

Malaysian Bulk Carriers Berhad
31st Annual General Meeting (31st AGM)
List of Questions Raised at 31st AGM

1. How has the volatility oil prices affected the Company's performance?

Answer

MBC Group's fleet is mainly employed on time charters and term contract. As such the impact of volatile oil prices is relatively small.

2. How many of long-term charter vessels will be re-delivered to owners in FY2020 and FY2021 respectively?

Answer

We expect to redeliver:

- 1 vessel in Q4FY2020;
- 2 vessels in Q1FY2021;
- 1 vessel in early 2022; and
- 1 vessel in 2023.

3. Do you have any plan to dispose vessels? What is the optimum operating fleet in the future?

Answer

We do not have any current disposal plans and any disposal will be dependent on market conditions.

We have undertaken a fleet renewal program in recent years replacing older inefficient ships with new ships with better earning capacity to compete in the market. This will stand us in good stead in the coming years.

4. In view of the Pandemic and since the company has been badly affected by the MCO, in which earnings are expected to be depressed, is the Board going to lay-off staff and/or cut salaries?

Answer

Under our business continuity plan we have adopted highly effective Work from Home routines in order to deliver seamless service to our customers as well as strong operational support to our ship staff. Our staffing levels and policies continued to be aligned to our fleet scale and business strategy.

5. Referring to IMO 2020, how many of the Company's vessels have installed scrubbers and what are the total cost incurred for the installation? How many vessels did not install scrubbers?

Answer

The Group installed scrubbers on 2 of its vessels, Alam Madu and Alam Molek. The total cost was approximately USD1.6million for each vessel.

6. Can the Management share the total cost of the 3 new eco-friendly vessels and the net profit contributed to the Group in FY2019?

Answer

These 3 vessels cost over US\$90million. We are unable to provide operational details on the vessel's contribution. These operating profit from these vessels contributed to the improved operating profit for the Group in 2019.

7. How much savings from energy efficiency due from the 3 new ships?

Answer

Our newbuilding kamsamaxes that delivered in 2019-2020 were built to advanced environmental standards as measured under the Energy Efficiency Design Index (EEDI) which is an index which estimates grams of CO2 per tonne mile. The vessels consume on average around 3-4 tons less fuel oil / day compared to the previous generation vessels. In today's fuel price environment, and assuming 60% of the time at sea, that equates to a saving of around \$630/day. This saving rises as fuel costs rise.

8. How is the global ships supply and scrap condition?

Answer

The dry bulk fleet has grown 2% for the year to end May 2020 and is expected to grow by further 4% for the remaining 2020.

Ship recycling has been negatively impacted by the COVID situation with most recycling yards closed for much of Q2 but now reopening slowly.

The Panamax (65K – 100K DWT) newbuilding (NB) orderbook is 8% of the Panamax fleet, whereas the Handymax (40K – 65K DWT) NB orderbook is 6% of the handymax fleet. The handysize (10K – 40K DWT) NB orderbook is 4% of the handysize fleet.

9. How long has Ernst & Young been appointed auditors of the Company?

Answer

Ernst & Young were appointed as auditors before Malaysian Bulk Carriers Berhad was listed on the Main Board of Bursa Malaysia Securities Berhad. Post listing, the engagement audit partner served up to a maximum of 5 years as part of the partner's rotation policy to maintain independence and objectivity.

10. What is the Group's capability in meeting the loan repayment moving forward? Is there any intention in reducing the liabilities and gearing level?

Answer

The Group has sufficient cash and facilities to repay the loans when it is due. The Group has secured a new credit facility during the year and we are able to draw when necessary to meet the Group's obligations when they are due. As the gearing is above 0.5, it is preferred for any surplus cash generated to be used to repay and reduce the Group's borrowings.

11. The Company has suffered over RM1.6 billion in accumulated losses since 2015. How is the Company planning to recoup those losses?

Answer

Our accumulated losses arise from our investment in associate, and higher charter rates payable on our long term-chartered vessels. We have been working on improving the financials, by disposing the investment in associate and exited from the offshore sector; redelivering our long-term chartered vessels; and brought in new eco-friendly vessels.

12. The price is falling. What are the plans of the company to win investor confidence?

Answer

The company will continue to operate the vessels well and maintain a strong balance sheet amidst an uncertain market.