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PPB sees record RM146 million profit

KUCHING: Perdana Petroleum Bhd (PPB) has posted a substantial increase in group net profit, rising to RM146 million for the financial year ended December 31, 2024 (FY2024), from RM44.5 million in FY2023. This surge was driven by higher vessel utilisation and charter rates. Year-on-year, group profit increased by RM101.5 million, or 228 per cent.

The profit growth was in line with revenue expansion, which rose to RM440.1 million from RM313.9 million — an increase of RM126.2 million or 40 per cent year-on-year.

"The higher revenue was mainly due to significantly improved daily charter rates, supported by a higher vessel utilisation rate of 70 per cent compared to 58 per cent in 2023. Additionally, increased revenue from third-party vessel chartering activities and better chargeable ancillary services contributed to the overall revenue growth.

"In addition to better margins from these revenue streams, the higher profit before tax (RM183.3 million vs RM65.83 million in FY2023) was also attributed to a greater reversal of impairment on property, plant, and equipment, as well as a net realised/unrealised foreign exchange gain of RM10.5 million, compared to an exchange loss of RM12.4 million last year," PPB stated in the explanatory notes to its financial results.

The after-tax profit of RM146 million (RM44.5 million) was recorded after accounting for approximately RM37.3 million in tax expenses.

PPB Group owns and operates a fleet of offshore supply vessels serving the oil and gas industry.

In 4Q2024, PPB Group posted a sharply higher group net profit of RM29.5 million (4Q2023: RM21.6 million), despite a decline in revenue to RM89.1 million from RM98.7 million previously.

As a subsidiary of Dayang Enterprise Holdings Bhd, the company attributed the decreased revenue in 4Q2024 to a lower vessel utilisation rate of 50 per cent, compared to 53 per cent in 4Q2023, alongside lower sales from third-party vessel chartering.

"The lower profit before tax of RM23.6 million for the current quarter, compared to RM31.2 million last year, was mainly due to a higher net unrealised foreign exchange loss caused by the weakening of the Malaysian ringgit. This was despite a higher gross profit and a greater reversal of impairment on property, plant, and equipment (RM25.9 million vs RM8.0 million).

"The after-tax profit of RM29.5 million in the current quarter includes tax income amounting to RM5.8 million," PPB explained.

In 4Q2024, PPB Group's financial performance weakened significantly compared to the preceding quarter (3Q2024), when net profit stood at RM75.8 million (4Q2024: RM29.5 million), marking a decline of RM46.3 million (-61 per cent) in tandem with a revenue contraction to RM89.1 million (RM127.3 million), down by RM38.2 million (-30 per cent).

"The lower revenue in the current quarter was primarily due to a vessel utilisation rate of 50 per cent, compared to 78 per cent in the preceding quarter, consistent with seasonal trends. The monsoon season limited the chartering of accommodation work barges (AWB), and dry-docking activities involved two anchor handling tug supply (AHTS) vessels in the last quarter of 2024.

"The sale of one workboat and reduced third-party vessel chartering activities also contributed to the lower revenue."

PPB stated that the pre-tax profit of RM23.6 million in the current quarter factored in a reversal of impairment loss on property, plant, and equipment amounting to RM25.9 million. Additionally, the group recorded a net realised/unrealised foreign exchange loss of RM29.6 million for the quarter, compared to an exchange gain of RM50 million in 3Q2024. The after-tax profit of RM29.5 million in the current quarter included tax income of RM5.8 million.

The tax income of RM5.8 million and tax expense of RM37.3 million in FY2024 were lower than the statutory tax rate due to the reversal of impairment loss on vessels owned by Labuan-based subsidiaries. This reversal is not taxable for the subsidiaries.

Commenting on its prospects for the new financial year, PPB noted that amidst the ongoing trade tariff war and the election of a new US administration, the US Energy Information Administration (EIA) revised its forecast this month. The agency now projects Brent crude oil to average US$74 per barrel in 2025, marking an 8 per cent decline from the actual average price of US$80 per barrel in 2024.

This revision is driven by expectations of global oil production exceeding demand, potentially leading to an oversupplied market. Meanwhile, geopolitical tensions in the Middle East continue to pose significant risks to global oil supply. Analysts have cautioned that any escalation could disrupt production and drive prices higher.

“The World Bank warned that an escalation of the latest conflict in the Middle East could push global commodity markets into uncertainty, potentially triggering a major oil price shock. Goldman Sachs, in its January 2025 forecast, indicated that Brent crude prices will largely depend on production levels in non-OPEC countries and may also be influenced by geopolitical factors such as sanctions and tariffs.

“Despite the challenging macroeconomic environment, PPB noted that Petronas (Petroliam Nasional Bhd) remains committed to supporting upstream activities. In its Activity Outlook (2025-2027) report released in January 2025, PETRONAS announced plans to increase and maintain Malaysia’s oil and gas production at 2 million barrels of oil equivalent per day between 2025 and 2027. This commitment is underpinned by major projects, including the development of the Kasawari gas field in Sarawak and the redevelopment of existing fields such as Gumusut-Kakap, Bekok, Tabu, and Seligi,” stated PPB.

Looking ahead, PPB expects PETRONAS’ ongoing focus on offshore development and maintenance to continue driving demand for offshore support vessel (OSV) services.

According to the company, the OSV industry is currently experiencing a tight supply of vessels, with limited new builds entering the market due to financing challenges, partly driven by ESG-related restrictions.

“However, we remain cautiously optimistic given the current geopolitical uncertainties, particularly tensions in the Middle East, fluctuations in the USD/MYR exchange rate, rising inflation and interest rates, and other uncertainties.

“We will continue to leverage our strengths and enhance operational efficiency to ensure long-term sustainability and relevance,” it added.

https://www.sarawaktribune.com/ppb-sees-record-rm146-million-profit/

About Perdana Petroleum Berhad
www.perdana.my

Perdana Petroleum Berhad ("Perdana" or the "Company") core businesses encompass the provision of offshore marine support services for the upstream oil and gas industry in the domestic and regional markets.

The Company owns and operates a fleet of vessels that consists of Anchor Handling Tug Supply vessels, Accommodation Workboats and Workbarges to support an array of offshore activities from exploration, development, facilities installation, hook-up & commissioning, production, operation, and maintenance. Perdana Group's vessels are designed and fitted with reliable international-standard equipment to meet the challenging requirements of the offshore oil and gas industry.

Since 2004, Perdana Group has built a reputation for excellent service in its core activities of providing offshore support to a host of clients. The services rendered include:

- Workbarges and workboats for onboard accommodation and work facilities for offshore personnel;
- Towing, mooring, and anchoring of non-self-propelled barges and rigs; and
- Transportation of drilling, production and project materials and chemicals.