li>COVID-19 Management</li> <li>Embarking On Digital HSSEQ</li> <li>Cyber Security Risk Management In Safety</li> <li>Collaboration with Malaysia Oil and Gas Service Council</li> <li>Security</li> <li>Corporate Social Responsibility ("CSR")</li> </ul>
5.	CARIMIN PETROLEUM BHD	<ul style="list-style-type: none"> <li>Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>HSE Committee</li> <li>HSE Performance</li> <li>HSE Highlights</li> <li>HSE Promotion Programmes</li> <li>HSE Compliance</li> <li>Quality</li> <li>Customer Satisfaction</li> <li>Cyber Security</li> <li>Talent Retention and Development</li> <li>Upholding Diversity</li> <li>Remuneration and Benefits</li> <li>Enhancing Local Content</li> <li>Community Outreach Initiatives</li> </ul>
6.	DAYA MATERIALS BHD	<ul style="list-style-type: none"> <li>Safety and Environmental</li> </ul>	<ul style="list-style-type: none"> <li>Safety and Environmental</li> <li>Social Responsibilities</li> <li>People Development</li> <li>Operational Efficiency</li> <li>Business Continuity</li> </ul>

No	Company Name	Environment	Social
7.	DAYANG ENTERPRISE HOLDINGS BHD	<ul style="list-style-type: none"> <li>• Vessel Emission Reduction</li> <li>• Water Conservation</li> <li>• Energy Management</li> <li>• Waste Reduction</li> <li>• Storage and Collection of Recyclables</li> </ul>	<ul style="list-style-type: none"> <li>• Health, Safety, Security and Environmental</li> <li>• The Importance of Community</li> <li>• Approach to the Community</li> </ul>
8.	DELEUM BHD	<ul style="list-style-type: none"> <li>• Environment Management</li> <li>• Environmental Regulations And Compliance</li> <li>• Waste Management</li> <li>• Utilising Cleaner Technologies</li> <li>• Water Management</li> <li>• Energy Efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Human Capital Management</li> <li>• Diversity Within Our Workforce</li> <li>• Employee Training and Development</li> <li>• Employee Engagement</li> <li>• Safety Practices, Procedures And Processes</li> <li>• Group QHSE Governance</li> <li>• HSE Assurance and Management Review Process</li> <li>• Occupational Safety and Health (OSH) Safety Training Sessions</li> <li>• OSH-related Initiatives</li> <li>• Safety Performance</li> <li>• Community Outreach Practices</li> </ul>
9.	DESTINI BHD	<ul style="list-style-type: none"> <li>• Operations</li> <li>• Waste Management</li> <li>• Water and Energy-Saving Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Succession Planning</li> <li>• Safe Workplace</li> <li>• Talent Motivation and Skill Development</li> <li>• Corporate Social Responsibility</li> </ul>
10.	DIALOG GROUP BHD	<ul style="list-style-type: none"> <li>• Environment Protection</li> </ul>	<ul style="list-style-type: none"> <li>• Health, Safety &amp; Environment Policy and Guidelines</li> <li>• Occupational Safety</li> <li>• Employee Health and Wellbeing</li> <li>• Employee Management</li> <li>• Local Hiring</li> <li>• Diversity</li> <li>• Conducive Workplace</li> <li>• Employee Share Option Scheme</li> <li>• Whistleblowing</li> <li>• Training</li> <li>• Career Development</li> <li>• A Helping Hand to the Community</li> <li>• Additional COVID-19 Assistance</li> <li>• Employee Volunteer Programmes</li> <li>• CSR Events</li> </ul>
11.	ICON OFFSHORE BHD	<ul style="list-style-type: none"> <li>• Fuel Management</li> <li>• Waste Management and Recycling</li> <li>• Climate Change</li> <li>• Environmental Non-Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• HSE Excellence</li> <li>• Talent Management and Development</li> <li>• Corporate Social Responsibility</li> </ul>
12.	KNM GROUP BHD	<ul style="list-style-type: none"> <li>• Energy Efficiency</li> <li>• Water Consumption</li> <li>• Sustainable Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>• Workplace</li> <li>• Health and Safety</li> <li>• Ethics and Business Conduct</li> <li>• Human Capital Development</li> <li>• Succession Planning &amp; Talent Development</li> <li>• Employees' Share Option Scheme</li> <li>• Community</li> </ul>
13.	MARINE & GENERAL BHD	<ul style="list-style-type: none"> <li>• Environmental Compliance</li> <li>• Effluents and Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>• Employment</li> <li>• Diversity and Equal Opportunity</li> <li>• COVID-19</li> <li>• Occupational Safety and Health</li> <li>• Alcohol and Drug Policy</li> <li>• Stop Work Policy</li> </ul>
14.	MISC BHD	<ul style="list-style-type: none"> <li>• Towards Decarbonisation</li> <li>• Promoting Circular Economy</li> <li>• Biodiversity Conservation</li> </ul>	<ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Talent Excellence</li> <li>• Community Investment</li> </ul>

No	Company Name	Environment	Social
15.	MUHIBBAH ENGINEERING (M) BHD	<ul style="list-style-type: none"> <li>Hazardous Waste Management</li> <li>Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Customer Satisfaction</li> <li>Ethics and Integrity</li> <li>Employee Wellbeing</li> <li>Human Rights and Labour Practices</li> <li>Occupational Health and Safety</li> <li>COVID-19 Initiative</li> <li>Quality Control</li> <li>Talent Retention</li> <li>Training and Development</li> <li>Community</li> </ul>
16.	OCEAN VANTAGE HOLDINGS BHD	<ul style="list-style-type: none"> <li>Sustainability Management (Environment)</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Management (Social)</li> </ul>
17.	PANTECH GROUP HOLDINGS BHD	<ul style="list-style-type: none"> <li>Energy</li> <li>Water</li> <li>Effluents, Waste and Emissions</li> <li>Corporate Responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Labour Practices</li> <li>Occupational Safety and Health</li> <li>Training and Education</li> <li>Diversity</li> <li>Anti-Corruption/Bribery</li> <li>Corporate Responsibility</li> </ul>
18.	PETRA ENERGY BHD	<ul style="list-style-type: none"> <li>Climate Change</li> <li>Impact of Climate Change on Group Operations</li> <li>Electricity Consumption</li> <li>Diesel Consumption</li> <li>Water Consumption</li> <li>Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>Occupational, Health and Safety</li> <li>Cyber Security</li> <li>Awards and Commendations</li> <li>Worker Representation on Joint Health and Safety Committee</li> <li>Progressing on the PETRA Safety Ladder</li> <li>Accident Control Technique</li> <li>HSE Alerts</li> <li>PETRA HSE Day</li> <li>HSE Management Visits</li> <li>Emergency Drill and Business Continuity Management</li> <li>HSE Performance</li> <li>Overall OSH Performance in FY2019</li> <li>HSE Programmes and Training</li> <li>Employee Grievance Mechanism</li> <li>Diversity and Equal Opportunity</li> <li>Training and Education</li> <li>Corporate Social Responsibility</li> </ul>
19.	SAPURA ENERGY BHD	<ul style="list-style-type: none"> <li>Spills Management</li> <li>Hazardous Waste Management</li> <li>Environmental Training</li> </ul>	<ul style="list-style-type: none"> <li>Workforce Health and Safety</li> <li>Improving Reporting System</li> <li>Conducting HSE Audits</li> <li>Raising Awareness and Building Capacity</li> <li>Industry Recognition for our HSE Practices and Performance</li> <li>Accreditation</li> <li>COVID-19 Response</li> <li>Emergency Preparedness</li> <li>Workforce</li> <li>Diversity and Inclusion</li> <li>Talent Management</li> <li>Employee Engagement</li> <li>Corporate Social Responsibility</li> <li>Community Development</li> </ul>
20.	SCOMI ENERGY SERVICES BHD	<ul style="list-style-type: none"> <li>Environmental, Social and Governance</li> </ul>	<ul style="list-style-type: none"> <li>Environmental, Social and Governance</li> </ul>
21.	T7 GLOBAL BHD	<ul style="list-style-type: none"> <li>Environment</li> </ul>	<ul style="list-style-type: none"> <li>Our People</li> <li>Employee Diversity</li> <li>Corporate Social Responsibility</li> <li>QHSE Policies and Procedures</li> </ul>

No	Company Name	Environment	Social
22.	UZMA BHD	<ul style="list-style-type: none"> <li>• Energy Management</li> <li>• Paper Consumption Management</li> <li>• Water Management</li> <li>• Waste Consumption Management</li> <li>• Staff Environmental Awareness Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Health and Safety Performance</li> <li>• Heightened Safety Awareness Culture</li> <li>• HSE Compliance Throughout All Projects</li> <li>• Ensuring the Safety of Our Frontliners</li> <li>• Pro-actively Identifying Hazards</li> <li>• Ensuring Safety via UZMASAFE</li> <li>• HSE Programmes Conducted in FY2020</li> <li>• Employee Engagement Survey</li> <li>• Employee Recognition Award - UZMAGRIT</li> <li>• Employee Diversity</li> <li>• Employee Performance Management System</li> <li>• Training and Development</li> <li>• Building a Robust Leadership Pipeline</li> <li>• Anti-Corruption Training</li> <li>• Internships</li> <li>• Grievance Mechanisms</li> <li>• Employee Benefits and Compensation</li> <li>• Vendor Development Programme</li> <li>• Customer Programmes and Surveys</li> <li>• CSR Activities</li> </ul>
23.	VELESTO ENERGY BHD	<ul style="list-style-type: none"> <li>• Biodiversity</li> <li>• Climate Change</li> <li>• Energy Consumption</li> <li>• GHG Emissions</li> <li>• Impact of Climate Change on Group Operations</li> <li>• Spills Management</li> <li>• Wastewater</li> <li>• Waste Management</li> <li>• Water Consumption</li> <li>• Environmental Spills</li> <li>• Decommissioning</li> </ul>	<ul style="list-style-type: none"> <li>• Covid-19 Prevention</li> <li>• Group Workforce</li> <li>• Workforce Diversity and Equal Opportunity Employment</li> <li>• Reskilling and Upskilling Opportunities</li> <li>• Youth Unemployment Initiatives, Apprenticeships, or Graduate Placements</li> <li>• Staff Remuneration and Benefits</li> <li>• Approved Applications for Maternity Leave and Return to Work Rates</li> <li>• Minimum Wage Compliance</li> <li>• Employee Appraisals</li> <li>• Statutory Contributions to Employees Retirement/Pension Savings</li> <li>• Employee Engagement – Communication</li> <li>• Learning and Development</li> <li>• Talent Management and Succession Planning</li> <li>• Freedom of Association</li> <li>• Grievance Procedures</li> <li>• Corporate Social Responsibility</li> <li>• Quality, Health, Safety and Environment</li> </ul>
24.	WAH SEONG CORPORATION BHD	<ul style="list-style-type: none"> <li>• Energy Management</li> <li>• Water Management</li> </ul>	<ul style="list-style-type: none"> <li>• Business Continuity</li> <li>• Health, Safety and Environment</li> <li>• Group HSE Performance</li> <li>• People</li> <li>• Total Headcount by Location</li> <li>• Community Outreach Programme Calendar</li> </ul>
25.	YINSON HOLDINGS BHD	<ul style="list-style-type: none"> <li>• Carbon Emissions Management</li> <li>• Material Management</li> <li>• Pollution Management</li> <li>• Waste Management</li> <li>• Energy Management</li> <li>• Biodiversity Management</li> <li>• Water Management</li> </ul>	<ul style="list-style-type: none"> <li>• Operational Health and Safety</li> <li>• Antidiscrimination</li> <li>• Workforce Diversity</li> <li>• Community Engagement</li> <li>• Employee Rights and Benefits</li> <li>• Training and Development</li> <li>• Customer Engagement</li> <li>• Child and Forced Labour</li> </ul>

Disclaimer: The table illustrated above is arranged according to alphabetical order (from A to Z), and the themes of the sustainability reporting are only indicative of the content stated in each of the PLCs FY2020 Annual Report.  
Note: The list is non-exhaustive.





# COVID-19 IMPACT ON SOUTHEAST ASIA'S OIL AND GAS INDUSTRY

# THE BEGINNING OF COVID-19 IN S.E.A

On the 31st of December 2019, the World Health Organisation (WHO) was informed of an outbreak of a novel coronavirus detected in Wuhan City, Hubei Province, China.<sup>5</sup> Not long after, Southeast Asia (SEA), with a population of more than 670 million or 8.58 per cent of the total world population, was among the first regions affected by the coronavirus. While the mortality and transmissibility of the virus were still unknown, Thailand reported the first international case on the 13th of January 2020.<sup>6</sup> Meanwhile, the Philippines was the first to report a COVID-19 death outside China on 2nd of February 2020.<sup>7</sup> By March 2020, all SEA countries have reported at least one case. WHO's official announcement of the coronavirus as a pandemic was the trigger alarm for governments in SEA to impose movement restrictions to curtail the spread of the deadly virus.



ECONOMY



EMPLOYMENT



PRODUCTION



MOBILITY

EDUCATION  
GAPFOOD  
COSTS

MISINFORMATION



# SOCIO-ECONOMIC IMPACTS

The fight against COVID-19 came at an enormous socio-economic cost in SEA. While battling the unprecedented threat to public health, SEA countries struggled to find a balance between economic priorities and slowing the spread of COVID-19 in communities. The movement controls imposed by countries brought trade, tourism and travel to a deadlock and resulted in loss of employment, reduced operations in manufacturing, production, and service sectors as well as reduced consumer demand.

This also meant unstable FDI prospects, which further deteriorated the region's economic prospects. For instance in Malaysia, unemployment rate skyrocketed to 4.5 per cent in 2020, the highest rate recorded since 1993,<sup>8</sup> due to the unpredictability of the labour market. In the second quarter of 2020, Malaysia's economy contracted by a whopping 17.1 per cent,<sup>9</sup> followed by the Philippines, down 16.9 per cent.<sup>10</sup> Thailand and Indonesia were down 12.2 per cent and 5.3 per cent, respectively.<sup>11,12</sup>

The pandemic also created a wide range of social consequences. The movement restrictions imposed have seen an increase in food costs, due to disruption to transportation of produce from farm to consumers while also impacting the lives and livelihood of marginalised wage workers, those in agriculture and more. Furthermore, the pandemic has also magnified the education gap as students were required to shift to online learning – where those without internet or appropriate learning tools were left behind. There is also the problem of 'fake news' or misinformation – instilling public fear and confusion, impacting businesses, and heightening discrimination against minorities.



# IMPACTS ON THE OIL AND GAS INDUSTRY

Beyond the health sector, the impact of the COVID-19 pandemic has been felt significantly across industries, including the energy sector. As individuals were urged to stay at home, vehicle usage was cut, planes were grounded, and economic activities were curbed to prevent the virus from spreading. In addition, there was a significant drop in fuel demand, particularly in the transportation sector. This intensified the pricing war between Russia and Saudi Arabia, which drove prices lower. Oil and gas prices have witnessed extraordinary volatility as a result of the glut. In April 2020, West Texas Intermediate (WTI) futures contract fell to below zero as WTI crude oil traded at negative prices, triggering pressure on oil producer countries, including Malaysia, affecting their national finances. As oil and gas account for the largest energy supply and consumption in SEA and several member states rely their revenue on oil and gas, the impact of COVID-19 on this sector is inevitable.

In 2020, oil and gas players in SEA started the year with new licensing rounds and extensive exploration and seismic programmes. Due to the COVID-19 pandemic, these activities were suspended, significantly impacting OGSE players. Only around 300 million barrels of oil equivalent (boe) of resources from six assets reached FIDs.<sup>13</sup>

The key oil and gas projects in the region that were suspended, include three strategic deep-water-stranded gas sites – Petronas' Kelidang Cluster in

Brunei Darussalam and Malaysia, and two sites in Indonesia, namely Inpex Corporation's Abadi and Chevron's Indonesia Deepwater Development. The Liquefied Natural Gas (LNG) tank project in Cambodia also faced a similar situation when it was temporarily delayed due to disrupted import progress from China.<sup>14</sup>

Besides that, four SEA nations – Malaysia, Indonesia, Thailand and the Philippines reported drops in national electricity demand, followed by delays in energy efficiency development projects. In Singapore, its peak power consumption dropped 8 to 9 per cent on day one of lockdown. Due to an almost 54 per cent drop in jet fuel prices in March alone, the country's differential cash flow for aviation fuel has plummeted to its lowest level in over a year.<sup>15</sup> The drop in demand had also cut down refinery activities, with Thailand reducing its oil refineries run rates by 10 to 20 per cent.<sup>16</sup>

This saw several oil and gas companies in SEA reporting a substantial net loss in 2020. Pertamina, Indonesia's national oil company, recorded a revenue fall of 19.8 per cent year-on-year to USD20.48 billion. Besides that, PETRONAS' earnings dived by 42 per cent based on its second-quarter financial report.<sup>14</sup> The pandemic has also forced industry players to strike a delicate balance between prioritising projects, managing cashflows to stay afloat, and ensuring future growth.



**It is essential to chart the best pathway for the energy sector in economic recovery plans due to the vital link between the energy sector and economic growth.**

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# RESPONSE AND RECOVERY EFFORTS

In response to the pandemic, SEA countries have allocated a total of USD350 billion, or 3.74 per cent of regional GDP, in stimulus packages as of July 2020.<sup>17</sup>

Aside from stimulus packages, other measures taken by governments in SEA to cushion the impact of the pandemic include providing subsidised gas prices and limiting fuel imports. Both Malaysia and Indonesia took the initiative to give discounts to electricity consumers, which also includes the latter giving free electricity to the poorest households in the country.<sup>18</sup> Indonesia also subsidised gas prices without affecting gas producers' income and lowering its oil and gas investment target. In the Philippines, the government temporarily increased tariffs on imported oil and took advantage of cheap global oil prices by stockpiling to protect from the shock of rising prices post-crisis. In Thailand, retail price of compressed natural gas (CNG) for all public transport was reduced, among the many efforts to reduce the expense of citizens' cost-of-living.<sup>19</sup> Meanwhile, lower oil prices have allowed Vietnam to maintain a large petroleum stockpile, with oil and gas inventories exceeding the necessary threshold by more than 90 per cent.

In response to the pandemic, most regional oil and gas players have cut capital and operating expenses, particularly new investments in non-lucrative production and exploration projects. For instance, PETRONAS' FY2020 spend on capital investments fell to RM33.4 billion from RM47.8 billion in the previous year – slightly more than half went towards domestic upstream projects, while CAPEX for its international ventures was primarily spent on its LNG business in Canada and its shipping arm in the USA.<sup>20</sup> In March 2021, the company also announced further CAPEX cuts to RM40 billion and RM45 billion per annum for the next five years in anticipation of the industry outlook and projected global oil prices in the near future.<sup>21</sup>

# ECONOMIC PRIORITIES MOVING FORWARD

As governments in the region continue to manage the pandemic, economic recovery is their main priority and focus. In Malaysia, for instance, the Economic Action Council has identified eight reset agendas in December 2021, covering 30 focus areas and 152 reset initiatives to drive the national economic transformation in the new post-COVID-19 crisis landscape, which is in line with the National Recovery Plan.<sup>22</sup> Furthermore, it is also equally essential to chart the best pathway for the energy sector in economic recovery plans, considering the vital link between the energy sector and economic growth.

Green recovery strategies are increasingly becoming an important aspect. According to an Oxford University poll involving 230 leading economists from 53 nations, using COVID-19 stimulus funds to launch green policy initiatives can drive a superior economic recovery.<sup>23</sup> It's also worth noting that some Asian and European governments have pledged to decarbonise their economies in response to COVID-19.<sup>17</sup> Nonetheless, urgent investments backed by fiscal policy to rebound "green" from COVID-19 consequences will be a critical factor in achieving net-zero emissions by the mid-century. Further, efforts to embrace

sustainability practices through Environment, Social and Governance (ESG) reporting would also assist industry players in long-term growth, as investors and the general public increasingly emphasise ESG matters as a social licence to operate.

The region's prospects for recovery from the pandemic recession are clouded by both optimism and uncertainty. Thailand is certain that COVID-19 will not jeopardise the country's goal of becoming a regional liquefied natural gas (LNG) hub,<sup>24</sup> while Myanmar plans to build new high-quality oil refineries to reduce import reliance and fulfil the local demand for oil products.<sup>25</sup> PETRONAS, on the same optimistic note, is making every effort to promote favourable investment circumstances. Above all, PETRONAS is progressing along its recovery paths by focusing on technology as a differentiator, digitalisation as an accelerator, and data as an asset.

Whilst economic recovery is underway, some economies will bounce back faster than others, while the road to recovery may have more challenges for the rest of the region.



## REGIONAL RANKING OF OGSE COMPANIES

In addition to pre-COVID-19 economic circumstances and against the backdrop painted in the previous sub-sections, we have identified the ranking of OGSE companies in the SEA region. The identified 19 companies come from Singapore (4), Malaysia (9), Indonesia (3), Thailand (2) and Vietnam (1).

No	Company	Country	FY2019 (USD Mil)	FY2020 (USD Mil)	YoY Growth (%)	Segment
1.	KEPPEL CORP LTD		5626.3	4935.3	-12.3	Offshore Fabrications
2.	MISC BHD.		2190.0	2237.5	2.2	Floaters
3.	SAPURA ENERGY BHD.		1116.3	1534.9	37.5	Offshore Fabrications
4.	SEMBCORP MARINE LTD		2139.7	1133.8	-47.0	Offshore Fabrications
5.	BUMI ARMADA BHD.		505.9	556.9	10.1	Floaters
6.	DIALOG GROUP BHD.		583.1	548.2	-6.0	Plant Turnaround
7.	PT ELNUSA TBK		597.8	527.6	-11.7	Marine Vessels
8.	THORESEN THAI AGENCIES PCL		508.1	407.8	-19.7	Offshore Installations
9.	PT PETROSEA TBK		476.4	340.7	-28.5	Others
10.	WAH SEONG CORPORATION BHD.		614.5	335.4	-45.4	Pipelines
11.	KNM GROUP BHD.		398.9	319.7	-19.9	Floaters
12.	MUHIBBAH ENGINEERING (M) BHD.		375.6	285.5	-24.0	Offshore Fabrications
13.	PETROVIETNAM DRILLING AND WELL SERVICES CORP		188.5	225.0	19.4	Marine Vessels
14.	DAYANG ENTERPRISE HOLDINGS BHD.		255.6	174.1	-31.9	HUC & MCM
15.	MERMAID MARITIME PCL		105.9	83.8	-20.9	Marine Vessels
16.	SCOMI ENERGY SERVICES BHD.		157.2	77.8	-50.5	Others
17.	DYNA-MAC HOLDINGS LTD		72.6	63.1	-13.1	Offshore Fabrications
18.	PT APEXINDO PRATAMA DUTA TBK		93.9	54.8	-41.7	Drilling Rigs and HWUs
19.	EZION HOLDINGS LTD		56.0	24.7	-55.9	Pipelines

Malaysian OGSE companies recorded an average decline of 14.2 per cent compared to their regional peers with 23.1 per cent. Despite that, Sapura Energy Bhd.'s Engineering and Construction business unit has shown significant growth in Engineering, Procurement, Construction, Installation, and Commissioning (EPCIC) works globally. They include commencing construction on two major Central Processing Platforms (CPP) at Lumut Yard for Mubadala Petroleum's Pegaga field in Sarawak, Malaysia and the ONGC's 98/2 project in India. The company also marked its maiden entry into Egypt by installing subsea pipelines for the Gulf of Suez Petroleum Company (GUPCO).

Furthermore, Bumi Armada's commendable growth was attributed to the improved performance of its Floating Production Storage and Offloading (FPSO) fleets. Armada Olombendo,

Armada TGT 1, Armada Sterling, Armada Sterling II, and Armada LNG Mediterrana FSU outperformed their contractual obligations. Moreover, both Kraken and Karapan Armada Sterling III exceeded their 2019 performance, as did the utilisation of the company's OSV fleets, increasing from 50 per cent in 2019 to 54 per cent in 2020.

In Vietnam, domestic advantage has helped Petrovietnam to grow tremendously in FY2020. PV Drilling had specific competitive advantages, especially when most international competitors could not bring equipment and human resources into the Vietnam market during the pandemic. Additionally, the company successfully implemented several new services for customers, including providing Wellbore Clean-up Services for HLJOC, JVPC and Managed Pressure Drilling & Software in Rosneft's drilling program.

# OUTLOOK

**Navigating into 2022, the World Bank forecasts global GDP growth of around 4.3 per cent. The global outlook will remain subject to significant downside risks, including the possibility of COVID-19 recurrence and the financial stress amidst high emerging markets and developing economies (EMDE) debt levels. Foremost on policy makers' minds will be to balance the need to support the recovery while safeguarding price stability and fiscal sustainability and promoting growth-enhancing reforms.**

Driven by favourable growth in the United States and OPEC+ nations, The International Energy Agency (IEA) expects global oil production to exceed demand following December 2020. As the upward supply momentum continues to rise, the United States, Canada and Brazil are forecast to pump at record-high annual levels, lifting overall non-OPEC+ output by 1.8 mb/d in 2022. Should the remaining OPEC+ oil supply curbs be fully eased, Saudi Arabia and Russia could also set record outputs. If so, global supply would surge by 6.4 mb/d in the upcoming year compared to the 1.5 mb/d increase in 2021.

On the domestic front, Bank Negara Malaysia (BNM) expects the growth to accelerate in 2022 to between 5.5 and 6.5 per cent. Besides, there is no indication of a broad-based price increase or excessive wage pressure, and price pressure is expected to remain moderate in 2022 amidst the spare capacity in the economy.

Based on the recent PETRONAS Activity Outlook 2022 – 2024, PETRONAS remains cautiously optimistic as mixed forecasts circulate across the value chains. There is a rise in the 2022 activity forecasts for most sub-segments. However, the increase may only be a reflection of the delayed jobs occurring in 2022 as actual activities for most sub-segments failed to meet last year's plan.



Moreover, the lagging effects of delayed jobs in 2021 may increase the value chains involving drilling rigs, hook-up and commissioning (HUC), decommissioning and offshore maintenance, construction and modification (MCM).

Potential beneficiaries from the forecast in HUC like Dayang, Deleum, Sapura Energy, PETRA and Carimin are expected to see a strong year for 2022, with man-hours significantly rising from 4.7m in 2021 to 6.3m (base case) in 2022. Uzma, Velesto, Destini, Reservoir Link and T7 Global are among the players that may benefit from a considerable increase in wells decommissioning planned activities, specifically those anticipated to cause substantial results in the three upcoming years. On the other hand, Dayang, T7 Global, Sapura Energy, PETRA and Carimin could gain from modest improvements in the offshore MCM. Flat movement in plant turnaround (i.e. Dialog) and supporting vessels could translate to stable work orders for MMHE, Alam Maritim, and Icon Offshore.



On the contrary, local fabricators such as Sapura Energy, Brooke and MHHE may find limited opportunities due to the decline in offshore planned projects, particularly in fixed structure fabrication.

The OGSE sector has slashed costs and optimised operations to stay afloat even before the pandemic. The sector, traditionally dependent on upstream cycles, is now likely to see a permanent structural shift as rapid energy transition shifts the scales of oil and gas earnings and expenses. With margins at the mercy of another price cycle and reduced spending, we can expect to see OGSE companies diversifying their survival strategies for the future of energy.

With demand growing for decarbonisation and climate action across sectors, this opens up possibilities for companies to transform traditional OGSE operating models and offerings apart from the typical OGSE services and shift towards other industries. Aside from digitalisation, the industry should also focus on efficiency and cleaner energy. Key drivers of the OGSE's future strategic roadmap may include deploying integrated solutions for the decarbonisation of upstream operations, transitioning to low-carbon systems.

We anticipate a rise in companies demonstrating their commitment towards ESG principles in the near future as well as increased pressure from international and

domestic investors to invest in ESG-compliant businesses. Working towards their net-zero targets, companies are seen either shifting to low-carbon-intensity barrels or divesting their high-carbon-intensity assets. As such, this is an opportunity for OGSE companies to accelerate their efforts to meet these targets, as this signifies that an acreage consolidation or portfolio restructuring is imminent. Overall, business activities should be aligned to ESG outcomes, in addition to being financially accretive.

There will also be discussions on why traditional OGSE businesses should diversify outside the OGSE sector and other industries, though the bigger question will be how. Presently, there are already many large service providers who have diversified beyond core services. For example, Uzma has expanded its business reach to renewable energy towards stake acquisition in the solar energy value chain and digitalisation. For the latter, it has developed a system for satellite imaging services that will complement offshore oil and gas projects and weather observation that could be handy for projects such as solar farms. Yinson has diversified its business into the renewables market by owning a controlling stake of two operational solar plants in Bhadla Solar Park, Rajasthan, India. In addition, the company recently ventured into green technologies by investing in a Norwegian start-up, Lift Ocean As, for the development and commercialisation of hydrofoil technology for marine harbour crafts, and an agreement with Wilhelmsen, a global maritime industry company, for exclusive access to 3D printing technology and products.

The confluence of the COVID-19 pandemic and urgency of climate change will continue to bring about uncertainties and volatility to the OGSE players. To emerge stronger and cleaner, policymakers and OGSE players have to do their parts to build competitiveness, and ensure a robust and resilient ecosystem for the sector to thrive and grow a cleaner, sustainable OGSE sector.



# METHODOLOGY

## STEP 01 POPULATION SAMPLING

Initial list as of November 2021, including companies with or without PETRONAS' SWEC licence and associated subsidiaries of listed OGSE companies.

- ▶ Started with **4,735 companies** with non-corporate entities included in the population



**446** COMPANIES  
ELIMINATED

Companies are excluded if it falls within the following segments or specific SWEC but not limited to:



### Services:

Civil, Structural & Building Maintenance, Consultancy, ICT, Leasing & Rental, Mail & Cargo Transport, Manpower Supply, Marketing & Sales Support, Office Administration and General Maintenance



### Materials and/or Equipment:

Automotive, Containers, Mechanical, Office Supplies, Packaging, Telecommunication Equipment/System, Workshop and Warehouse Equipment



### Core business activities

described in the business website do not indicate O&G-related activities.

## STEP 02 DATA ACQUISITION

Requested audited financial information from SSM to be extracted from their CBID database in Microsoft Excel format.

- ▶ The financial request is made for the **FY2011 – FY2020** period

Successfully  
purchased data for

**2,299**  
COMPANIES

The purchase to SSM was made as of **November 2021**.

If no accounts are lodged by that period, MPRC assumed

- ▶ The company is late in submitting its accounts; or
- ▶ The company had a change in its financial year-end

## STEP 03

### DATA PROCESSING

#### TRANSLATION

The raw financial information from SSM's CBID is translated based on the sum of corresponding parameters ending in each calendar year.

- ▶ Revenue, PBT and TFA parameters were translated accordingly to fit our analysis purposes.
- ▶ Historical revisions are done based on the latest financial information made available during the data acquisition.

#### FINAL SCREENING

To identify any irregularities of the raw financial information which may affect the analysis if not corrected.

- ▶ The identification is made by factoring in the parameters of year-on-year change 500. Value indicated by more than 500 (or less than 1/500 but greater than zero) could indicate an error in the data entry process.
- ▶ A total of 109 companies were affected.

#### CONSOLIDATION

**108** COMPANIES  
CONSOLIDATED

- ▶ 108 companies with immediate shareholders and subsidiaries of listed companies as recorded in the recent audited accounts.
- ▶ Final population of the sample of 1,328 companies.

## STEP 04

### DATA INTERPRETATION

1,328 companies are ranked only by their revenue in FY2020 and grouped into OGSE100, non-OGSE100 Mid-Tier and SME. Audited annual reports were then purchased to verify and validate the top 150 companies prior to the final ranking of OGSE100 companies.

#### CRITERIA FOR NON-OGSE100 MID-TIER AND SME

- ▶ **Non-OGSE100 Mid-Tier:**  
Sales turnover > RM50 mil and < RM500 mil (Manufacturing) OR Sales turnover > RM20 mil and < RM500 mil (Services and other sectors)
- ▶ **SME**  
Sales turnover > RM50 mil and < RM20 mil (Services and other sectors)
- ▶ 12 companies recorded no revenues for FY2020 based on SSM's CBID
- ▶ If a business exceeds the threshold set for 2 consecutive years (based on financial year), it can no longer be deemed an SME. Similarly, a previously mid-tier business needs to maintain the consecutive 2 years of mid-tier revenues threshold.

## STEP 05

### PUBLICATION

Draft, concept design, copywriting and print OGSE100 FY2020 edition ready for circulation.

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# GLOSSARY

<b>ABC</b>	Anti-Bribery and Corruption
<b>ADB</b>	Asian Development Bank
<b>AIIB</b>	Asian Infrastructure Investment Bank
<b>CAPEX</b>	Capital Expenditure
<b>CCM</b>	Companies Commission of Malaysia (Suruhanjaya Syarikat Malaysia)
<b>CBID</b>	Corporate and Business Information Data
<b>COVID</b>	Coronavirus Disease
<b>CPP</b>	Central Processing Platforms
<b>EES</b>	Economic, Environmental and Social
<b>EIA</b>	US Energy Information Administration
<b>EMDE</b>	Emerging Markets and Developing Economies
<b>EOR</b>	Enhanced Oil Recovery
<b>EPCIC</b>	Engineering, Procurement, Construction, Installation, and Commissioning
<b>EPU</b>	Economic Planning Unit
<b>ESG</b>	Environmental, Social and Governance
<b>FY</b>	Financial Year
<b>FPS</b>	Floating Production Storage
<b>FPSO</b>	Floating Production Storage & Offloading
<b>GHG</b>	Greenhouse Gas
<b>GNE</b>	Gas & Energy
<b>GUPCO</b>	Gulf of Suez Petroleum Company
<b>GRI</b>	Global Reporting Initiative
<b>HVAC</b>	Heating, Ventilation & Air Conditioning
<b>HUC</b>	Hook-up & Commissioning
<b>HWU</b>	Hydraulic Workover Unit

<b>ICT</b>	Information and Communications Technology
<b>LBT</b>	Loss Before Tax
<b>LNG</b>	Liquefied Natural Gas
<b>LTI</b>	Lost Time Injury
<b>MCM</b>	Maintenance, Construction & Modification
<b>MEA</b>	Ministry of Economic Affairs
<b>MPRC</b>	Malaysia Petroleum Resources Corporation
<b>MRO</b>	Maintenance, Repair & Overhaul
<b>MTPD</b>	Metric Tonne Per Day
<b>OGSE</b>	Oil & Gas Services and Equipment
<b>O&amp;M</b>	Operation & Maintenance
<b>OPEC</b>	Organization of the Petroleum Exporting Countries
<b>PBT</b>	Profit Before Tax
<b>PDT</b>	Pengerang Deepwater Terminal
<b>PeIP</b>	Pengerang eco-Industries Park
<b>PLC</b>	Public Listed Company
<b>RAPID</b>	Refinery and Petrochemical Integrated Development Project
<b>RGT</b>	Regassification Terminal
<b>SDG</b>	Sustainable Development Goals
<b>SEA</b>	Southeast Asia
<b>SME</b>	Small and Medium-sized Enterprise
<b>SWEC</b>	Standard Work & Equipment Categories
<b>TFA</b>	Total Fixed Assets
<b>WTI</b>	West Texas Intermediate



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**Malaysia Petroleum Resources Corporation**

Suite 20-11, Level 20,G Tower,  
199,Jalan Tun Razak,  
50400, Kuala Lumpur, Malaysia

 +60 3 2858 8555

 +60 3 2858 8599

 [information@mprc.gov.my](mailto:information@mprc.gov.my)

 [www.mprc.gov.my](http://www.mprc.gov.my)