

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present to you Yinson's Annual Report 2020. This year, in line with our commitment to sustainability and the environment, we have made this report available to you digitally on our dedicated microsite. We hope you enjoy the interactive experience.

2019 proved to be a more stable year for global oil prices. Unlike the year before, the oil price ended in the vicinity of USD63 per barrel in contrast to the year's opening price of USD58 per barrel. Fluctuations during the year were less volatile compared to the numerous crests and troughs experienced in 2018. No doubt 2019's high of USD75 per barrel did not breach the previous financial year's high of almost USD85, however, it was a much more stable environment for the oil and gas industry.

Benefiting from the stable environment and a brighter industry outlook, the activities of the floating production storage and offloading ("FPSO") industry gained momentum with more than 10 contracts awarded in 2019, a 50% increase compared to 2018. With that said, Yinson had our share of contracts bagged during the year, boosting our orderbook to approximately USD10.23 billion.

Remarkable FYE 2020

The financial year under review was undoubtedly full of highlights as we made our maiden entry

into Malaysian waters through the deployment and achievement of first gas of FPSO Helang. On top of that, we also saw our first FPSO redeployment project to Nigeria as well as our first bid and project win in Brazil, the world's largest FPSO market.

With so much progress thus far, it is imperative that we deploy our business strategies with caution and ensure stability in our current operations through upkeeping our excellent average fleet uptime track record.

We are also humbled and honoured as our investor engagements have continued to be recognised. During the year, we were conferred with the 'ASEAN - Most Honoured Company Award' by Institutional Investor. With only 20 companies receiving this award out of 260 ranked companies, resulting from votes of nearly 2,500 investment professionals from 892 financial services firms, the win echoes Yinson's belief in building rock solid and lasting relationships with its investors. Indeed, the award inspires us to further enhance our existing robust investor relations programme.

Lim Han Weng

Founder and
Group Executive Chairman



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In addition, both our Kuala Lumpur and Singapore offices received the 'Best Companies to Work for in Asia Award 2019' by HR Asia. The award honours companies with outstanding employer practices and employee engagement across the Asian region. We consider our employees as one of our most important stakeholders, and these awards are an acknowledgement of the continuous efforts we devote to creating a vibrant, progressive workplace that puts them first.

These latest recognitions join our previous years' awards namely honours from the Malaysian Institute of Corporate Governance, IFN, IFR Asia, Asset Asia, Alpha Southeast Asia and The Edge Billion Ringgit Club, just to name a few.

Rewarding our shareholders

To reward our shareholders for their continued support, we distributed RM64.76 million in dividends in FYE 2020, representing 2 sen per ordinary share and 4 sen per ordinary share dividend declared for FYE 2019 and FYE 2020 respectively.

Yinson has further recommended a final dividend of 2 sen per ordinary share for FYE 2020, to be tabled to shareholders for approval at Yinson's forthcoming 27th Annual General Meeting ("AGM").

The declared and proposed dividends quantum is kept to a fairly stable level although Yinson's financial position has strengthened.

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Yinson is always mindful of the need to balance between rewarding shareholders while ensuring sufficient funding in line with the Group's business expansion plans.

Share price performance

Yinson's share price grew exponentially during the year, from RM4.08 on the first day of the financial year under review to RM7.17 in early July 2019. Our strong fundamentals and contract wins, along with the positive outlook of global oil price, ensured that the share price was sustained at that level into the second half of the

year. As at the date of this report, as a result of the global economy slowdown due to the Covid-19 pandemic and weaker oil price since March 2020, the share price has been hovering around RM5.00. We believe that Yinson's strong fundamentals will ensure that the share price remains resilient and in a good position to regain its ground when the global economy recovers.

Market outlook

As we pen down our plans for the year ahead, we are anticipating the possibility of a global recession in the form of a double whammy

caused by the collapse of oil price and the effects of a prolonged Covid-19 outbreak. It has been a bleak start to 2020 for most oil and gas companies across the supply chain, with oil prices falling below USD30 per barrel.

As gloomy as it may be, our Management has steered Yinson through downcycles of the oil and gas market in 2014 before, and we are confident that we will weather the storm once again.

Moving forward, against global economic headwinds, it is expected to be more challenging. By adjusting to the uncertain oil price environment, high cost producers are cutting development plans. However, some low-cost producers are still pushing forward on the development of their more prolific fields. The next market which Yinson will venture into is Brazil. Brazil's Petróleo Brasileiro S.A. ("Petrobras") is still issuing tenders, with one of them being a tender for the Mero-4 floater, despite the current economic situation. With that said, we opine that there will still be contracts to be awarded depending on the economic viability of the oil field. We will continue to tread cautiously during this period and will only take on contracts that significantly add to shareholders' value.

Sustainability

'Building trust' has been a strong focus for Yinson which we have been progressively and intentionally investing in over the years. We believe that a foundation of trust will

ensure our sustainable growth for many years to come. To this end, we have been working hard to create avenues that encourage open and transparent dialogue, so that we can engage with and be accountable to all our stakeholders. Sustainability is one of Yinson's Core Values, and something that we believe needs to be instilled in every decision we make in order to achieve long term success for Yinson.

In line with our sustainability focus, the Board deliberated and supported several milestone developments that will strengthen the Group in the longer term. This includes the Group's first renewables venture in India, our new Human and Labour Rights ("HLR") Policy, determination of our material matters and a refresh of our Sustainability Policy.

Yinson's Board and Management further strengthened

We are pleased to welcome two new Directors to Yinson's Board

this financial year. Puan Rohaya binti Mohammad Yusof was appointed as Non-Independent Non-Executive Director and Puan Sharifah Munira bt. Syed Zaid Albar as Independent Non-Executive Director on 1 January 2020. On that same date, we also announced the redesignation of Dato' Mohamad Nasir bin AB Latif from Non-Independent Non-Executive Director to Independent Non-Executive Director. The appointments have indeed further strengthened the Board's ability to lead the Group towards meeting the objectives and goals of Yinson. The diversity and experience of the Board has been enhanced, increasing our ability to make stronger decisions in the best interest of the Group.

Our Key Management team was also strengthened this year in line with our growth. We welcomed David Brunt, Chief Executive Officer ("CEO") of our Renewables Division in October 2019, marking the beginning of our diversification into renewable energy. Then just

recently on 1 May 2020, Eirik Barclay moved into the corporate role of Group Executive Vice President of New Ventures and Technology, while Flemming Grønnegaard took up Eirik's previous role as CEO, Offshore Production. We congratulate Eirik and Flemming on their new roles. Also on 1 May 2020, we welcomed Rolf Normann as Chief Operations Officer, Offshore Production. The wealth of knowledge and experience brought into the Group by these appointments positions Yinson to remain relevant as a leader in the energy business for many years to come.

Appreciation

On behalf of the Board, I would like to express our appreciation to the authorities, our clients, financiers, vendors and advisors for the continuous support rendered to us. Your support played a very important role in helping us move forward and achieve our various milestones along the way.

Within the Group, a big thank you to our global Yinson family, you are forever Yinson's core. Let's continue to live up to all our Core Values! Thank you for your commitment and dedication all these years and for many more years to come.

LIM HAN WENG
Founder and
Group Executive Chairman

