

# Chairman and Managing Director/ Group CEO's Statement

Gian Carlo  
Maccagno

Dato' Seri Robert  
Tan Chung Meng



Revenue

**RM2.6 billion**

**10.1%**  
year-on-year



Profit After Tax

**RM154.8 million**

**100%**  
year-on-year  
(more than tripled)



Profit Before Tax

**RM218.3 million**

**100%**  
year-on-year

## Navigating the Transition

### Our Valued Stakeholders,

In the dynamic landscape of the energy sector, we, as leaders of Wasco Berhad ("Wasco" or "Group" or "Company"), recognise the significant paradigm shift facing companies in the energy industry. The global transition towards sustainable energy sources, alongside escalating environmental concerns and regulatory standards, mandates a strategic re-evaluation of conventional business models. To thrive in this transformative era, we must champion innovation, flexibility, and forward-thinking strategies to adeptly navigate the energy transition.



# Chairman and Managing Director/ Group CEO's Statement

Aligned with Wasco's visionary goal of delivering reliable and competitive solutions to the energy sector with net-zero carbon emissions by 2026 for our Scope 1 and Scope 2 emissions, we proudly stand at the forefront of this energy revolution. This strategic narrative delineates key actions and strategies for us to deftly navigate the energy shift towards sustainability while fostering innovation and propelling growth.

With a steadfast commitment to our shared vision, bolstered by the support of our dedicated team and the expertise of our Board of Directors, we have successfully integrated, consolidated, and optimised our operations to achieve promising outcomes. By setting clear objectives and fostering collaborative efforts, we have accomplished our first-year milestones as planned.



Guided by four fundamental pillars that underpin our corporate philosophy and strategic vision, namely Safety, People, Sustainability, and Profit, we reaffirm our commitment to excellence, innovation, and responsibility in all facets of our business operations. These pillars serve as the cornerstone of Wasco's vision for the future, encapsulating core values that drive our decisions, actions, and aspirations as an organisation.

Last year, we announced the retirement of Chan Cheu Leong and the appointment of Gian Carlo Maccagno as the new Managing Director/Group CEO. This transition in leadership and accompanied by the roll-out of a comprehensive transformation plan marked the beginning of a transformative journey.

Significant progress has been achieved across all areas of growth, driven by strategic initiatives aimed at strengthening our core operations, exploring new market opportunities, and enhancing our overall competitiveness.



# Chairman and Managing Director/ Group CEO's Statement

## Creating a Cohesive Wasco

As part of our transformation journey, we have realigned and restructured our business into two main segments - energy and bioenergy. This strategic decision aims to enhance focus, streamline operations, and capitalise on emerging opportunities in these sectors. Additionally, we have strategically taken a decision to exit the trading business as it no longer aligned with the aspirations of the group going forward. Moreover, we have disposed non-core assets to optimise our portfolio and strengthen our financial position.



Following the name change to Wasco Berhad on 31 May 2023, we intensified efforts to foster unity across our organisation at operational, personnel, and cultural levels. In line with the consolidation rationale, we streamlined support functions such as finance, procurement, contract management, IT, and human resources. Concurrently, we harnessed cross-functional synergies by leveraging our combined resources and cross-selling services while enhancing efficiencies through the sharing of best practices.

Crucially, we fostered a new identity among our employees, accompanied by a shared vision, mission, and values. Various initiatives, including brand champion workshops, training sessions, and enhanced onboarding programmes, were undertaken to garner employee buy-in. These efforts were complemented by initiatives aimed at fostering unity, such as the establishment of common communication platforms, internal portals, virtual libraries, and town hall sessions.



# Chairman and Managing Director/ Group CEO's Statement

## Solid Financial Performance

Operationally, 2023 was commendable for us, reflected in a notable financial performance. We achieved a commendable 10.1% growth in revenue to RM2.6 billion and more than tripled profit after tax ("PAT") to RM154.8 million.

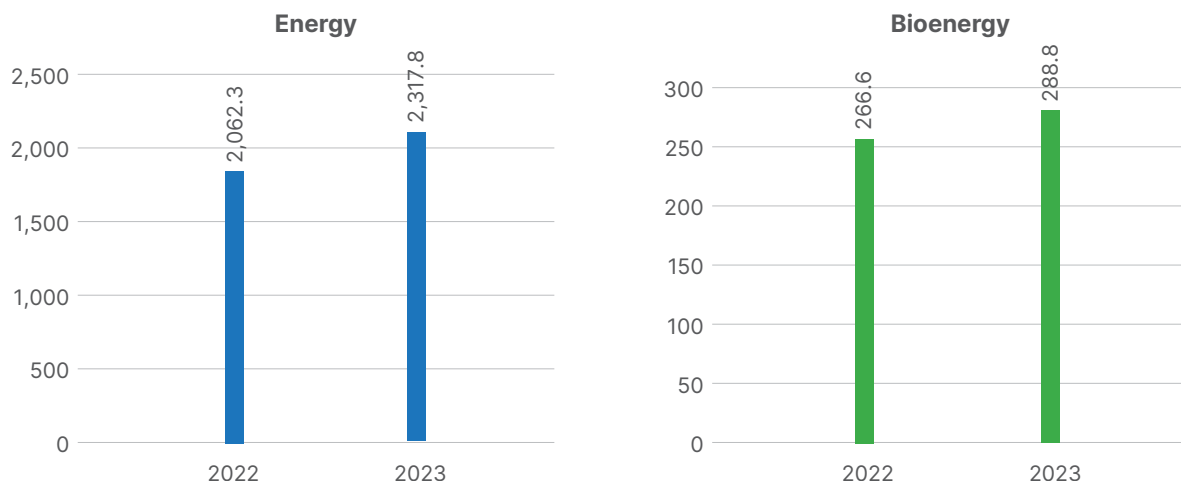
Our Energy Services achieved remarkable growth, with a 12.4% year-on-year increase in full-year revenue to RM2.3 billion. This significant expansion was primarily driven by successful contract executions, coupled with commendable financial performance, with profit before tax ("PBT") surging to RM217.3 million, marking more than 100% increase over the previous year.

Our Bioenergy Services recorded respectable performance, with an 8.4% year-on-year increase in revenue to RM288.8 million and a 31.9% increase in PBT to RM48.4 million, despite operating environment challenges. This performance was attributed to increased revenue from biomass energy boiler projects, enhanced industrial boiler sales, and growing demand for steam turbines and agro-tech equipment.

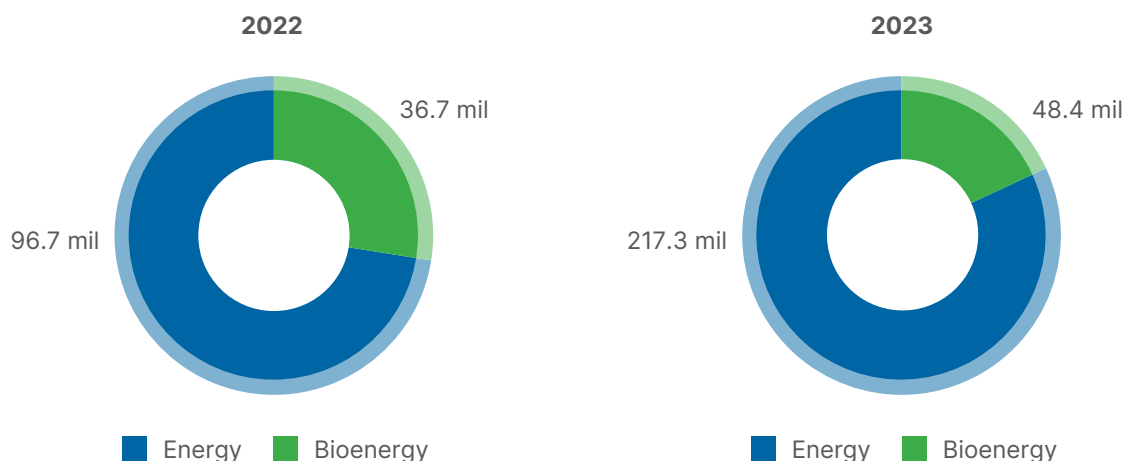
Wasco's solid financial standing was further underscored by a reduction in net gearing to below 0.5 times, positioning the Group in a net cash positive position and significantly improving return on equity to 15%.

A more detailed review of our Financial Management Strategy and Performance would be discussed separately in the CFO's Review on pages 40 to 43 of this Integrated Annual Report.

**Year-on-Year Revenue by Service Division**  
RM million



**PBT Breakdown by Service Division**  
RM million

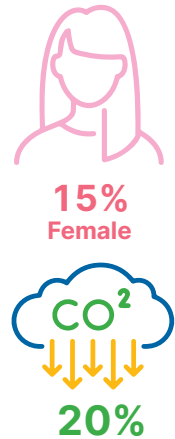


# Chairman and Managing Director/ Group CEO's Statement

## Our Commitment to Environmental, Social, and Governance Excellence

We are proud to highlight the remarkable progress our organisation has made in advancing sustainability initiatives over the past year. Guided by our unwavering commitment to economic resilience, environmental stewardship, social equity, and governance we have achieved significant milestones.

- Our efforts have resulted in a notable 20% reduction in greenhouse gas emission intensity compared to 2022 figures, demonstrating our dedication to mitigating climate change.
- Our commitment to diversity, equity, and inclusion is reflected in the attainment of 15% female representation within our Senior Management team, showcasing our commitment to fostering an inclusive workplace.
- Our dedication to proactive community engagement through education initiatives and infrastructure projects, we made and continue to make a positive impact in the communities we serve. Above achievements among others has resulted in remarkable improvement in our sustainability disclosure scores, underscoring our commitment to transparency and accountability, achieving a score of 4 out of 5 for Bursa Malaysia's FSTE4Good.



As we chart our course forward, we remain steadfast in our commitment to sustainability, recognising its integral role in shaping a brighter and more resilient future for generations to come. For a more detailed explanation on our Sustainability Report refer to pages 44 to 91 of this Integrated Annual Report.

## Operations Review

With a focused approach towards navigating the energy transition, we have strategically realigned our business lines while strengthening core capabilities to offer comprehensive and integrated solutions to our customers. In our pursuit to ascend the value chain, investments in research and development ("R&D") are prioritised to enhance technological capabilities and expand product offerings.





# Chairman and Managing Director/ Group CEO's Statement

## Energy Services

Our Energy Services segment, led by the Pipe Coatings and Engineering & Fabrication Divisions, plays a pivotal role in our operations, boasting a strong presence in Malaysia and a network spanning across 16 countries across five continents. Past global challenges, our focus has been on enhancing operational efficiencies and fostering collaboration among our various country operations. This strategic restructuring aims to fortify our foundations, positioning us to capitalise on economic recoveries within our markets.

In 2023, our Energy Services demonstrated robust performance, achieving a revenue milestone of RM2.6 billion. A notable achievement during this period was our successful bid on our first Carbon Capture Pipeline Coating Project. This landmark win signifies a significant leap forward for us, positioning our company to take advantage of industry advancements while actively contributing to a sustainable future. This project underscores our commitment to leading environmental sustainability initiatives within the oil and gas sector, aligning with global efforts to reduce carbon emissions and combat climate change.

In 2023, we expanded our offerings to include the supply of pre-fabricated buildings to new markets. Contract wins in this area, such as supplying pre-fabricated buildings for our client Schneider, highlight our commitment to diversification and global outreach, with a strong emphasis on sustainability. These pre-fabricated buildings offer an environmentally friendly alternative, reducing the carbon footprint associated with traditional construction methods. This strategic expansion aligns perfectly with our dedication to environmental sustainability within the oil and gas sector, further reinforcing our company's commitment to reducing carbon emissions and addressing climate change challenges.



Our expertise and market leadership were reaffirmed by other notable contract wins, including pipeline coating projects such as Rosmari-Marjoram and Crux Pipeline during the year. These successes have significantly contributed to our order book of RM2.9 billion, which is set to be executed in the next six to twelve months. These achievements underscore our reputation for delivering high-quality solutions and our ability to establish partnerships with industry leaders, solidifying our position as a trusted and reliable partner in the oil and gas infrastructure services sector.

Operationally, 2023 marked significant progress in the mobilisation of our new coating plant for the East African Crude Oil Pipeline Project ("EACOP Project"), laying a solid foundation for operations to commence in the second quarter of 2024. Additionally, our exemplary performance in the pipe coating project for Qatar's North Field Production Sustainability ("NFPS") underscored our commitment to delivering exceptional quality and efficiency, further cementing our reputation as a reliable industry partner.

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Another notable achievement in 2023 was the successful execution of our inaugural coating project related to Carbon Capture and Storage ("CCS"), the Porthos Project. This milestone highlights our unwavering dedication to environmental sustainability and innovative solutions. By actively participating in projects geared towards CCS initiatives, we demonstrate a proactive stance in addressing the challenges of climate change while leveraging our expertise in coatings technology.

During the year, progress on executing Yinson's Agogo floating production storage and offloading ("FPSO") contract remained steady, staying on track for completion in 2024, showcasing our steadfast commitment to meeting project timelines. Simultaneously, our fabrication yard in Batam adeptly managed nine projects concurrently, even amidst undergoing upgrades. Notably, these projects included delivering 13 units of booster compressors for Thai Nippon Steel and Schlumberger's Monoethylene glycol ("MEG") PAR ("Pre-Assembled Rack") and PAU ("Pre-Assembled Unit's"). This highlights our operational efficiency and capacity for seamless project management.

We are pleased to report no health and safety incidents resulting in fatalities during the year for our Energy Services. Our dedication to continuous improvement drives us to prioritise the safety and well-being of our workforce above all else. We achieve this by implementing stringent safety protocols and fostering a culture of safety awareness throughout our organisation. By doing so, we ensure that all our employees are not only protected but also empowered to perform their duties responsibly.

For a comprehensive overview of our management of health, safety, and the environment, stakeholders are encouraged to refer to the Sustainability Report included in the Integrated Annual Report on pages 44 to 91.

## Outlook for Energy Services

As leaders in the energy services sector, we recognise the dynamic nature of the global energy industry, which continually evolve in response to various factors, including technological advancements and sustainability imperatives. Within this landscape, businesses specialising in pipeline coating and engineering and fabrication are pivotal players, driving growth and adaptation to industry changes.

## Pipeline Coating Market Dynamics

The Global Process Pipe Coating Market, currently valued at USD 7.5 billion, is projected to reach USD 10.6 billion by 2032, reflecting a steady growth trajectory. This expansion is fuelled by several key factors, including increased investments in infrastructure development, stringent regulatory standards mandating high-performance coatings for environmental protection, and the growing emphasis on sustainability. The rise of CCS projects further amplifies the demand for specialised coatings capable of withstanding corrosive properties, contributing to the overall growth of the pipeline coating market. Moreover, advancements in coating technologies, such as the development of environmentally friendly coatings, are expected to drive innovation and market expansion in the coming years.

## Engineering and Fabrication Market Scope

Our energy services division operates within a growing global market, with the oil and gas infrastructure market valued at USD 714.4 billion in 2023 and is projected to grow at over 6.7% CAGR from 2024 to 2032. This significant growth trajectory is underpinned by various factors, including increasing demand for energy, exploration and production activities in emerging markets, and the need for infrastructure upgrades to support evolving industry requirements. Additionally, the emergence of digitalisation and data analytics is revolutionising engineering and fabrication processes, enabling greater efficiency, cost-effectiveness, and predictive maintenance capabilities. As the industry embraces these technological advancements, opportunities abound for our division to leverage our expertise in engineering design, modular fabrication, and project management to meet the evolving needs of our clients across the globe.

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## Global Oil and Gas Production and Consumption

Despite the industry's transition towards renewable energy sources, global oil production remains robust, with major producers such as the United States, Saudi Arabia, and Russia maintaining significant output levels. This underscores the ongoing importance of traditional oil and gas operations alongside emerging energy trends. Furthermore, while there is a growing focus on renewable energy sources, such as wind, solar, and biofuels, oil and gas continue to play a vital role in meeting global energy demand, particularly in sectors such as transportation, petrochemicals, and power generation. As such, our businesses remains well-positioned to capitalise on opportunities arising from both conventional and renewable energy segments, ensuring a diversified portfolio and sustained growth trajectory.

## Investment and Financial Outlook of the Industry

The industry's investment landscape remains positive, with the upstream sector expected to sustain its USD 528.0 billion investment level from 2023. Additionally, total revenues for oil and gas drilling reached approximately USD 4.3 trillion in 2023, indicating a favorable financial outlook. Despite economic uncertainties and fluctuations in commodity prices, strategic investments in exploration and production activities, technology adoption, and sustainability initiatives are expected to drive long-term growth and resilience in the industry. Our energy services division is poised to benefit from these investment trends, with opportunities for project partnerships, capacity expansion, and market diversification on the horizon.

## Conclusion

The outlook for our business is promising, driven by favorable market dynamics marked by a surging demand for pipeline coating solutions and engineering and fabrication services. Leveraging our extensive expertise, we are strategically positioned to capitalise on the industry's ongoing evolution while actively contributing to its sustainable future.

In line with these advancements, our coating facilities have undergone significant upgrades to further augment their capabilities and offerings. In Qatar, our coating facility has successfully commissioned an anti-corrosion plant, significantly enhancing our capacity to provide top-tier corrosion protection solutions to our esteemed clients. Similarly, our United Kingdom ("UK") facility has embarked on an expansion journey, modernising its equipment to better cater to our clients' diverse requirements. As part of this expansion initiative, we are excited to announce our additional offering of concrete coating services in the UK following the installation of a concrete wrap plant. Anticipated to be fully operational by the second quarter of 2024, this new addition will enable us to broaden our portfolio of coating solutions, allowing us to better address the evolving needs of our valued clients.

Our Batam yard, acquired at the end of 2022, has undergone extensive refurbishment to bolster its infrastructure and operational capacities significantly. Key upgrades include the refurbishment of existing buildings within the yard and the expansion of workshop capacities for structural work, non-destructive testing ("NDT"), and painting services. Additionally, the yard upgrade features a newly constructed jetty boasting a 300-meter Jetty Quay Length and an impressive loadout capacity of 10,000 tons. This state-of-the-art jetty is poised to facilitate efficient module loadout and transportation via oceangoing vessels, ensuring seamless operations and optimising logistics management.



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In parallel, we installed a cutting-edge thick wall plate rolling machine at our Teluk Panglima Garang yard. This addition solidifies our position as a premier provider of regional thick wall process equipment. With this advanced machinery now integrated into our operations, our primary objective is to substantially reduce production time and streamline our operational processes, positioning us to effectively capture the burgeoning market demand.

## Bioenergy Services

Our Bioenergy Services, headquartered in Malaysia and with a significant presence in Indonesia, stands as a leading force in the renewable energy and agro-industry sectors, with a strong emphasis on biomass energy generation. Operating across regions and in South America, our segment plays a crucial role in advancing sustainable energy solutions and promoting responsible agricultural practices. Despite navigating global challenges, we have remained steadfast in our commitment to enhancing operational efficiencies and fostering collaboration among our diverse operations worldwide. This strategic restructuring aims to fortify our foundations, positioning us to capitalise on economic recoveries within our markets.

In 2023, Bioenergy Services showcased commendable performance, achieving a revenue milestone of RM288.8 million, marking an 8.4% year-on-year increase, with a corresponding PBT of RM48.4 million, reflecting robust growth of 31.9%. This impressive performance was primarily driven by a surge in biomass energy projects, buoyant boiler sales, and heightened demand for agro-tech equipment.

During the year, we proudly introduced our cutting-edge empty fruit bunches ("EFB") CoGen boiler, meticulously engineered for biomass energy generation. This state-of-the-art boiler boasts exceptional efficiency, capable of seamlessly burning a substantial percentage of challenging EFB in a continuous operational cycle, thus ensuring an uninterrupted power supply crucial for industrial operations. The successful completion of two EFB CoGen projects, coupled with positive feedback from our industrial clients, has not only solidified our reputation but also led to another repeat order for 2024. This significant achievement not only underscores our commitment to innovation and excellence but also opens up new avenues for us to expand our market reach. By showcasing the superior performance of our boiler offerings, we are poised to penetrate a broader industrial sector, aligning perfectly with our strategic focus on delivering higher value offerings beyond traditional palm oil mill ("POM") boilers.

Despite being slightly lower than the previous year's record of 113 units sold, the sale of 105 steam turbines this year highlights the sustained and robust demand for our offerings in biomass energy generation. This consistent demand not only underscores the reliability and effectiveness of our products but also ensures visibility of recurring income from operations and maintenance ("O&M") services. Consequently, it fortifies the division's financial stability and augments its long-term growth prospects.

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Operationally, we continued to expand our reach through our service centres, field personnel, and installations, emphasising Wasco's dedication to service excellence and customer satisfaction in the biomass energy sector.

In 2023, three Lost Time Incidents ("LTIs") were recorded in our Bioenergy Services operations. The team will continue to focus on enhancing Bioenergy's Health, Safety, and Environment ("HSE") management practices to align more closely with the Group's safety objectives. For further insights into Wasco's commitment to health, safety, and the environment, stakeholders are encouraged to refer to the Sustainability Report included in the Integrated Annual Report on pages 44 to 91. Through transparent reporting and accountability, we reaffirm our commitment to sustainability and responsible corporate citizenship.

## Outlook for Bioenergy Services

### Biomass Waste Energy Generation

In recent years, the outlook on biomass waste energy generation has become increasingly optimistic, buoyed by technological advancements, policy support, and a growing recognition of the importance of sustainable and renewable energy sources. Biomass energy, derived from organic materials like wood, agricultural residues, and organic waste, holds immense promise in diversifying energy sources and fostering a greener and more sustainable energy landscape.

### Technological Advancements and Innovations

Biomass power plants are embracing cutting-edge conversion technologies such as gasification and pyrolysis, aimed at enhancing energy efficiency and reducing emissions. Integration of biomass power generation into waste-to-energy projects is gaining traction, enabling the conversion of organic waste materials into electricity and heat, thereby addressing waste management challenges while generating energy.

Biogas produced from organic waste materials in anaerobic digesters is emerging as a significant source of biomass energy, offering a sustainable means of energy production while mitigating waste.

## Policy Support and Government Initiatives

Governments worldwide are rolling out incentives and policies to promote biomass power generation as part of their renewable energy agendas. These initiatives are pivotal for fostering the growth and expansion of biomass energy projects.

For instance, the Malaysian government's Low Carbon Nation Aspiration 2040 ("LCNA") aims to significantly increase bioenergy production from 1 million tonnes of oil equivalent ("Mtoe") in 2018 to 4.7 Mtoe by 2040, demonstrating Malaysia's commitment to renewable energy.

In Indonesia, the government's decision to increase its biodiesel mandate from B30 to B35 in 2023, with plans for further increments to B40 in the near future, underscores the nation's strong commitment to expanding its biofuel production. This initiative not only boosts domestic demand for biodiesel but also enhances the country's position as a key player in the global bioenergy market.

Similarly, countries like Mexico, Colombia, and Ecuador are actively promoting biofuel production through the adoption of biofuel mandates, recognising biofuels as a viable and sustainable alternative to conventional fuels. These policy measures not only stimulate biofuel demand but also create new opportunities for investment and growth in the bioenergy sector on an international scale.

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## Market Growth and Economic Factors

Heightened global efforts to combat climate change and the escalating demand for clean energy sources are driving interest in biomass power generation as a viable renewable energy solution. Malaysia's renewable energy sector, beyond just transitioning to renewable energy, could represent opportunities worth up to RM1 trillion, showcasing the vast potential for investment and development.

The biomass power generation market is witnessing a shift towards more efficient and cleaner energy production methods. There is a notable trend towards smaller, decentralised biomass power plants, particularly in rural areas, aiming to minimise transmission losses and enhance energy accessibility.

## Conclusion

The future of biomass waste energy generation appears brighter than ever, propelled by a convergence of favorable factors and a global shift towards sustainable energy solutions. As pioneers in this field, we stand at the forefront of innovation and progress, poised to capitalise on the burgeoning opportunities presented by the evolving energy landscape.

Our extensive experience and proven track record in installing biomass waste power plants in Malaysia and Indonesia uniquely position us to lead the charge towards a greener and more sustainable energy future. With a steadfast commitment to technological advancements, we continue to push the boundaries of what is possible in biomass energy generation, driving efficiency, reducing emissions, and maximising output.

Moreover, our strategic partnerships and collaborations further bolster our capabilities and expand our reach, enabling us to tap into new markets and leverage emerging trends. By embracing innovation, sustainability, and responsible business practices, we not only contribute to the growth of the bioenergy sector but also play a pivotal role in mitigating climate change and fostering environmental stewardship.

As we look ahead, we remain dedicated to our mission of providing cutting-edge solutions that not only meet the needs of today but also anticipate the challenges of tomorrow. With a steadfast commitment to excellence and a vision for a cleaner, brighter future, we are confident in our ability to drive positive change and make a meaningful impact on the world.





# Chairman and Managing Director/ Group CEO's Statement

## End Note

Looking ahead, we are poised to capitalise on emerging opportunities within the global energy landscape, leveraging our expertise, resources, and partnerships to drive sustainable growth and value creation. With a focus on innovation and sustainability, we aim to position Wasco as a leader in the transition towards cleaner, more efficient energy solutions.

In recognition of our strong financial performance and cash flow generation, we are considering the possibility of distributing dividends to our shareholders. This reflects our confidence in the long-term prospects of the company and our commitment to return some cash to our investors.

We will continue to invest strategically in our core businesses to ensure sustainable growth and maximise shareholder value. We remain dedicated to maintaining a balanced approach to capital allocation, prioritising investments that drive future growth while rewarding our shareholders for their ongoing support and confidence in Wasco.

In conclusion, barring unforeseen circumstances, the future is promising for us as we embrace the challenges and opportunities of a rapidly evolving energy landscape. With a clear vision, a dedicated team, and a relentless pursuit of excellence, we are cautiously confident in our ability to deliver long-term value for our shareholders, customers, and communities.

Thank you for your continued support as we embark on this exciting journey together.

**Dato' Seri Robert Tan Chung Meng**

Chairman  
Wasco Berhad

and

**Gian Carlo Maccagno**

Managing Director/GCEO  
Wasco Berhad