mprc

malaysia petroleum
resources corporation

100 OGSE

FY2018

Top 100 OGSE Companies in Malaysia

ABOUT MPRC

Malaysia Petroleum Resources Corporation (MPRC) was established to advance the local oil and gas services and equipment (OGSE) industry and anchor on Malaysia's strategic geographical location to transform the country into a thriving regional hub for the sector.

MPRC provides trade and investment facilitation services to attract international players to establish their regional bases in the country to reinforce Malaysia's appeal as a regional hub.

That includes leveraging on partnerships with fellow Government agencies and international counterparts to promote Malaysian OGSE capabilities globally.

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

Formed in April 2011 and currently an agency under the Ministry of Economic Affairs (MEA), MPRC provides recommendations to the Government to promote the globalisation of local OGSE capabilities in the upstream, midstream and downstream oil and gas sectors.

For more information, please visit www.mprc.gov.my.

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ABOUT OGSE100

OGSE100 is a list of top-100 Oil and Gas Services and Equipment (OGSE) companies in Malaysia, ranked based on their revenue. We conducted our study by obtaining financial information of OGSE companies that are registered in Malaysia on a consolidated basis. The purpose of this list is to highlight the growth of OGSE companies in the industry and provide a point of reference for industry players, potential investors and other stakeholders.

Within this document, we have mapped the industry segments where the OGSE100 companies are operating in. You will also find an industry commentary, which attempts to provide an aggregated view of the OGSE industry in Malaysia, as well as supplemental analysis.

OUR APPROACH

Our study is based on PETRONAS-licensed companies whose primary business is related to the OGSE sector. We also include listed companies with licensed subsidiaries/associates. Companies are assessed based on their consolidated financial results for financial year (FY) 2018. We had an initial population of 2,399 companies for 2018. Our primary source of data is 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 2019. After applying our methodology (see page 16 and 17), we arrived at a final population of 1,641 OGSE companies. These companies are further categorised into the top OGSE100 companies, 165 non-OGSE100 Mid-Tiers and 1,376 non-OGSE100 Small and Medium-sized Enterprises (SMEs).

MOVEMENT

Major rank climbers within the top-100 list include Petronnic Sdn. Bhd., Wood Group Engineering Sdn. Bhd., AntiCorrosion Protective Systems (M) Sdn. Bhd., Technip Consultant Sdn. Bhd., and Aker Solutions APAC Sdn. Bhd.

New entrants into OGSE100 include Punj Lloyd Sdn. Bhd., Poratha E&C Sdn. Bhd., and Dickson Marine Company Sdn. Bhd.

Comebacks by previous OGSE100 companies include Dowell Schlumberger (Malaysia) Sdn. Bhd., Uzma Bhd and Setegap Ventures Petroleum Sdn. Bhd.

MESSAGE FROM THE DEPUTY CEO

DIVERSIFY TO FUTURE-PROOF BUSINESS

The year 2018 was characterised by geopolitical concerns from Iran sanctions to trade uncertainties over a tariff battle between the US and China.

For Malaysia, the oil and gas sector was still in its gradual recovery phase from the 2014 oil price dip, as reflected in the financial results of the oil and gas services and equipment (OGSE) companies featured in this year's edition of the OGSE100 ranking. The FY2018 ranking sees MISC Bhd maintaining the top spot, followed by Sapura Energy Bhd. in second place and Serba Dinamik Holdings Bhd in the third spot, while Dialog Group Bhd dropped one spot to fourth place

From our compilation, OGSE100 companies' total revenue declined by 2.2% to RM55.2 billion in FY2018, with a massive pre-tax loss from RM361.6 million in 2017 to RM1.9 billion in 2018. This reflects a persistent downward trend in PBT since 2016, due to impairment charges undertaken by asset-heavy companies. The impairment charges for 2018 reached RM5.8 billion, with Sapura Energy Bhd and Bumi Armada Bhd accounting for 75.8% or RM 4.4 billion of the total charges.

Nonetheless, a slowdown in domestic activities during the year did not deter a number of Malaysian companies from registering strong growth. Firms that have excelled and registered double-digit growth include Dayang Enterprise Holdings Bhd, Serba Dinamik Holdings Bhd, Wah Seong Corporation Bhd and Muhibbah Engineering (M) Bhd. Non-OGSE100 Mid-Tier companies and SMEs fared well in 2018 as well, having recorded positive PBT of RM353.7 million and RM80.4 million, respectively.

Regionally, Malaysian players were more affected by the market movements with slower growth recorded at 6.4% compared to 24.9% by their regional peers. OGSE companies in neighbouring countries saw positive upswings in their books on the back of assets deliveries including rigs, floaters, FPSOs as well as revenue recognition for increased assets utilisation rates.

What is ahead then for OGSE companies in the coming years? The long-drawn trade dispute between China and US, shale production growth and geopolitical tensions have continued to drive oil price volatility for much of 2019. This is likely to persist in 2020 amid concerns that global economic slowdowns may taper demand for the commodity. To remain competitive in the industry, companies must look towards innovation and technology to safeguard profitability and improve efficiency. OGSE companies that have taken such steps have incorporated solutions such as computer modelling and simulation, as well as deployment of drones for remote surveillance and, among others, flare stack inspection.

Digitalisation aside, much could still be done for OGSE companies to be able to thrive across a range of business conditions. Companies could build a future-proof portfolio by venturing into complementary new areas such as solar and biomass to meet growing demand for sustainable energy sources, whilst also exploring new areas of growth that are in step with Malaysia's journey towards Industry 4.0.

The recent Petronas Activity Outlook 2020-2022 report also points to an increase in activities and required man-hours across a number of value chains from 2019. These include offshore fabrications, marine and support vessels, and maintenance, construction and modification (MCM).

OGSE remains to be a critical component of Malaysia's industry. To achieve further progress in globalising OGSE capabilities and address looming challenges—transition to low-carbon, human capital, new sources of growth and technological advancements—a more comprehensive approach is necessary. To this end, the Government is formulating a blueprint in 2020 for greater development of the OGSE sector. Areas for growth discovered during the course of the blueprint, the *National OGSE Industry Blueprint 2021-2025*, will be announced in due course.

MPRC will work collaboratively with PETRONAS, the Ministry of Economic Affairs (MEA), Ministry of Entrepreneur Development, Ministry of International Trade and Industry and their respective agencies namely MIDA and MATRADE. , as well as industry stakeholders MOGSC and MOGEC in the production of the Blueprint.

I would like to take this opportunity to express my appreciation on behalf of MPRC to MEA and PETRONAS for the support and insights that they have provided throughout the years. Together, we can create and form solutions that will pave the way to a brighter future for the OGSE industry.

MOHD YAZID JA'AFAR
Deputy Chief Executive Officer
Malaysia Petroleum Resources Corporation

OGSE100 RANKINGS & CATEGORIES

Rank 2018	Rank 2017	Movement	Company Name	Financials FY2018: Revenue (RM mil)	Financials FY2018: PBT Margin (%)	Financials FY2018: TFA (RM mil)	EXPLORATION: Geological / Reservoir	EXPLORATION: Geophysical Services	EXPLORATION: Field Development / Reservoir Management Services	DEVELOPMENT: Project Management Consultancy	DEVELOPMENT: Engineering Consultancy	DEVELOPMENT: HSE Consultancy	DEVELOPMENT: Geophysical Consultancy	DEVELOPMENT: Production / Upstream Consultancy	DEVELOPMENT: Geomatics Services	DEVELOPMENT: QA / QC Services	DEVELOPMENT: Building Design	DEVELOPMENT: Major Platform Fabricator	DEVELOPMENT: Minor Platform Fabricator	DEVELOPMENT: Onshore Construction	DEVELOPMENT: Onshore Tank Facilities	DEVELOPMENT: Offshore Constructions	DEVELOPMENT: Offshore Support Vessel Contractor	DEVELOPMENT: Pipeline Installation Contractor	DEVELOPMENT: FSO / FPSO Owner / Operator / Contractor	DEVELOPMENT: Subsea
1	1	=	MISC BERHAD	8,780.3	15.3	42,095.9																			🔵	
2	2	=	SAPURA ENERGY BERHAD	5,895.0	-39.4	25,266.0	🔵								🔵			🔵	🔵	🔵		🔵	🔵	🔵		
3	4	▲	SERBA DINAMIK HOLDINGS BERHAD	3,283.2	13.3	1,586.4									🔵			🔵	🔵			🔵		🔵		
4	3	▼	DIALOG GROUP BERHAD	3,110.6	20.2	3,998.0		🟢	🔵										🔵	🔵	🔵	🔵		🔵		
5	5	=	WAH SEONG CORPORATION BERHAD	2,961.1	3.6	1,452.7																		🔵		
6	6	=	BUMI ARMADA BERHAD	2,418.7	-95.0	12.899.4					🔵											🔵	🔵		🔵	
7	8	▲	MUHIBBAH ENGINEERING (M) BHD.	1,576.1	17.4	1,626.2				🔵								🔵	🔵	🔵	🔵	🔵		🔵	🟢	
8	7	▼	TOYO ENGINEERING & CONSTRUCTION SDN. BHD.	1,474.8	-2.4	5.7				🔵	🔵							🔵								
9	10	▲	TECHNIP GEOPRODUCTION (M) SDN. BHD.	1,469.1	21.4	96.4										🔵						🔵				
10	9	▼	KNM GROUP BERHAD	1,432.3	-28.8	2,657.3				🔵								🔵				🔵		🔵		
11	14	▲	DAYANG ENTERPRISE HOLDINGS BHD.	938.8	22.6	2,176.8													🔵			🔵	🔵			
12	19	▲	YINSON HOLDINGS BERHAD	910.2	39.7	5,216.1					🟢														🟢	
13	23	▲	MIE INDUSTRIAL SDN. BHD.	787.9	6.2	35.5				🔵	🔵							🔵	🔵	🔵						
14	25	▲	ONESUBSEA MALAYSIA SYSTEMS SDN. BHD.	713.9	4.5	225.2					🔵			🔵												🔵
15	11	▼	WESTSTAR AVIATION SERVICES SDN. BHD.	712.1	16.0	1,580.7																				
16	20	▲	DELEUM BERHAD	623.7	6.8	232.5								🔵			🟢		🔵	🔵		🔵		🔵		
17	22	▲	PANTECH GROUP HOLDINGS BERHAD	614.8	9.5	270.7																				
18	16	▼	SCOMI ENERGY SERVICES BHD.	614.0	-33.9	564.4				🔵													🔵			
19	13	▼	HALLIBURTON ENERGY SERVICES (MALAYSIA) SDN. BHD.	584.8	-16.6	231.0	🔵	🔵	🔵	🔵				🔵		🔵	🔵					🔵				
20	30	▲	SCHLUMBERGER WTA (MALAYSIA) SDN. BHD.	575.3	0.5	125.7	🔵	🔵																		
21	18	▼	VELESTO ENERGY BERHAD	573.8	-3.1	3,534.8																				
22	32	▲	SHOREFIELD SDN. BHD.	546.7	-0.4	47.9																				
23	NA		UZMA BERHAD	541.9	4.6	709.9	🔵	🔵	🔵		🟢		🔵	🔵	🔵				🔵			🔵			🟢	
24	NA		PUNJ LLOYD SDN. BHD.	519.4	-6.4	7.6												🔵			🔵	🔵		🔵		
25	24	▼	PETRA ENERGY BHD.	467.4	-4.0	320.6				🔵	🔵			🔵				🔵	🔵	🔵	🔵	🔵	🔵	🔵	🔵	
26	26	=	E.A. TECHNIQUE (M) BERHAD	419.0	21.6	796.0																	🔵		🔵	
27	15	▼	DESTINI BERHAD	418.0	2.3	329.0								🔵								🔵				
28	27	▼	SANKYU (MALAYSIA) SDN. BHD.	369.1	7.7	68.8																				
29	31	▲	YOKOGOWA KONTROL (MALAYSIA) SDN. BHD.	350.1	9.1	5.7													🔵	🔵						
30	48	▲	CHIYODA MALAYSIA SDN. BHD.	339.5	-0.2	0.3				🔵								🔵			🔵					
31	12	▼	ASIAFLEX PRODUCTS SDN. BHD.	324.8	-18.4	618.2																				
32	61	▲	WOOD GROUP ENGINEERING SDN. BHD.	319.8	0.3	0.0				🔵	🔵	🔵		🔵												
33	29	▼	NAM CHEONG DOCKYARD SDN BHD	317.1	220.5	647.6																	🔵			
34	17	▼	PETROFAC E&C SDN. BHD.	308.8	-71.7	0.0				🔵	🔵	🔵		🔵								🔵			🔵	
35	37	▲	EASTERN PACIFIC INDUSTRIAL CORPORATION BERHAD	296.9	5.0	982.2												🔵	🔵			🔵		🔵		
36	NA		DOWELL SCHLUMBERGER (MALAYSIA) SDN. BHD.	295.2	-18.2	80.9			🔵	🔵	🔵	🔵		🔵												
37	36	▼	DAYA MATERIALS BERHAD	281.6	-63.9	82.5												🔵	🔵	🔵	🔵	🔵		🔵		
38	116	▲	AKER SOLUTIONS APAC SDN. BHD.	266.5	1.7	9.3				🔵	🔵					🔵										🔵
39	21	▼	MTU SERVICES (MALAYSIA) SDN. BHD.	264.6	-4.0	27.2																				
40	42	▲	EMERSON PROCESS MANAGEMENT (MALAYSIA) SDN. BHD.	252.4	20.0	5.8	🔵			🔵										🔵						
41	34	▼	TRANSWATER API SDN. BHD.	249.6	4.7	126.5				🔵	🔵	🔵				🔵		🔵	🔵	🔵	🔵	🔵		🔵		
42	73	▲	PETRONNIC SDN. BHD.	247.1	2.9	1.4				🔵		🔵	🔵							🔵						
43	50	▲	E&P O&M SERVICES SDN. BHD.	237.7	11.8	1.9																			🟢	
44	63	▲	SOLAR ALERT SDN. BHD.	236.2	6.0	43.0						🔵						🔵								
45	NA		ADVANCE GAS TURBINE SOLUTIONS SDN. BHD.	230.7	21.3	0.4																				
46	35	▼	TUMPUAN MEGAH DEVELOPMENT SDN. BHD.	229.7	-5.9	45.8																	🔵			
47	41	▼	AECOM PERUNDING SDN. BHD.	227.6	-2.4	7.9					🔵	🔵														
48	57	▲	KUALITI ALAM SDN. BHD.	217.5	0.3	239.3														🔵						
49	47	▼	T7 GLOBAL BERHAD	210.4	3.6	72.1				🔵	🔵	🔵		🔵	🔵			🔵	🔵	🔵		🔵	🔵		🔵	
50	55	▲	ASIAN SUPPLY BASE SDN. BHD.	200.3	14.7	338.6																	🔵			

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 and 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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Group	Services Mode of Operation	Products Mode of Operation
●	Self-Operated, Rig Owner-Operator, Vessel Owner-Operator	Manufacturer, Fabricator
○	Agent	Dealer, Buying Arm

OGSE100 RANKINGS & CATEGORIES (cont'd)

Rank 2018	Rank 2017	Movement	Company Name	Financials FY2018 Revenue (RM mil)	PBT Margin (%)	TFA (RM mil)	Geological / Reservoir	Geophysical Services	Field Development / Reservoir Management Services	Project Management Consultancy	Engineering Consultancy	HSE Consultancy	Geophysical Consultancy	Production / Upstream Consultancy	Geomatics Services	QA / QC Services	Building Design	Major Platform Fabricator	Minor Platform Fabricator	Onshore Construction	Onshore Tank Facilities	Offshore Constructions	Offshore Support Vessel Contractor	Pipeline Installation Contractor	FSO / FPSO Owner / Operator / Contractor	Subsea
							EXPLORATION			DEVELOPMENT																
51	46	▼	ICON OFFSHORE BERHAD	199.7	-223.7	673.5																	●			
52	58	▲	ICE PETROLEUM ENGINEERING SDN. BHD.	198.2	2.7	19.6												●	●		●			●		
53	40	▼	PETROLEUM GEO-SERVICES EXPLORATION (M) SDN. BHD.	188.5	55.2	188.1		●																		
54	39	▼	NAIM ENGINEERING SDN. BHD.	174.0	16.0	26.3												●		●		●		●		
55	43	▼	HI-ESSENCE CABLE SDN. BHD.	173.0	6.5	108.4																				
56	54	▼	STRATEQ SDN. BHD.	171.5	5.0	133.4																				
57	69	▲	DYNAC SDN. BHD.	165.6	3.3	95.9													●	●				●		
58	52	▼	R.M.LEOPAD SDN. BHD.	161.4	10.1	28.8														●	●	●	●	●	●	
59	NA		SETEGAP VENTURES PETROLEUM SDN. BHD.	154.3	21.1	62.0																				
60	51	▼	ENSERV SDN. BHD.	150.2	4.7	12.7																				
61	53	▼	HYPERWAVE SYSTEMS ENGINEERING SDN. BHD.	149.2	7.1	20.3				●								●	●	●		●				
62	110	▲	PORATHA E&C SDN. BHD.	146.5	0.4	0.0												●	●							
63	56	▼	WZS MISI SETIA SDN. BHD.	145.4	-28.3	23.5												●	●	●	●	●		●		
64	76	▲	CARIMIN PETROLEUM BERHAD	141.3	-17.3	121.8		●		●									●			●	●			
65	44	▼	BREDERO SHAW (MALAYSIA) SDN. BHD.	139.3	-18.1	42.0																		●		
66	38	▼	PERISAI PETROLEUM TEKNOLOGI BHD.	127.2	-368.5	1,060.6																				
67	102	▲	MALAYSIAN SHIPPING AGENCIES SDN. BHD.	125.9	6.3	0.9																				
68	70	▲	OCEANMIGHT SDN. BHD.	121.5	6.9	3.2												●								
69	71	▲	ORKIM MARINE SDN BHD.	118.6	4.7	54.7																				
70	88	▲	HELIOS PETROLEUM SDN. BHD.	118.5	1.0	0.3					●					●							●			
71	NA		VELOSI (M) SDN. BHD.	118.2	0.4	5.2				●	●	●			●	●				●						
72	65	▼	WEATHERFORD (MALAYSIA) SDN BHD	117.9	12.0	46.1				●	●			●												
73	74	▲	SBN INDUSTRIES SDN. BHD.	117.0	1.3	8.7																				
74	60	▼	KONTENA NASIONAL GLOBAL LOGISTICS SDN. BHD.	116.7	3.8	3.3																				
75	82	▲	DIMENSION BID (M) SDN. BHD.	114.4	2.6	35.0	●																			
76	86	▲	CEKAP TECHNICAL SERVICES SDN. BHD.	108.4	1.9	0.9	●	●		●	●	●	●	●	●	●		●	●			●				
77	28	▼	BERLIAN MCDERMOTT SDN. BHD.	108.2	-67.5	59.0																●				
78	75	▼	INTERGRATED LOGISTICS SOLUTIONS SDN. BHD.	107.6	2.2	203.5																				
79	NA		TRACTORS PETROLEUM SERVICES SDN. BHD.	103.6	11.6	1.7																				
80	158	▲	ASIAN GEOS SDN. BHD.	102.6	3.9	27.3	●				●	●			●					●		●				
81	106	▲	DURAGATE ENGINEERING & SERVICES SDN. BHD.	101.5	0.5	1.6													●	●						
82	91	▲	BAHTERA SRI KANDI SDN. BHD.	101.0	-3.5	26.0																	●			
83	49	▼	BOUSTEAD PENANG SHIPYARD SDN. BHD.	100.1	-51.2	137.2												●								
84	133	▲	TECHNIP CONSULTANT (M) SDN. BHD.	97.8	28.2	21.7				●	●	●		●												
85	80	▼	BUREAU VERITAS (M) SDN. BHD.	95.6	5.9	7.8					●	●														
86	59	▼	ALAM MARITIM RESOURCES BERHAD	95.4	-176.3	410.0																●	●			
87	83	▼	OCEANCARE CORPORATION SDN. BHD.	93.9	5.1	9.0					●				●	●		●	●	●		●			●	
88	92	▲	H. ROSEN ENGINEERING (M) SDN. BHD.	91.7	0.9	5.7				●	●					●										
89	NA		WELFIELD SERVICES SDN. BHD.	89.9	2.9	9.3														●						
90	85	▼	FPSO TECH SDN. BHD.	88.1	-3.1	120.4																			●	
91	104	▲	HEMAT MARINE SDN. BHD.	86.9	5.0	0.6																				
92	94	▲	DUTA TECHNIC SDN. BHD.	86.0	-22.7	0.0																				
93	84	▼	KEJURUTERAAN QKS SDN. BHD.	85.7	2.5	8.7												●		●	●			●		
94	138	▲	PERUNDING RANHILL WORLEY SDN. BHD.	85.7	0.2	0.7				●	●	●														
95	89	▼	EP ENGINEERING SDN. BHD.	84.8	4.9	0.9	●	●		●	●	●	●	●												
96	100	▲	FUGRO MALAYSIA MARINE SDN. BHD.	83.7	0.2	17.4					●				●					●		●	●			
97	NA		DICKSON MARINE COMPANY SDN. BHD.	80.0	0.4	7.5																	●			
98	130	▲	NEWWIN ENGINEERING (M) SDN. BHD.	79.8	2.0	17.2										●		●				●		●		
99	342	▲	ANTICORROSION PROTECTIVE SYSTEMS (M) SDN. BHD.	79.8	-4.4	2.6																				
100	87	▼	TRISYSTEMS ENGINEERING SDN. BHD.	77.1	16.2	9.6								●						●		●				
			TOTAL	55,205.0		115,374.4	9	8	4	24	26	15	4	15	9	9	2	25	22	26	11	32	17	19	12	2

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 and 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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13	20	22	0	28	28	15	16	25	0	20	10	27	11	36	2	25	9	7	6	3	24	12	4	10	17	5	3	19	2	6	23	11	3	15	14	3	2	9	1	7

Group	Services Mode of Operation	Products Mode of Operation
●	Self-Operated, Rig Owner-Operator, Vessel Owner-Operator	Manufacturer, Fabricator
○	Agent	Dealer, Buying Arm

WHERE DO OGSE100 COMPANIES OPERATE

To provide readers with a better understanding of the oil and gas services and equipment supply chain, Figure 1 below illustrates the segments that OGSE100 companies operate in. The OGSE supply chain can be categorised into Exploration, Development, Production and Decommissioning segments, corresponding with the various phases along the life-cycle of a project.

The OGSE100 companies are then mapped according to their corresponding operating segment(s) as illustrated in Figure 1.

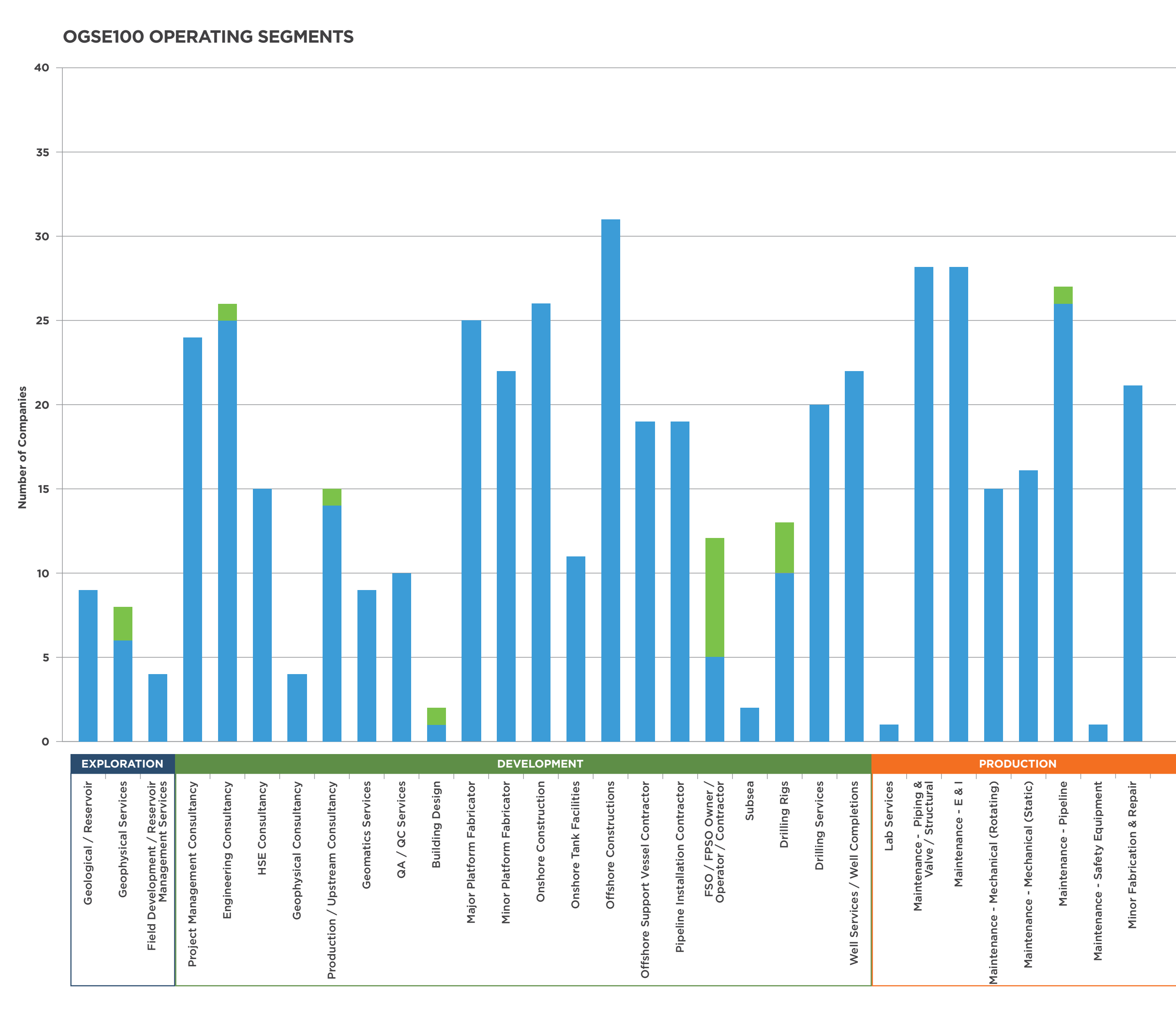
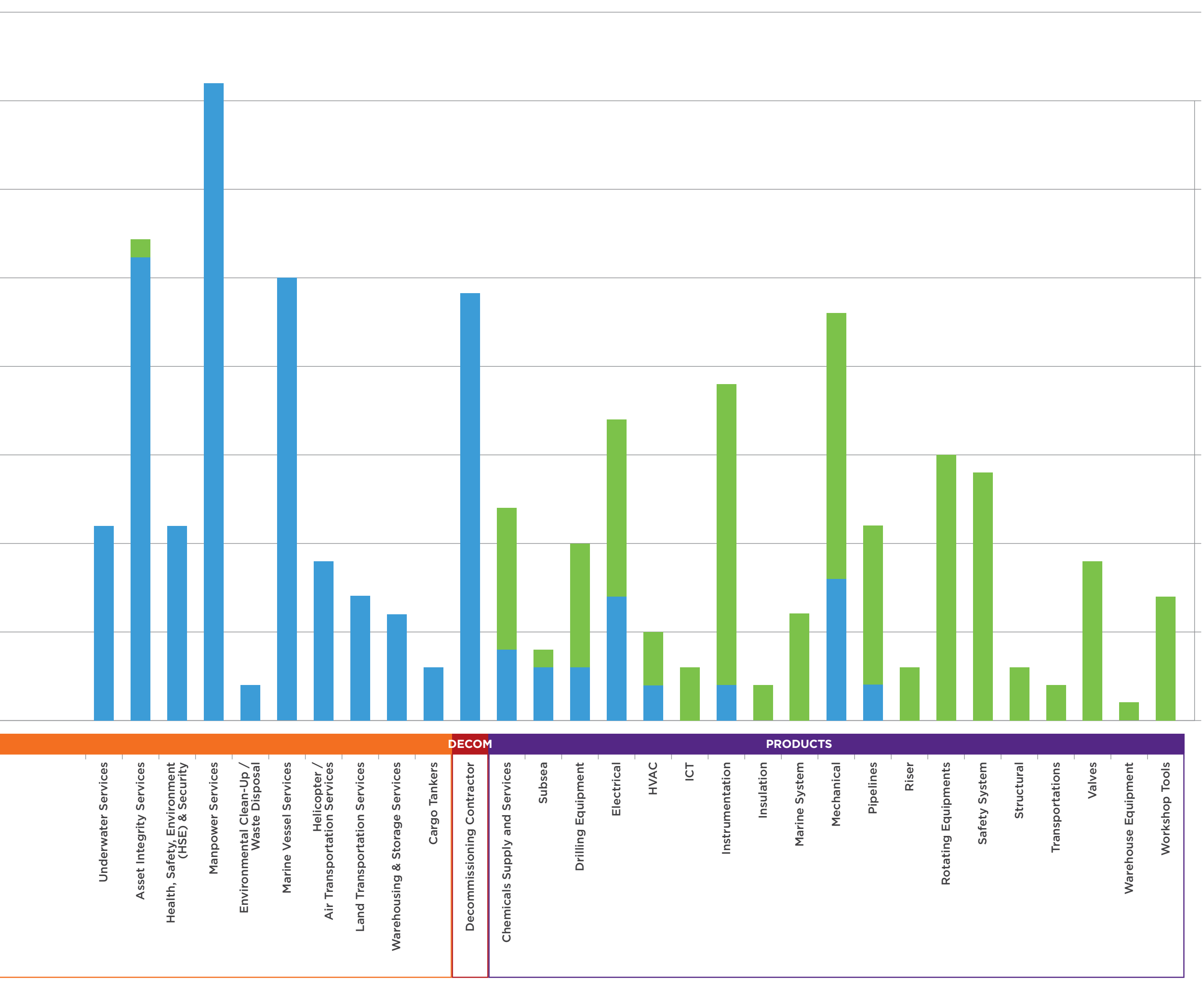


Figure 1

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 Mode of Operation	Products Mode of Operation
🔵	Self-Operated, Rig Owner-Operator, Vessel Owner-Operator	Manufacturer, Fabricator
🟢	Agent	Dealer, Buying Arm

The figure below demonstrates that OGSE100 companies operate across all segments of the oil and gas services and equipment supply chain. These companies continue to exhibit a higher degree of value-added activities in the services categories.



Source: PETRONAS, 2018

UPSTREAM OIL & GAS INDUSTRY - THE MOVEMENT

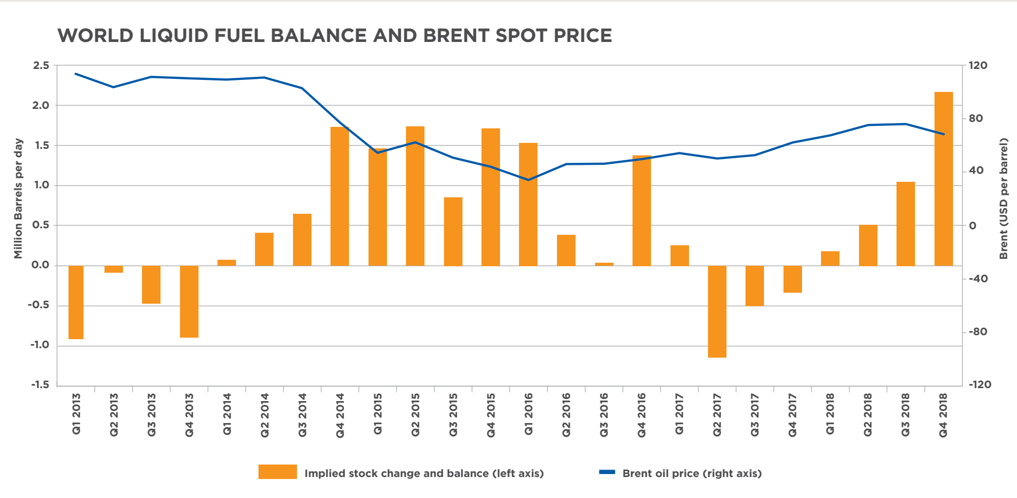


Figure 2 Source: EIA, December 2019

In 2018, global oil prices recorded an average of USD 71.1/bbl with prices rising to its highest for the year at USD 81/bbl in October, before sliding to a 2017-low of USD 57.4/bbl in December. This was contributed by continued release of oil supplies by major oil-producing countries throughout the year to account for lower production from the Libyan, Venezuelan and Iranian fields.

With supplies exceeding demand for oil, inventories began to build up, leading to an oversupplied oil market, thereby pulling prices lower at the end of the year.

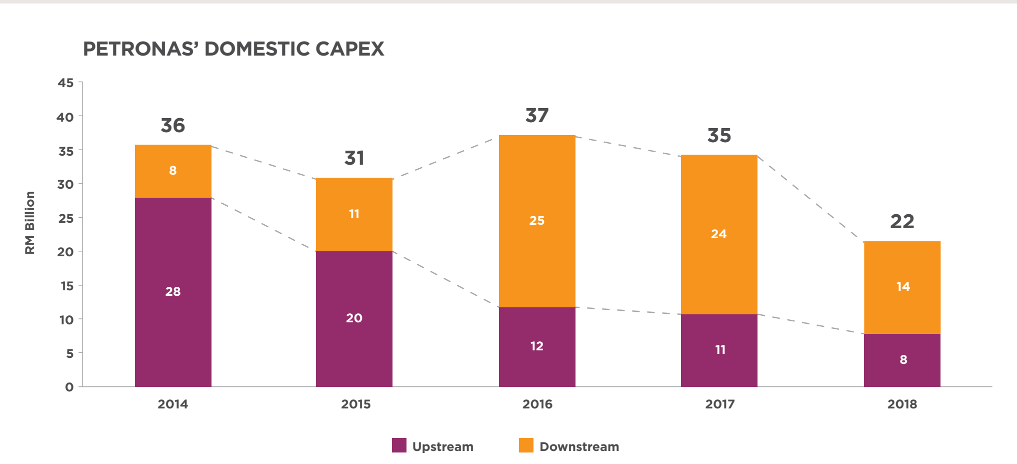


Figure 3 Source: PETRONAS Annual Report

PETRONAS' total domestic capital expenditure (CAPEX) maintained a downward trend in 2018, declining year-on-year to RM25.3 billion from 2017's level of RM36.8 billion. As seen in the previous year, downstream segment continues to account for a majority of the spend at RM14 billion. This was mainly due to spending for the Pengerang Integrated Complex (PIC). With PIC on track for completion, we foresee the focus to transition back to upstream projects in the coming year.

Meanwhile, upstream investment reached RM8 billion in 2018. This was due to notable upstream investment projects such as the Baronia Enhanced Oil Recovery (EOR) Project, Balingian and Samarang Asam Paya fields.

2018: THE MALAYSIA'S OGSE SECTOR IN REVIEW

1. Total revenue declined by 1.0%

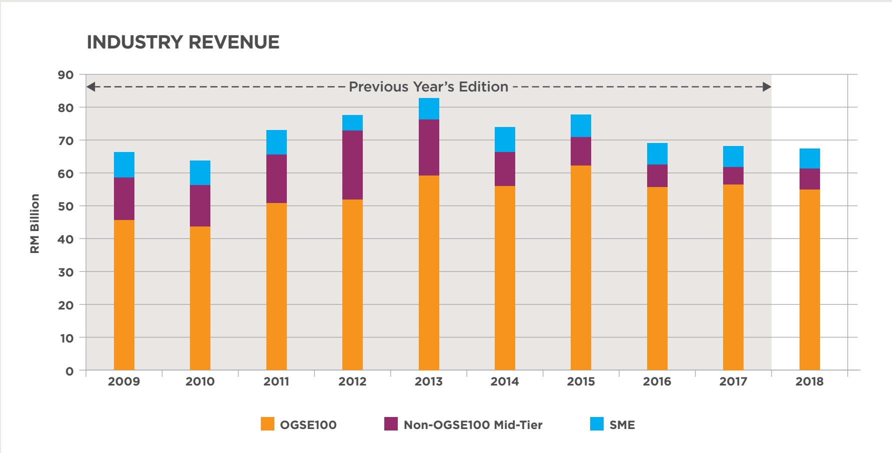


Figure 4

In 2018, the Malaysian OGSE sector recorded total revenue of RM67.4 billion, a decline of 1.0% from RM68.1 billion in the previous year. Of the figure, OGSE100 companies' total revenue declined by 2.2% to RM55.2 billion, while SMEs recorded a marginal decline during the year, falling 1.2% in total revenue to RM6.2 billion.

However, non-OGSE100 Mid-Tier companies bucked the trend and registered a commendable growth of 12.5% to RM6.0 billion.

2. Total profit before tax (PBT) shown continued decline after large asset impairments

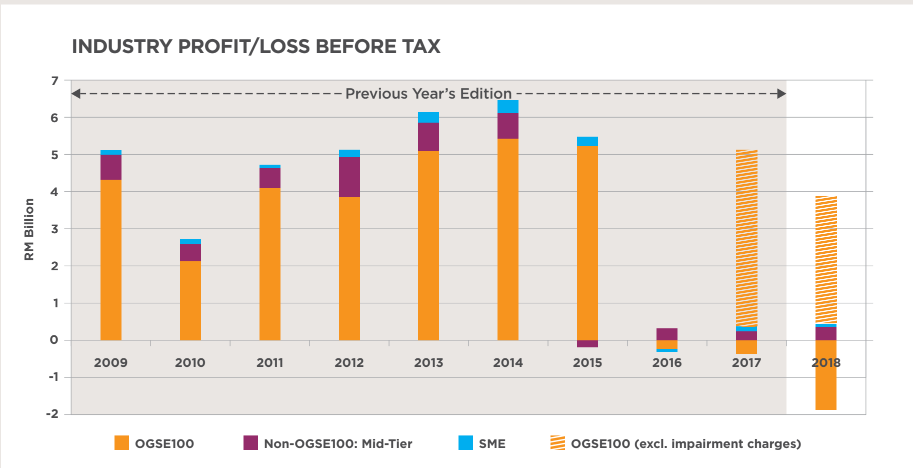


Figure 5

The Malaysia OGSE sector suffered a major decline from a Loss Before Tax (LBT) of RM9.4 million in 2017 to RM1.4 billion in 2018.

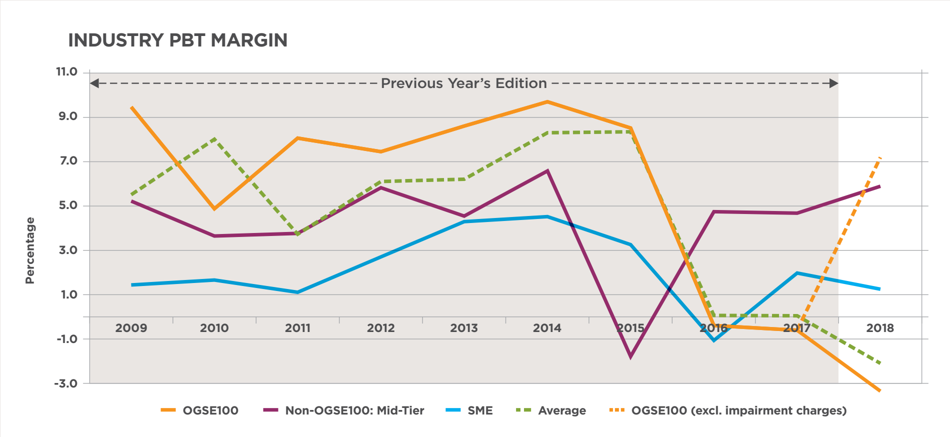


Figure 6

OGSE100 companies posted a LBT of RM1.9 billion with an average margin of -3.4%, a consistent downward trend since 2016, with 2017 recorded a RM 361.5 million loss. This is mainly due to impairment charges amounting to RM 5.8 billion undertaken by asset-heavy companies such as Sapura Energy Bhd, Bumi Armada Bhd, Icon Offshore Bhd and Perisai Petroleum Teknologi Bhd. Without these charges, total PBT and average PBT margin for OGSE100 companies would have been close to RM 4.0 billion and 7.2%, respectively.

Both Non-OGSE100 Mid-Tier and SMEs continued to record positive PBT of RM 353.7 million and RM 80.4 million, correspondingly.

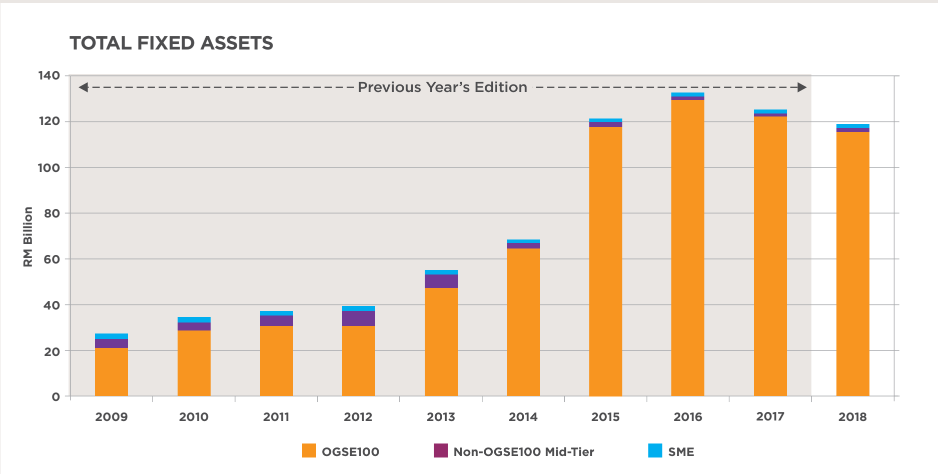


Figure 7

The sector also continued to taper down asset acquisitions in 2018, registering a year-on-year decline of 5.1% to RM 118.8 billion compared to RM125.1 billion in 2017.

OGSE100 companies continue to account for a majority of the assets with 97.1% market share (worth RM 115.4 billion). This is in comparison to Non-OGSE100 Mid-Tier and SMEs that own assets worth RM 1.8 billion and RM1.6 billion, respectively.

COMPARISON WITH TOP REGIONAL PLAYERS

We have grouped the top public-listed OGSE companies in Southeast Asia based on their financial year income in 2018 to see how Malaysia-listed players measure up against their regional counterparts. The list below indicates that the Malaysian players were more affected by market movements with an average growth of 6.4% compared with an average growth of 24.9% registered their regional peers.

No.	Company Name	Country	FY2017 (USD mil)	FY2018 (USD mil)	Revenue Growth (%)	Segment
1	KEPPEL CORP LTD	SG	4,391.9	4370.4	-0.5	Offshore Fabrications
2	SEMBCORP MARINE LTD	SG	2270.5	3581.4	57.7	Offshore Fabrications
3	MISC BERHAD	MY	2449.7	2175.8	-11.2	Floaters
4	SAPURA ENERGY BERHAD	MY	1861.6	1460.8	-21.5	Offshore Fabrications
5	SERBA DINAMIK HOLDINGS BERHAD	MY	662.4	813.6	22.8	HUC & MCM
6	WAH SEONG CORPORATION BERHAD	MY	606.4	733.8	21.0	Pipelines
7	BUMI ARMADA BERHAD	MY	584.5	599.4	2.5	Floaters
8	DIALOG GROUP BERHAD	MY	788.9	770.8	-2.3	Plant Turnaround
9	PT ELNUSA TBK	ID	350.0	466.1	33.2	Marine Vessels
10	PT PETROSEA TBK	ID	313.5	465.7	48.6	Others
11	THORESEN THAI AGENCIES PCL	TH	422.5	432.3	2.3	Offshore Installations
12	MUHIBBAH ENGINEERING (M) BHD.	MY	339.8	390.6	14.9	Offshore Fabrications
13	KNM GROUP BERHAD	MY	338.1	354.9	5.0	Floaters
14	PACC OFFSHORE SERVICES HOLDINGS	SG	192.2	299.4	55.8	Marine Vessels
15	PETROVIETNAM DRILLING AND WELL SERVICES CORP	VN	167.4	239.1	42.8	Marine Vessels
16	DAYANG ENTERPRISE HOLDINGS BERHAD	MY	169.1	232.6	37.6	HUC & MCM
17	SCOMI ENERGY SERVICES BERHAD	MY	160.7	152.1	-5.3	Others
18	PETRO VIETNAM CONSTRUCTION JSC	VN	260.0	145.4	-44.1	Drilling Rigs
19	EZION HOLDINGS LTD	SG	193.1	118.7	-38.5	Pipelines
20	MERMAID MARITIME PCL	TH	144.7	94.8	-34.5	Marine Vessels
21	PT APEXINDO PRATAMA DUTA TBK	ID	74.5	91.6	23.0	Drilling Rigs and HWUs
22	DYNA-MAC HOLDINGS LTD	SG	24.5	84.5	244.9	Offshore Fabrications
23	FALCON ENERGY GROUP LTD	SG	135.7	44.5	-67.2	Marine Vessels

Figure 8

Source: Company Annual Reports & MPRC Analysis

Despite a slowdown in domestic activities, a number of Malaysian players managed to record an impressive double-digit growth. Serba Dinamik Holdings Bhd's increased revenue in Operation & Maintenance (O&M) was supported by both the maintenance, repair and overhaul (MRO) and inspection, repair and maintenance (IRM) subsegments in Central Asia and the Middle East.

Meanwhile, the completion of pipe coating operations for Nord Stream 2 (NS2) project in Europe helped Wah Seong Corporation Bhd secure a major portion of its Oil & Gas segmental revenue while balanced revenue contribution from Malaysia and overseas assisted Muhibbah Engineering (M) Bhd in its growth with notable projects such as deliveries for RAPID (Package No 5) in 2018. Dayang Enterprise Holdings Bhd witnessed a steady growth with work orders from its Maintenance, Construction and Modifications Contracts (MCM) and Pan Hook-Up and Commissioning Contract (Pan HUC) segments. Better vessel utilisation rate also contributed to Dayang Enterprise's performance during the year.

Across the region, the average 24.9% growth was due mainly to a mix of contributions by companies in Singapore and Vietnam. In Singapore, Sembcorp Marine Ltd (Singapore) saw deliveries of its jack-up rigs to Borr Drilling, sale of its West Rigel semi-submersible rig and ongoing production, among others. Dyna-Mac Holdings Ltd completed several projects during the year as well, including its Annulus Pressure Management Module for Wood Group, MEG Reclamation Unit for Cameron-Schlumberger and modules for FPSO Liza Destiny. Singapore-listed PACC Offshore Services Holdings also registered growth for its deployment of two class-leading semi-submersible accommodation vessels and higher fleets utilisation.

Meanwhile in Vietnam, Petrovietnam Drilling and Well Services Corporation registered growth on the back of higher rig counts and improved utilisation of its jack-ups.

OUTLOOK

The CAPEX story in Malaysia's oil and gas landscape was focused mainly on downstream projects in the last few years, primarily the PETRONAS' refinery and petrochemical integrated development (RAPID) and other associated facilities located in Pengerang in the southern state of Johor. With the completion of RAPID, the composition of PETRONAS' CAPEX spend is expected to shift again, focusing more on upstream activities in the coming years in order to sustain oil and gas production levels in the country and mitigate against maturing oil fields. Achieving this feat requires not only a deep understanding of the subsurface process involved but also the capability to tap into technological solutions to maximise production from maturing fields whilst maintaining capital discipline.

The latest PETRONAS Activity Outlook (PAO) 2020–2022 outlined the national oil company's focus in upstream activities. From the report, three subsegments namely the offshore fabrication--wellhead platforms—marine and support vessels, as well as maintenance, construction and modification (MCM) are expected to be the biggest beneficiaries in the next three years. Other value chains that are expected to maintain status quo where activity is concerned include drilling, hook-up and commissioning (HUC) and decommissioning.

Whilst it is encouraging to note an increase in upstream activities in 2020, OGSE companies are expected to maintain their focus on achieving cost savings and fulfilling the demands of project owners.

At the same time, companies are also venturing further afield into deepwater projects, as evidenced by the signing of several contracts and agreements for offshore works and exploration blocks in Gulf of Mexico by Sapura Energy Bhd. Meanwhile, Serba Dinamik has also ventured into O&M and EPCC contracts in Central Asia.

Amid wrenching changes in global economies and challenging landscape facing Malaysia's OGSE industry, players need to step up their game, adjust their strategies and invest in technologies to grow and thrive not only within the industry but in adjacent sectors as well.

METHODOLOGY

OGSE100 FY2018

1 POPULATION SAMPLING

Initial list as of November 2019 and listed OGSE companies with PETRONAS' licensed associate/subsidiaries companies

- Started with 2,399 companies with non-corporate entities included in the population.

A total of 43 companies were eliminated

- Companies are excluded if it falls within the following categories:
  - Products: containers, miscellaneous, office and automotive; or
  - Services: ICT and integrated operations, general building maintenance services; or
  - Core business activities described in their website that do not include O&G related activities

2 DATA ACQUISITION

Requested CCM to extract the raw financial information from their CBID database

- The request was made for FY2010 – FY2018 period

Successfully extracted data for 2,062 companies

- The request to CCM was made as of November 2019. If no accounts are lodged by that date, we can assume either:
  - The company is late in filing its accounts; or
  - The company had a change in that FY2018

3 DATA PROCESSING

3.1 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 for our analysis purposes
- Historical revisions are done based on the latest financial information available

3.2 SANITISATION

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

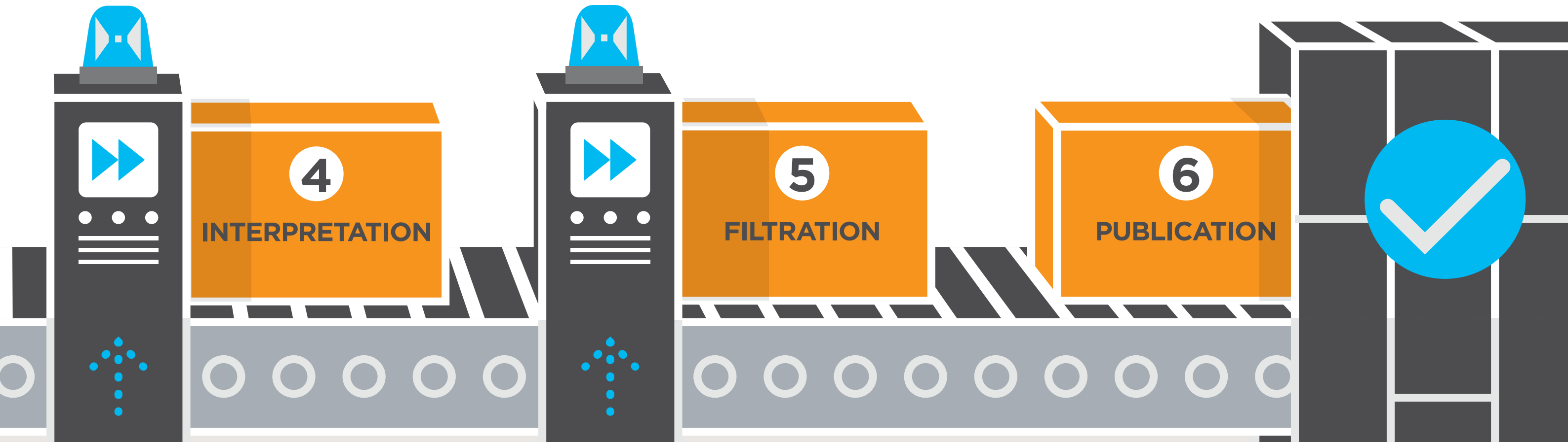
- The identification is done by factoring the parameters' y-o-y change by 500. Value more than 500 (or less than 1/500 but greater than zero) could indicate unit's data-entry error
- A total of 114 companies were affected

3.3 CONSOLIDATION

A total of 99 companies were identified

- 99 companies with immediate shareholders and subsidiaries of listed companies as recorded in the most recent audited accounts

Final population sample of 1,641 companies



1,641 companies are ranked only by their revenue in 2018 and grouped into OGSE100, Mid-Tier and SME

- Non-OGSE100 Mid-Tier:
  Sales turnover > RM50mil and ≤ RM500mil (Manufacturing) OR Sales turnover > RM20mil and ≤ RM500mil (Services and Other sectors)
- SME:
  Sales turnover ≤ RM50mil (Manufacturing) OR Sales turnover ≤ RM20mil (Services and Other sectors)
- 104 companies have no revenues recorded for FY2018 based on SSM CBID
- If a business exceeds the threshold set consecutive years (based on its financial year) then it can no longer be deemed as an SME. Similarly, a business that is previously large can qualifying criteria of SMEs for 2 consecutive years.

Selected financial information and ranking information are made available

- To perform basis analysis on the size/growth of the O&G related activities

Engage industry, regulators and other stakeholders for their feedback on the process and to obtain their support

Discuss internally if any revision in process is required based on engagements with stakeholders

- If YES, revise and repeat process from step two
- If NO, proceed to step six

Draft, design and publish OGSE100 FY2018 edition document

MPRC REGISTRATION

WANT YOUR COMPANY TO BE FEATURED IN THE NEXT EDITION OF MPRC'S MALAYSIA OGSE CATALOGUE

Follow the simple step-by-step guide below:

STEP ONE

Download the Malaysia OGSE Catalogue form and MPRC Industry Data Gathering form

* Both forms are downloadable via MPRC's official website at *www.mprc.gov.my*

STEP TWO

Fill in and complete both forms

* Please read the instructions when completing the forms

STEP THREE

Send it back to us

* Please send ALL the completed forms to: *ogse.industry@mprc.gov.my*

The Malaysia Oil and Gas Services and Equipment (OGSE) Catalogue 2017 summarises the background and project experiences of Malaysian OGSE companies.

Additionally, this catalogue aims to map the capabilities of Malaysian OGSE companies to complement the 13 major segments of the oil & gas value chain in a user-friendly matrix. Contact details which include office addresses, telephone and fax numbers, email addresses and the person-in-charge are provided for each company showcased in the catalogue.

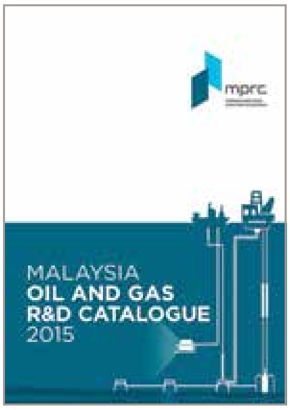
The catalogue can be used as a reference point for international oil companies, national oil companies, and contractors, and its primary purpose is to promote the capabilities of Malaysia oil and gas sector in international markets.

Note:
A company is defined as a Malaysian OGSE company if:

- It is a Malaysian registered legal entity
- A substantial proportion of its revenue is generated from the oil and gas sector

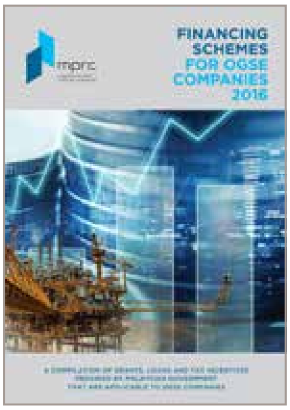
Malaysia Petroleum Resources Corporation reserves the right to determine the suitability of Malaysian OGSE companies that will be featured in this publication. Malaysia Petroleum Resources Corporation also reserves the right to amend, modify and/or eliminate any of the Malaysia OGSE company profiles at its sole discretion, with or without prior notice.

OTHER MPRC PUBLICATIONS



MALAYSIA OIL AND GAS R&D CATALOGUE

The Malaysia Oil & Gas R&D Catalogue is a compilation of R&D capabilities to support innovation and technology development for the oil and gas industry.



FINANCING SCHEMES FOR OGSE COMPANIES

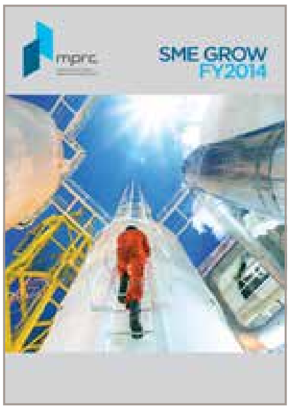
This financing guide for OGSE companies features a compilation of grants, loans and tax incentives provided by Malaysian government agencies and Development Financial Institutions that are relevant to the OGSE sector.

MALAYSIA OGSE CATALOGUE

The Malaysia Oil & Gas Services and Equipment (OGSE) Catalogue 2017 summarises the background and project experiences of Malaysian OGSE companies. Additionally, this catalogue maps the capabilities of Malaysian OGSE companies in 13 major segments of the oil & gas value chain via a user-friendly matrix. Office addresses, telephone numbers, fax numbers as well contact persons and email addresses are provided for each individual company.

DOING BUSINESS IN SOUTHEAST ASIA: GUIDE FOR MALAYSIAN OGSE COMPANIES

Produced in collaboration with MATRADE, this guide outlines the oil & gas landscape and market entry strategies for Malaysian OGSE companies interested in expanding their business to Indonesia, Myanmar, Thailand and Vietnam. This publication also features on-the-ground insights from local OGSE players, key contacts, as well as information on MATRADE's export assistance programmes for Malaysian exporters.



SME GROW

SME GROW lists active OGSE Small and Medium Enterprises (SMEs) with the potential to grow from the SME segment into Mid-tier companies. SME GROW applies a filtering process to identify a number of SME companies with high potential, and ranked based on both revenue growth and profitability.

These printed publications are available for download at www.mprc.gov.my/publication

GLOSSARY

CAPEX	Capital Expenditure
CBID	Corporate and Business Information Data
EIA	US Energy Information Administration
FY	Financial Year
LBT	Loss Before Tax
LNG	Liquefied Natural Gas
MATRADE	Malaysia External Trade Development Corporation
MCM	Maintenance, Construction & Modification
MEA	Ministry of Economic Affairdification
MIDA	Malaysian Investment Development Authority
MOGEC	Malaysian Oil and Gas Engineering Council
MOGSC	Malaysian Oil and Gas Services Council
MPRC	Malaysia Petroleum Resources Corporation
NS 2	Nord Stream 2
OGSE	Oil & Gas Services and Equipment
PBT	Profit Before Tax
RAPID	Refinery and Petrochemical Integrated Development Project
SME	Small and Medium-sized Enterprise
SSM	Companies Comission of Malaysia (Suruhanjaya Syarikat Malaysia)
SWEC	Standard Work & Equipment Categories
TFA	Total Fixed Assets

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