

FINANCIAL

MANUFACTURED

ORGANISATIONAL

HUMAN

SOCIAL &
RELATIONSHIPS

NATURAL



FINANCIAL CAPITAL

Operating in a capital-intensive industry, Yinson seeks to allocate our Financial Capital efficiently to maximise the return on capital. Our sources of capital include contributions by our equity shareholders and perpetual securities holders, loans and borrowings from financial institutions, cash held as well as cash flow generated from operating activities. The key financial metrics described in this chapter allows us to measure our effectiveness in creating value to our stakeholders.

Yinson's strategy for managing Financial Capital

Prioritise long-term business sustainability

Velocitise and realise project value through strong teamwork and cross border integration

Build strong local knowledge and experience

Enlarge territory and increase impact

Build long-term partnerships with corporate business partners, lenders and investors

LONG-TERM, STABLE CASH FLOWS

Financing is one of the five core pillars through which Yinson's business framework and strategy are outlined, as illustrated in this report's MD&A. The core pillars operate interdependently, with the performance of each core pillar inextricably linked with the performance of the other four.



Yinson's five core pillars (pg 132)

The function of the Financing pillar is to deliver long-term, stable cashflows for the Group. This enables the other core pillars to function well and safeguards the sustainability of our business, allowing Yinson to continue delivering value to our stakeholders for many years to come.

Yinson has come a long way since our entry into the FPSO market in 2011 and is acutely aware of the importance of ensuring long-term business sustainability. It is our mandate to only undertake projects that provide good overall returns to our shareholders, and each and every element of our projects from the beginning to end is thoroughly evaluated at the onset to safeguard the longevity of the Group.

With strong teamwork and cross border integration, we aim to enhance the performance of our projects, thereby unlocking greater project value. We believe that building a local team in the locations where we operate whilst leveraging off the strength and experience of the larger global team allows us to make stronger decisions at every level, thus maximising value for all stakeholders. It was the strong performance of our projects teams producing excellent operational results, coupled with the great efforts of the global corporate finance team that brought about the successful refinancing of FPSO JAK, thereby velocitising our capital invested and increasing the overall returns of the project.



Organisational structure (pg 73)

Closely related to this is our strategy of building strong local knowledge and experience, particularly relating to matters such as tax finance and ESG matters. Having a multinational footprint means that Yinson will need to consistently abide by various rules and regulations.

Our financial strategies synergise with our Group-wide ESG performance. This is highlighted through our current engagements with various ESG rating providers to improve our ESG profile and sustainability-linked financing (“SLF”) opportunities. To better align our initiatives, we have revised our Sustainability Policy, as well as undertaken a new materiality assessment with our stakeholders to better pinpoint initiatives. This has led to the identification of material topics targeted by the Group .

Our teams are constantly brainstorming and evaluating new approaches and opportunities of raising financial capital, to venture into new territories, collaborate with new institutions, with the purpose of increasing our growth potential and impact across the globe. Our efforts to venture into new territories and increasing impact is further highlighted as Yinson was selected to participate in a RM200 million SLF with HSBC, which upon completion will provide an improved pricing upon achieving agreed sustainability performance targets.



Materiality (pg 45), Sustainability-linked financing (pg 53), Strengthen sustainability governance and reporting (pg 71)

As our Group grows, it is vital for us to continue to build and maintain strong, long-term relationships with our banking networks, capital market investors, shareholders and corporate partners. We also seek to establish close partnerships with local partners who invest alongside with us on our projects, as with how we have done in our current projects.



Bankers and lenders (pg 117), Partners (pg 119), MD&A (pg 128)

EQUITY SHAREHOLDERS AND PERPETUAL SECURITIES HOLDERS

Since 2011, Yinson has successfully raised financial capital through both equity and perpetual securities markets 12 times. Along with the success of these capital transactions, our deals have also earned us several accolades throughout the years, including awards from IFN, IFR, Alpha Southeast Asia and Asset Asia.

2011	2012	2013	2014	2015	2017	2018	2019
1 Private Placement RM11.3 million	2 Rights Issue RM85 million	4 Private Placement RM56.5 million	6 Rights Issue RM568 million	7 Private Placement RM169.8 million	9 Perpetual Securities (NC5) USD100 million	10 Sukuk Mudharabah (NC15) RM950 million	11 Perpetual Securities (NC5) USD90 million
	3 Private Placement RM20.4 million	5 Private Placement RM106.6 million		8 Perpetual Securities (Private Placement) (NC5) USD100 million			12 Perpetual Securities (NC5) USD30 million

FINANCIAL

MANUFACTURED

ORGANISATIONAL

HUMAN

SOCIAL &
RELATIONSHIPS

NATURAL

Equity shareholders

Yinson's shares are listed on the Main Market of the Bursa Malaysia Securities Berhad (KLSE:YINSON).

The top three shareholders of the Company are the family of Yinson's founder and Group Executive Chairman, Malaysia's Employees Provident Fund ("EPF"), and Kumpulan Wang Persaraan (Diperbadankan). The top three shareholders of Yinson own approximately 54.07% of stock collectively.

Shareholder	Stake
Lim Han Weng and family	26.34%
EPF	17.48%
Kumpulan Wang Persaraan (Diperbadankan)	10.25%
Total	54.07%

(According to the Company's Register of Substantial Shareholders as at 6 May 2020)

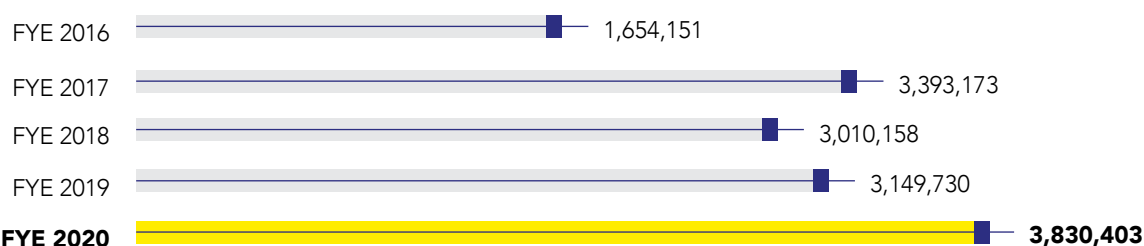
The founding Lim family remains the largest shareholder, with 26.34% ownership. The Lim family has subscribed to all rights issues raised by Yinson to date. Currently, the Chief Investment Officer of EPF resides on Yinson's Board. In 2015, EPF fully subscribed to Yinson's private placement of RM169.8 million.

Perpetual securities holders

Yinson raises external funding to carry out its business activities through a variety of sources. Since 2015, Yinson has issued perpetual securities to raise long-term funding to meet the capital expenditure needs of our projects. This has allowed us to raise a separate class of equity without taking on additional debt onto our balance sheet. The unique characteristics of the perpetual securities lend its support towards lowering the Group's gearing levels while buffering equity base and extending financing maturities.

LOANS AND BORROWINGS**Total loans and borrowings**

(RM'000)



Loans and borrowings of the Group have been driven according to project execution needs. Given the capital-intensive nature of our business, it is essential that our projects are bankable on its terms and conditions and supported by financial institutions. Project financing loans are meticulously structured to ensure smooth disbursement during project execution, tie-in of repayment sources, sustainability of working capital, manageable leverage and securitised assets – all to safeguard the interests of our shareholders and lenders.

The loans and borrowings position of the Group experienced significant growth as a result of the successful execution of FPSO JAK, which was completed in FYE 2018. Growth in loans and borrowings during the current financial year of 21.6% to RM3,830.40 million is mainly attributed to the execution of the FPSO Helang project and preparatory funding drawn for the FPSO Anna Nery project.

Our loans and borrowings position in the coming three years is expected to increase further due to the drawdown of a refinancing loan for FPSO JAK in Q1 FYE 2021 and project financing to be undertaken for the FPSO Anna Nery project in Brazil and other potential projects.

Refinancing existing project financing

An excellent illustration of the effectiveness of our financing strategy is the USD800 million refinancing loan agreement signed with 13 local and global banks, to refinance the existing loan on FPSO JAK in November 2019. The refinanced loan allows Yinson to enjoy lower interest rates whilst velocitising our future cashflows to be invested into other projects. The deal was well received by the financial community and was oversubscribed by over 45%. The following banks participated in the refinancing:

- CIMB Bank Berhad
- Clifford Capital Pte. Ltd.
- Crédit Industriel Et Commercial
- DBS Bank Ltd.
- Korea Development Bank
- Maybank Investment Bank Berhad
- MUFG Bank, Ltd.
- Natixis, Singapore Branch
- Oversea-Chinese Banking Corporation Limited
- Societe Generale, London Branch
- Sumitomo Mitsui Banking Corporation
- Standard Chartered Bank (Singapore) Limited
- United Overseas Bank Limited

Of the 13 banks participating in the refinancing exercise, seven banks were new capital providers to Yinson. This is a heartening result of Yinson's efforts to widen its pool of capital providers and network. The loan was fully drawn down on 14 April 2020, with a tenure of 12 years.

Engaging with Export Credit Agencies ("ECAs")

Additionally, to extend our reach to the available capital in the markets, we are strengthening our relationships with ECAs to support our project financing activities. As part of our financing strategy for our Brazilian FPSO projects, Yinson is in dialogue with several European and Asian ECAs to support the project finance (PF) loans. If successful, these ECAs will be able to provide guarantees in support of the PF loans, thereby providing greater liquidity for the project with increased appetite from the commercial lenders.

Sustainability-linked financing

Sustainability is one of Yinson's Core Values, and an important value driver for all our stakeholders. We have focused on improving our ESG performance over the years, with the success of our efforts evidenced by our acceptance into the FTSE4Good index, and improvements in our sustainability ratings.



Strengthen sustainability governance and reporting (pg 71)

Adopting SLF as a strategy in raising capital is in line with our focus on sustainability, as it encourages us to strengthen our ESG practices, leading to greater value for our stakeholders and a more sustainable future for everyone.

FINANCIAL

MANUFACTURED

ORGANISATIONAL

HUMAN

SOCIAL & RELATIONSHIPS

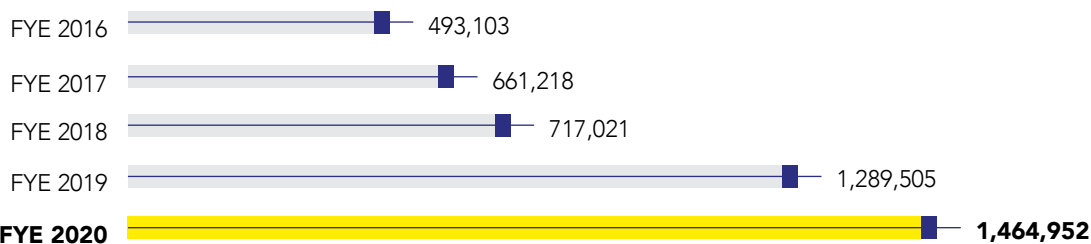
NATURAL

In November 2019, Yinson was selected by HSBC Amanah to be an early adopter of Malaysia’s first SLF with a RM200 million revolving credit facility granted to Yinson. This tiered pricing product feature allows Yinson to receive a preferential financing rate of the facility upon meeting pre-agreed targets related to our ESG performance. Amongst indicators considered are the carbon intensity of our operations, reduction in waste produced, increased diversity and improvements in our overall ESG performance ratings.

CASH AND LIQUID INVESTMENTS

Cash and liquid investments

(RM'000)



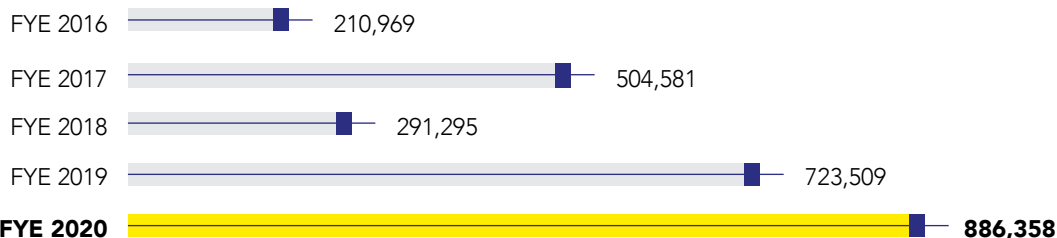
Yinson maintains a healthy cash and liquid investments balance of RM1.46 billion. The cash held is sufficient to meet business operational needs and support our project development activities. Our strategy for managing liquidity includes:

- Maintaining an appropriate mix of high-quality liquid investments and adequate cash buffers to meet unexpected cash outflows
- Maintaining cash flow projections to match the allocation of long-term financial capital with project capital expenditure needs
- Conducting regular stress testing to assess cash flow vulnerability under stressed situations and deploying the necessary action plans.

FREE AND AVAILABLE CASH

Free and available cash

(RM'000)



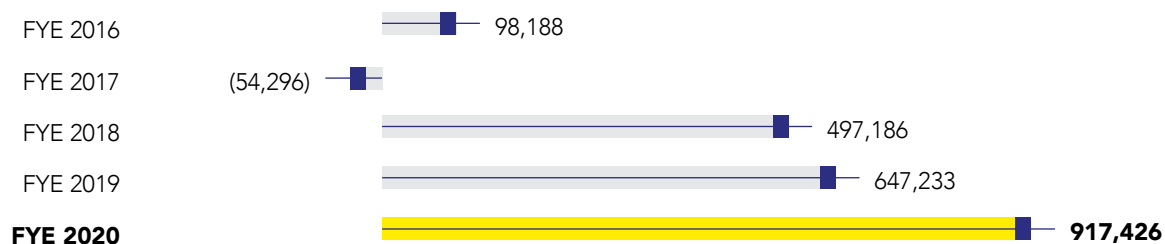
The Group’s free and available cash presents a different perspective of our liquidity for our various business endeavours. This is quantified after isolating certain sources that have been earmarked to service loans and borrowings’ obligations, and its utilisation is subject to approvals by lenders in accordance to the financing agreements.

A free and available cash position of RM886.36 million as at 31 January 2020 provides good support and flexibility for the Group to excel beyond its existing business boundaries.

NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES

Net cash flows generated from/(used in) operating activities

(RM'000)



The Group's business model of earning stable recurring income from projects is evidenced by the growth of our cash flows from operations. At Yinson, the majority of cash flows generated and utilised are denominated in USD. As a result, Yinson enjoys a significant natural hedge on its currency risk which effectively minimises the Group's exposure to foreign currency volatility.

During the financial year, cash flows generated from operations were utilised in investing and financing activities as presented in the Statements of Cash Flows from pages 198 to 202.

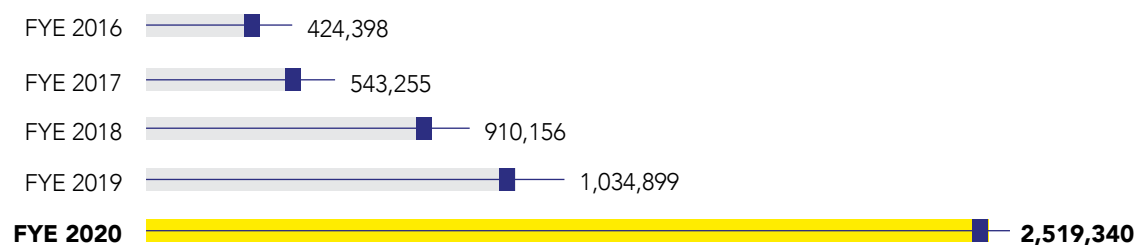
KEY FINANCIAL METRICS

Our effectiveness in creating value to our stakeholders can be measured by the financial metrics described below:

REVENUE

Revenue

(RM'000)



FINANCIAL

MANUFACTURED

ORGANISATIONAL

HUMAN

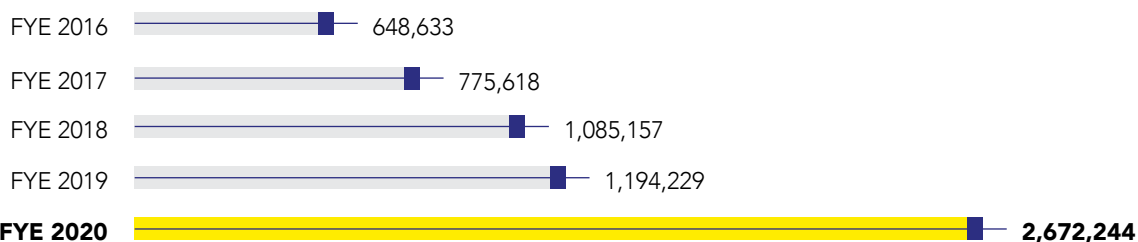
SOCIAL &
RELATIONSHIPS

NATURAL

ADJUSTED REVENUE

Adjusted Revenue

(RM'000)



The primary contributor to the Group's revenue is its FPSO leasing businesses operating in Ghana, Nigeria and Malaysia. These accounted for over 90% of reported revenue for FYE 2020. The revenue contribution of FPSO/FSO leasing businesses which are co-owned under joint venture arrangements in Vietnam and Ghana is presented separately as adjusted revenue accounted in accordance with the Group's equity ownership. Currently, the Group has four operating FPSOs, one operating FSO and two FPSOs in the construction phase.

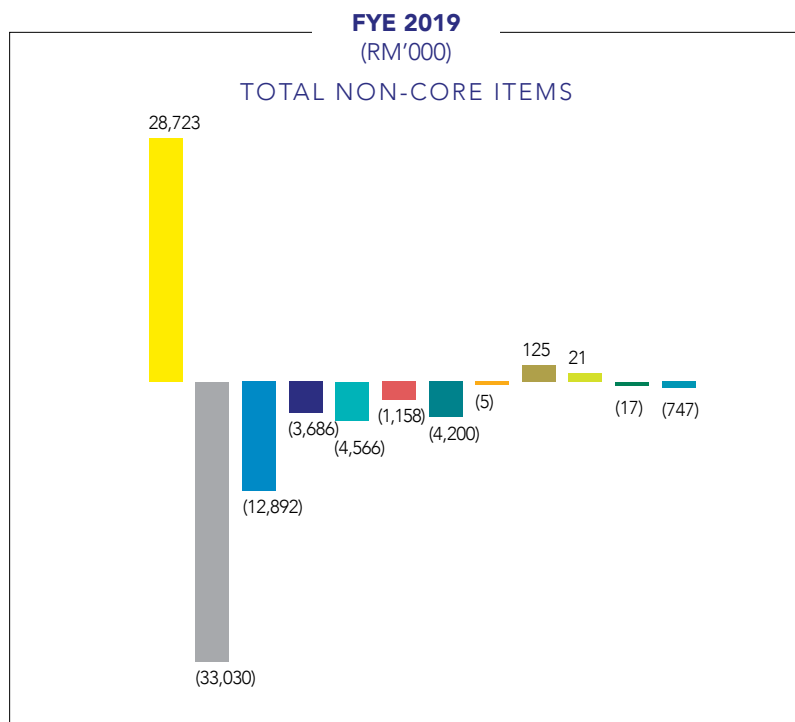
The remaining businesses are four OSVs and three VLCC cargo vessels, of which one has been deployed towards the conversion into FPSO Anna Nery.

Each operating FPSO provides a continuous stream of recurring revenue and cash flows during the contracted operating period, that could stretch as long as 25 years. In FYE 2018, revenue for the Group grew close to RM1.00 billion with the operations commencement of FPSO JAK. FYE 2020 witnessed fresh revenue contribution from FPSO Helang since December 2019, raising revenue levels to RM2.52 billion. Of this figure, RM1.55 billion is non-recurring and associated with the contract's lease classification as a finance lease, which resulted in the accounting of the transaction as an outright sale of the vessel upon handing over its right of use to the field owner.

The cash flow resulting from these revenue streams are also explained in the sections relating to 'Net cash flows generated from/(used in) operating activities' and 'Free and available cash'.

Profitability

Reported & Core Profit After Tax ("PAT") (RM'000)

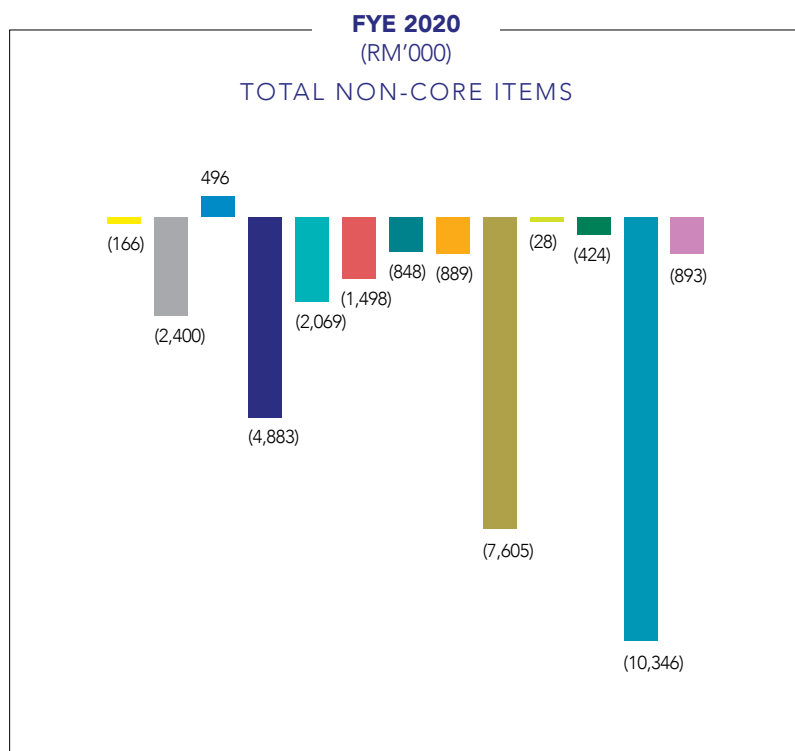


Reported PAT
RM264,379

Total Non-Core Items
(RM31,432)

Core PAT
RM295,811

- Net gain on foreign exchange
- Impairment loss on property, plant and equipment
- Impairment loss on investment in a joint venture
- Impairment loss on tax recoverable
- Impairment on receivables
- Fair value loss on other investments
- Fair value loss on investment properties
- Loss on disposal of property, plant and equipment
- Gain on disposal of other investments
- Gain on disposal of associates
- Bad debt written off
- Fair value loss on derivatives



Reported PAT
RM261,297

Total Non-Core Items
(RM31,553)

Core PAT
RM292,850

- Net loss on foreign exchange
- Fair value loss on investment properties
- Fair value gain on other investments
- Impairment loss on property, plant and equipment
- Impairment loss on tax recoverable
- Impairment on trade receivables, other receivables and other assets
- Loss on disposal of other investments
- Loss on disposal of property, plant and equipment
- One-off sharing of joint venture's shortfall in insurance claims
- Property, plant and equipment written off
- Waiver of debts
- Warranty cost provided for project
- Fair value loss on derivatives

FINANCIAL

MANUFACTURED

ORGANISATIONAL

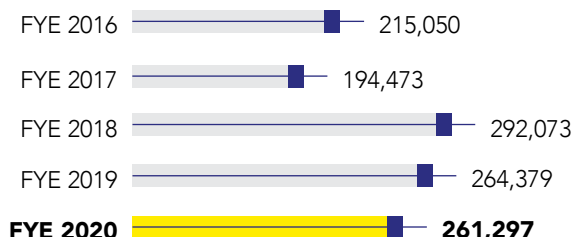
HUMAN

SOCIAL & RELATIONSHIPS

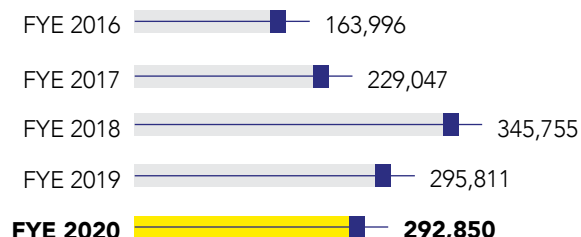
NATURAL

PROFITABILITY

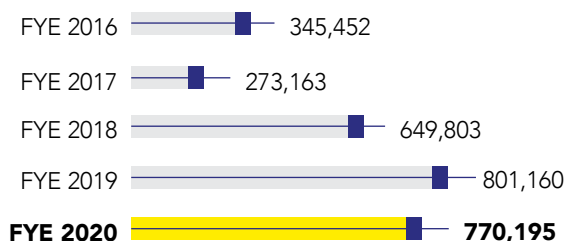
Reported PAT
(RM'000)



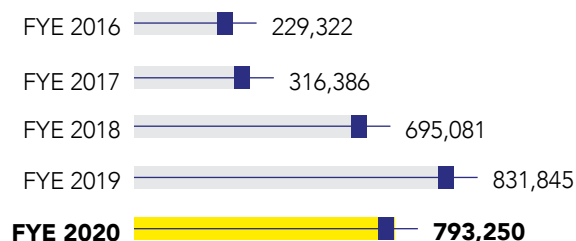
Core PAT
(RM'000)



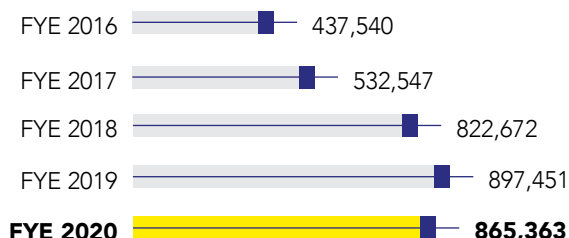
EBITDA
(RM'000)



Core EBITDA
(RM'000)



Adjusted Core EBITDA
(RM'000)



Our Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) is another important measurement of profitability as it isolates costs sunk into capital which enables a reader to better appreciate the earned profits in meeting the Group’s financial obligations. This is extremely important given our Group’s business is highly capital intensive. The Group’s EBITDA stood at RM770.20 million for FYE 2020.

Profit for the Group has grown over the years despite the instabilities experienced in the oil and gas industry in recent years due to various market and geopolitical factors. During these periods, Yinson has been able to ride through fairly well with the successful deployment of FPSO JAK in Ghana and steady utilisation of our other assets.

FYE 2020 started without operation contribution from FPSO Allan following the cessation of its charter contract at the end of FYE 2019 and unfavorable foreign exchange movement during the financial year.

Nevertheless, the strong operation management of our other assets and the successful deployment of FPSO Helang in Q4 kept the Group's PAT stable at RM261.30 million for FYE 2020 – a mere drop of 1.17% against the previous financial year.

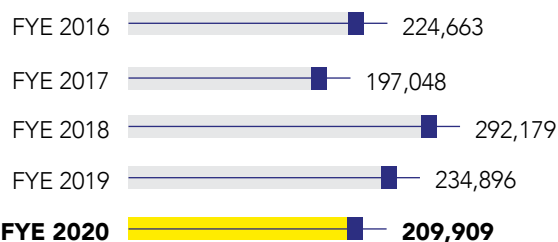
The Group's results are often crowded by financial elements which the Management classifies as non-core financial items to be excluded in calculating its Core Adjusted EBITDA and Core PAT. Core results are more reflective of Yinson's actual business operations performance during the year. Likewise, Adjusted Core EBITDA and Core PAT achieved for the past two financial years have been stable with the Group recording RM865.36 million and RM292.85 million respectively for FYE 2020.



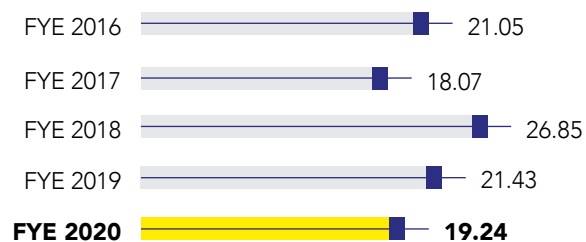
Reported & Core Profit After Tax charts (pg 57)

PROFIT AFTER TAX AND MINORITY INTEREST ("PATAMI")

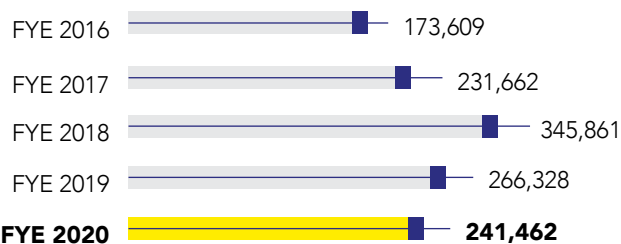
PATAMI (RM'000)



Basic earnings per share ("EPS") (sen)



Core PATAMI (RM'000)



PATAMI

It is the Group's strategy to invite strategic partners to participate in our projects to maximise shareholder value whilst maintaining operational control. Thus, shareholders should refer to PATAMI to determine the amount of profit attributable to them. Reduction in PATAMI was visible in FYE 2019 when a Japanese consortium led by Sumitomo took up a 26% stake in FPSO JAK for a consideration of USD117 million. The Group recorded lower PATAMI and Core PATAMI in FYE 2020 of RM209.91 million and RM241.46 million respectively due to the full year effect of FPSO JAK's profit generation after attribution to the Japanese consortium in accordance to their stake in the project.

EPS of the Group computed based on PATAMI reflected similar trends to the aforementioned.

FINANCIAL

MANUFACTURED

ORGANISATIONAL

HUMAN

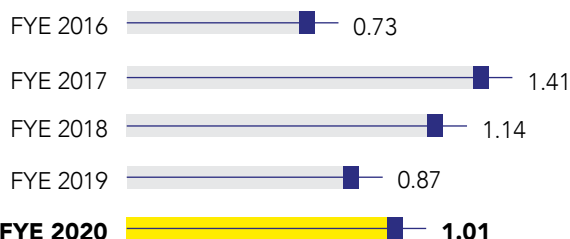
SOCIAL & RELATIONSHIPS

NATURAL

LEVERAGE INDICATORS

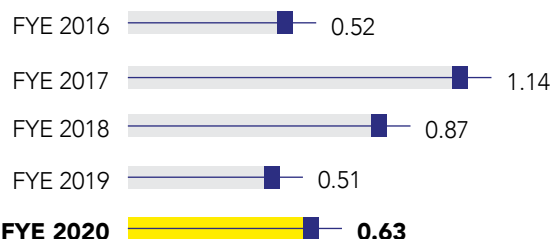
Gearing Ratio

(times)



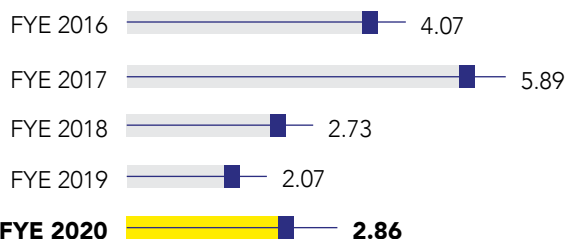
Net Gearing Ratio

(times)



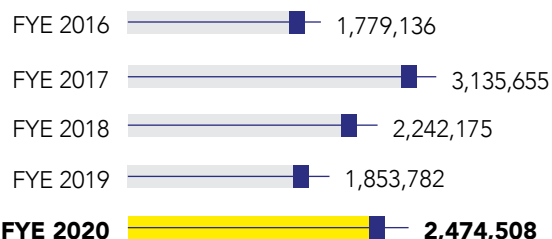
Adjusted Net Debt/Adjusted Core EBITDA

(times)



Adjusted Net Debt

(RM'000)



Net Gearing Ratio (calculated as 'Total Loans and Borrowings' less 'Cash and Bank Balances plus liquid investments' divided by 'Total Equity') is widely accepted as a key indicator of an entity's financial health and accepted by the Group's lenders. This ratio is actively monitored and managed, and is a result of a combination of selecting viable projects, establishing a sensible project and equity funding structure, and discipline in the creation of cash reserves for loan repayment. This ratio typically spikes during the project execution period but improves once the project has achieved lease commencement as the loan repayment begins and cash reserves are built up throughout the loan tenure. Meanwhile, the difference between Gearing Ratio and Net Gearing Ratio is the absence of 'Cash and Bank Balances plus liquid investments', with Gearing Ratio as a less meaningful interpretation of the Group's leveraging position as it excludes liquid assets.

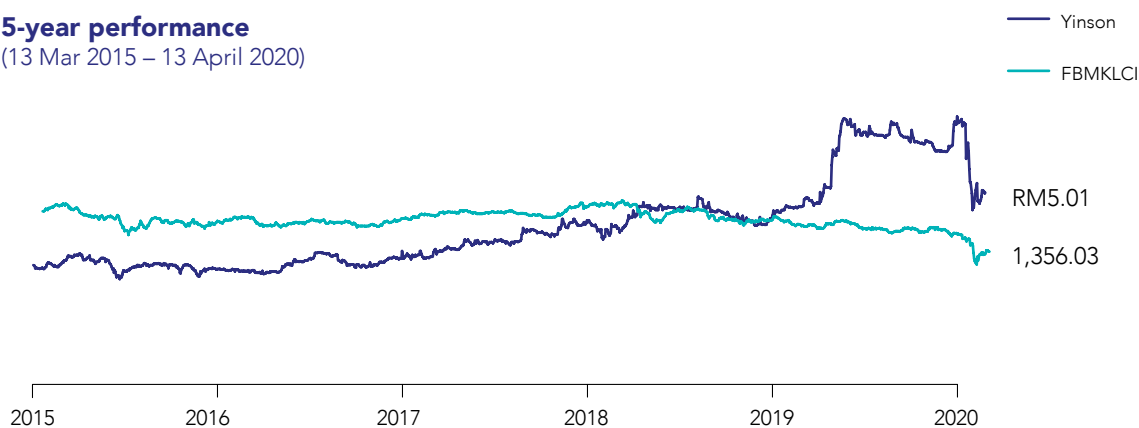
While gearing ratios outline the degree of which the Group has financed its business through loans and borrowings compared against its equity, the Management assesses the repayment ability of its loans and borrowings through the Adjusted Net Debt/Adjusted Core EBITDA ratio. This ratio indicates the number of years taken for one of the key annual earnings of the Group to repay outstanding loans and borrowings, net of liquid assets (i.e. Cash and Bank Balances plus liquid investments), with a lower ratio being more favourable.

These Group ratios will increase in the coming years in tandem with the project execution funding needs of the FPSO Anna Nery project. To ensure a balanced and healthy financial position for the Group, the Management will continuously assess and determine the appropriate gearing ratios for the Group and balance its levels with equity fundraising proposals to shareholders where necessary.

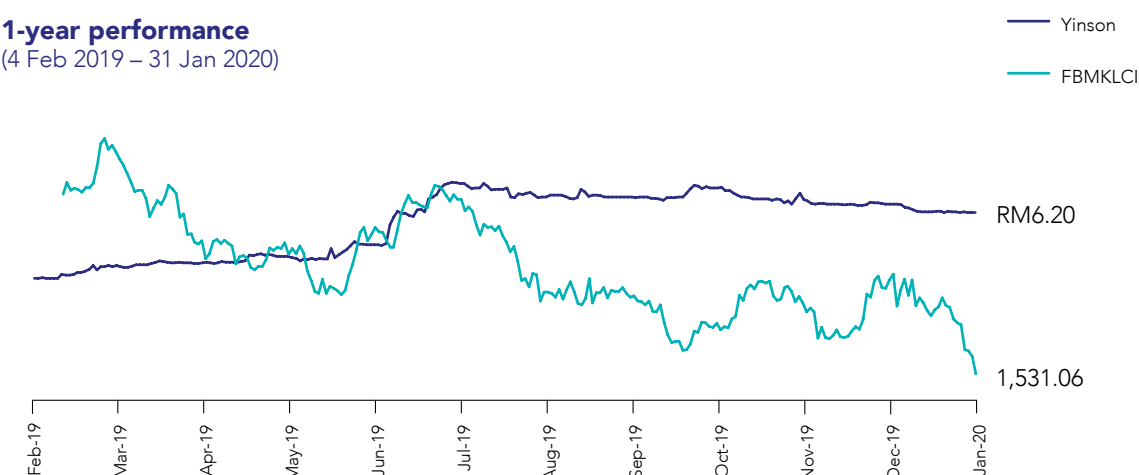
EQUITY SHAREHOLDER INFORMATION

5-year performance

(13 Mar 2015 – 13 April 2020)

**1-year performance**

(4 Feb 2019 – 31 Jan 2020)



For FYE 2020, we declared and paid an aggregate dividend of 4.0 sen per share. Further, on a cumulative basis between 2014 to 2020, we paid 41.35 sen per share or RM448.69 million in total, of which 18.60 sen per share or RM202.53 million related to special dividends which were paid out subsequent to major divestment or monetisation of assets by the Group.

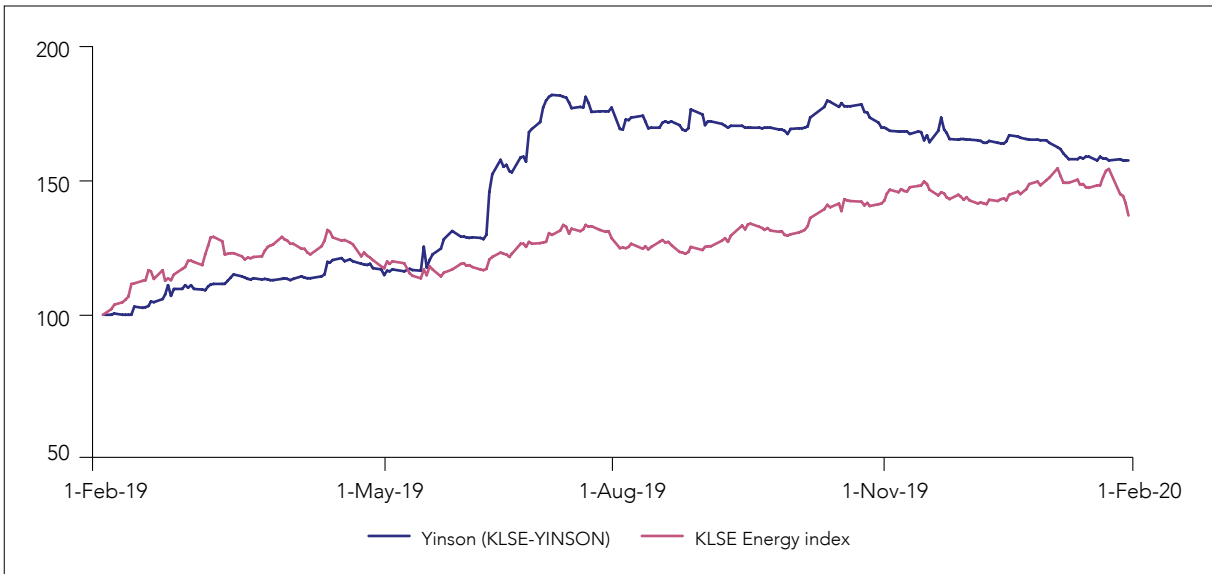
To protect shareholders' value, the Management is conscious of the need for effective use of capital and ensuring all business plans have been matched with an optimal capital plan.

The Company's last two capital raising exercises through our equity holders were conducted in 2014 and 2015. We raised RM568 million through a rights issue in 2014 for the acquisition of Fred. Olsen Production ASA, and RM169.6 million in 2015 via a private placement for the FPSO JAK project.

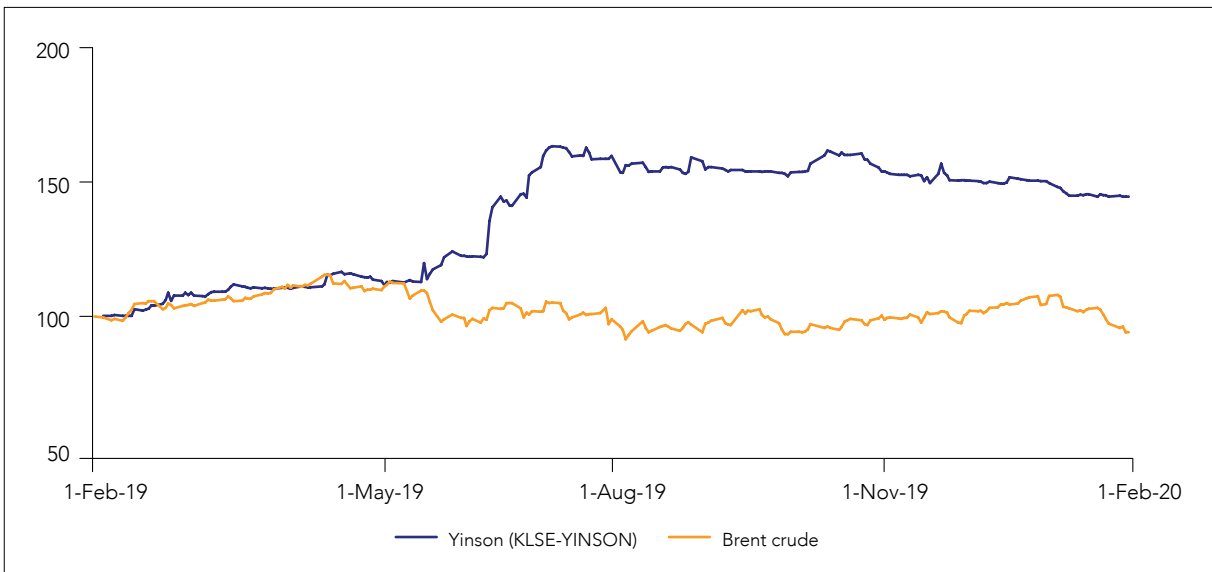
It is usual for most FPSO companies to conduct an equity capital raise for each project win to fund the equity portion of projects. Thus, it is noteworthy to mention that without any further funds raised through our equity holders since 2015, Yinson successfully delivered FPSO JAK and FPSO Helang, and is in the process of delivering

FPSO Abigail-Joseph to Nigeria. This was achievable as our existing portfolio of assets is able to generate sufficient cash flows to be reinvested or leveraged against to fund the new projects. That said, this limits our ability to pay a more meaningful and stable dividend in the interim. Accordingly, the Company has not established a dividend policy in view of the growth plans we have in place.

Outside of dividends, we have also delivered strong capital appreciation for our equity shareholders. Over the current financial year, the share price rose by more than 50% from RM4.10 to RM6.20. Notably, as illustrated in the chart below, Yinson’s share price growth has outperformed the KLSE Energy Index during the financial year.



Further, our share price appreciation has also outperformed Brent oil price as seen in this chart.



Yinson has been consistent in our efforts to build up our investor relations with institutional and retail investors. In acknowledgement of our efforts in investor relations, we were conferred with the ‘ASEAN – Most Honoured Company Award 2019’ by Institutional Investor Magazine. Our Core Value, ‘Open’, has helped our efforts in this area as we ensure accessibility to the Management and transparency and fairness in information to our shareholders.