



BARAKAH OFFSHORE PETROLEUM BERHAD
2QFY18 Corporate Presentation

29 August 2018

Snapshot of Barakah

Integrated oil and gas services provider



Founded
August 2000



FY2017 Revenue
RM 310 million



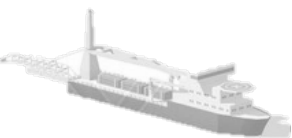
Orderbook
RM1.4 billion ⁽¹⁾



Tenderbook
RM1.5 billion ⁽¹⁾



No of staff
140+



Main asset
**Pipelay barge
Kota Laksamana 101**

Note: ⁽¹⁾ as at 31 July 2018

Bloomberg Code – BARAKAH : MK	Stock Code - 7251
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Share price	RM 0.14 ⁽¹⁾
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Market capitalisation	RM 124 million ⁽¹⁾
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No. of shares issued	827 million
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Listing	Main Market
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Listing Date	6 November 2013
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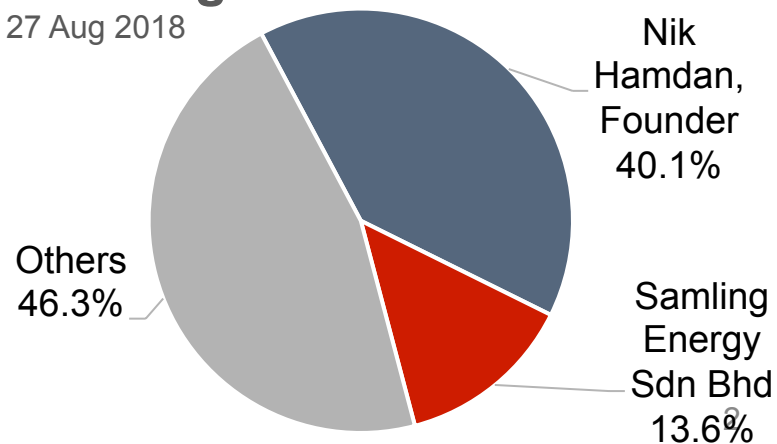
⁽¹⁾ As at 27 August 2018



Shariah-compliant stock

Shareholding

as at 27 Aug 2018



Our Competencies

INSTALLATION AND CONSTRUCTION SERVICES (“ICS”)

Offshore Transportation and Installation (“T&I”)



- Shore approach
- Pipeline/riser/submarine cable installation
- Pipeline repairs
- T&I of offshore structures
- De-commissioning of oilfield structures
- Underwater services

Engineering, Procurement, Construction and Commissioning (“EPCC”)



- Full EPCC of Onshore Gas Transmission Pipeline Construction
- Mechanical and Piping Erection for onshore process plant
- Minor Fabrication services
- Shutdown Maintenance Services
- EPCC of small to medium size process facilities

Ship Management and Chartering



- Pipelaying barge
- Derrick lay barge
- Accommodation work barge
- Work boat
- DP vessels

PIPELINE AND COMMISSIONING SERVICES (“PCS”)

Topside Major Maintenance (“TMM”) and Hook-up Commissioning (“HUC”)



- General maintenance works
- Investigation and checks
- Hook-up for piping, tie-in and structural members

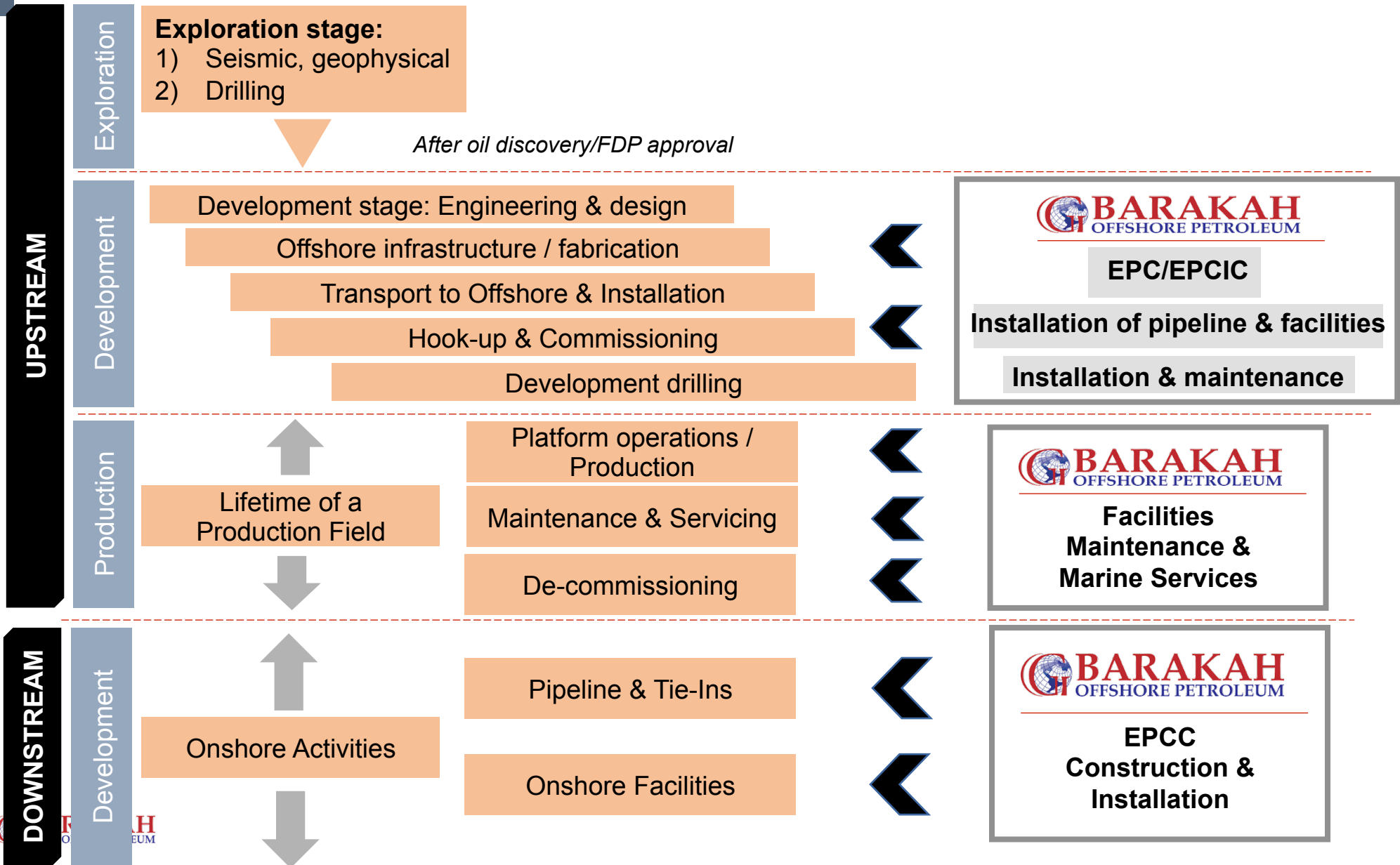
Pipeline Services



- Pre-commissioning and commissioning: cleaning maintenance, gauging & flooding, hydrotesting, dewatering and drying
- De-commissioning: Flushing, degassing and flooding, preservation and abandonment














Our Position in O&G Value Chain



Beneficiary of on-going development works



Our Clients

Petroleum Arrangement Contractor (PAC) Operators

- | | | | | |
|--|--|--|----------------------------|-------------------------|
|  | 1. PETRONAS Carigali |  | 11. Enquest Petroleum** | 21. PTTEP |
| | 2. Conoco Philips |  | 12. Sapura Energy | 22. Coastal Energy** |
|  | 3. Lundin Petroleum |  | 13. Repsol | 23. Vestigo Petroleum** |
|  | 4. JX Nippon |  | 14. Exxon Mobil | |
| | 5. Mubadala |  | 15. Shell | |
| | 6. Ophir Energy | | 16. PEXCO N.V. | |
|  | 7. HESS |  | 17. Murphy Oil | |
|  | 8. Keababangan Petroleum Operating Company | | 18. Ophir Production | |
| | 9. TOTAL E&P |  | 19. PCPP Operating Company | |
| | 10. RHP Mukah |  | 20. Petrofac | |

- | | |
|---|---------------------|
|  | Current involvement |
|  | Recent involvement |

- Apart from these PAC operators, Petronas Gas Bhd and Petronas Floating LNG 1 (L) Ltd are also major clients in the downstream segment
- All PAC operators are potential clients under Umbrella T&I contract

22 PSC Operators
4 RSC Operators

* RSC Operator

** Operates both PSC and RSC

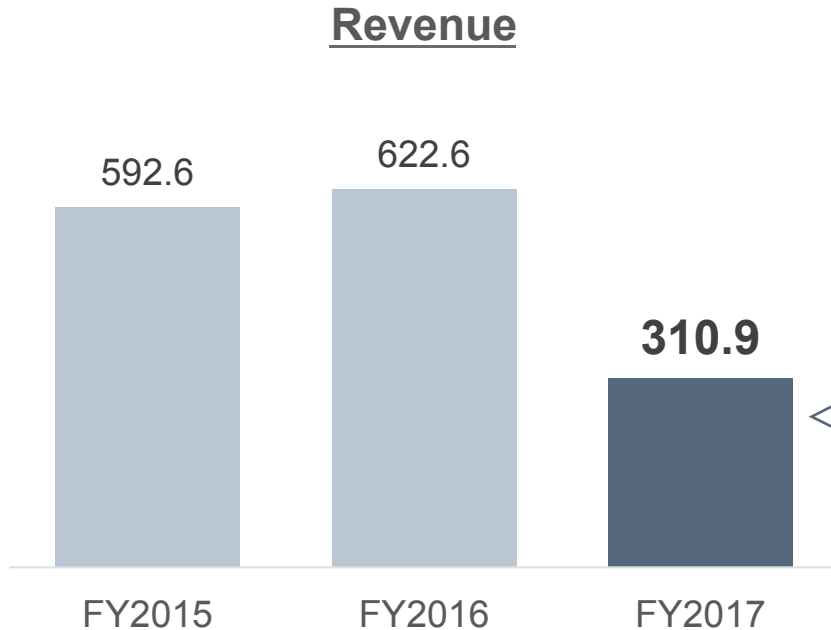


Review of Financial Performance

FY2017 and 2Q FY2018

FY2017 Revenue

Impacted by slower O&G sector activity



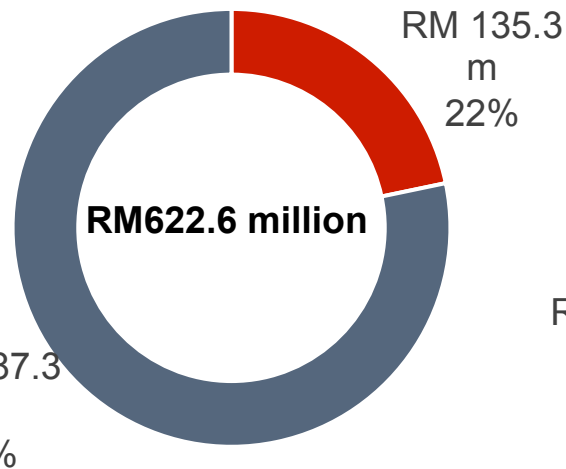
- Lower FY2017 revenue on the back of less work orders issued as oilfield operators tighten opex budget.
- No revenue derived from pipe lay barge KL101 due to lack of significant offshore installation project in 2017.

Ongoing actions:

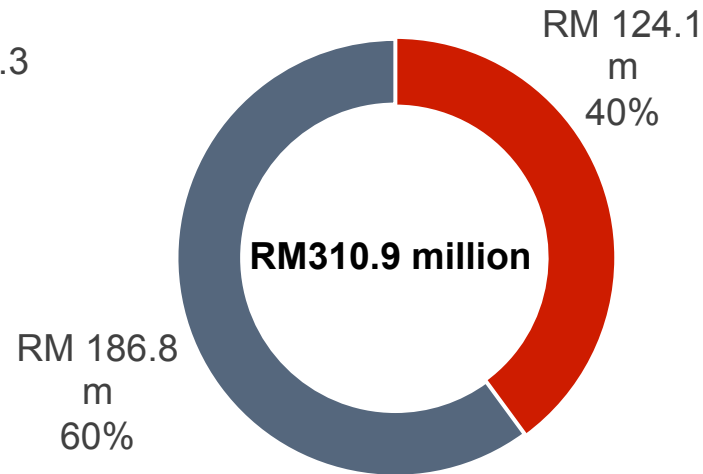
- ✓ Actively bidding for projects following steady recovery in oil price
- ✓ Securing more work orders for existing term contracts

Segmental Revenue Breakdown

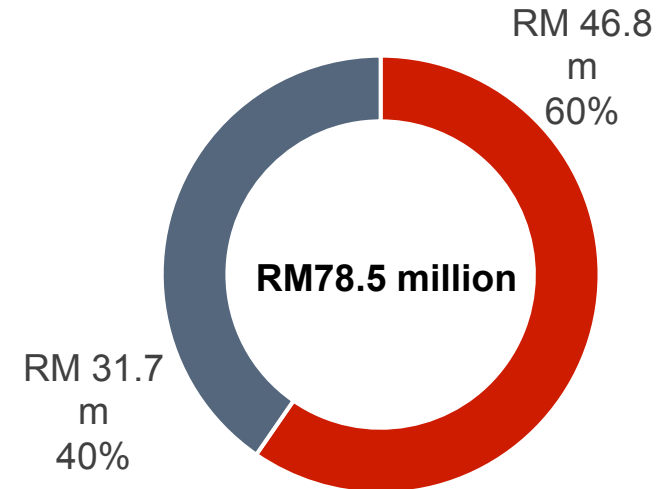
FY2016



FY2017



1HFY18



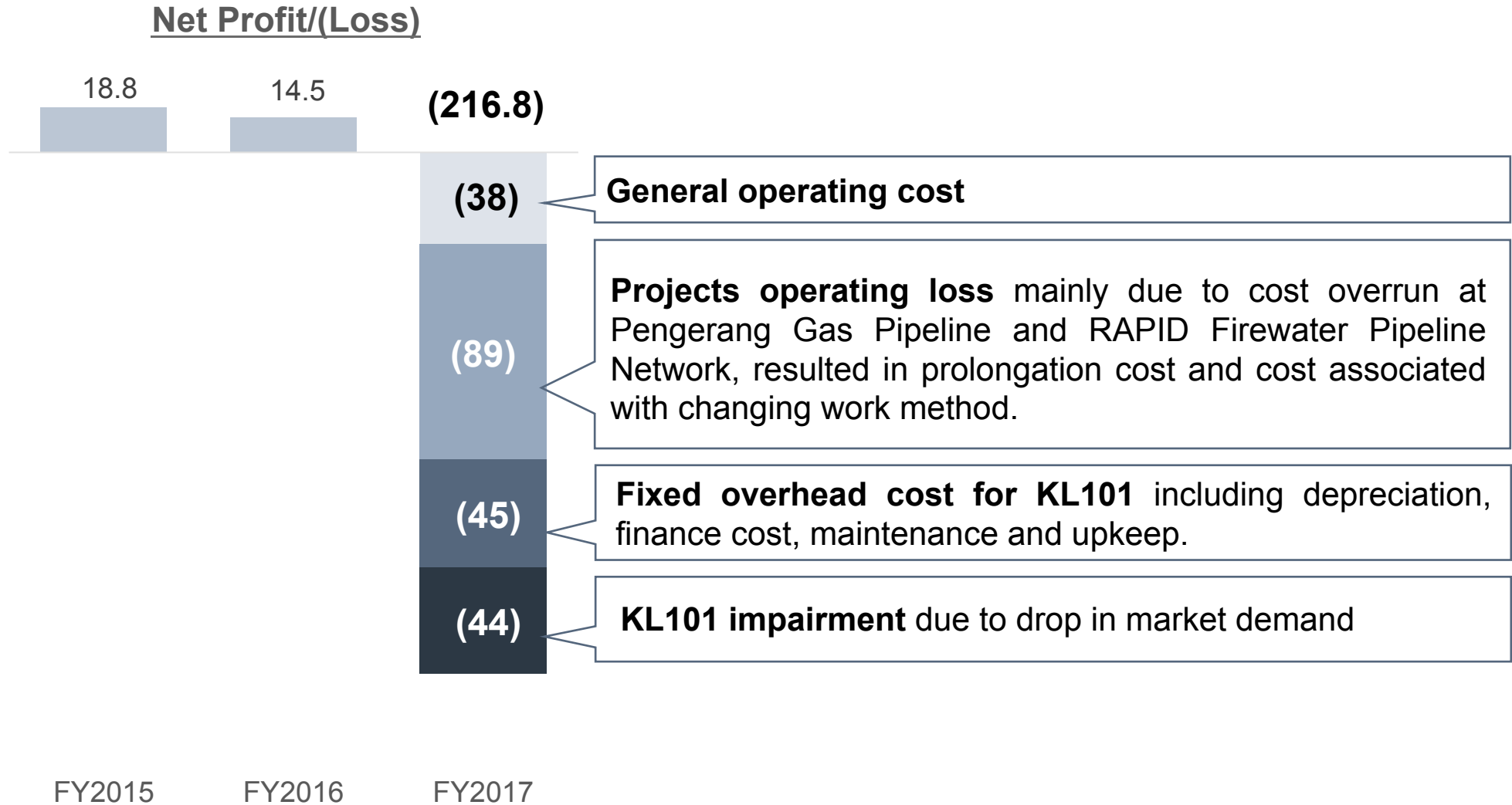
Installation and construction services ("ICS")



Pipeline and commissioning services ("PCS")

- Lower contribution for ICS division by >50% in FY2017 as upstream oilfield services operators to maintain current activities in the brownfield and maintenance segment, with no significant capex increase.
- For the next 2 years, Barakah will focus more towards bidding on T&I-related projects and carrying out PCS-related activities, specifically hook-up commissioning services and underwater services.

FY2017 Loss Breakdown



2QFY18 and 1HFY18 Financials

Improving financial performance on the back of effective cost savings measures

FYE 31 Dec (RM m)	2QFY18	2QFY17	Y-o-Y Chg %	1QFY18	Q-o-Q Chg %	1HFY18	1HFY17	Y-o-Y Chg %
Revenue	59.2	52.6	① +12%	19.4	+205%	78.5	129.5	② -39%
Gross loss	③ (9.2)	(61.0)	+85%	2.0	> -100%	(7.2)	(44.1)	+84%
EBITDA	(6.2)	(73.6)	+92%	(10.8)	+43%	(17.1)	(66.5)	+74%
Loss before tax	(15.3)	(81.9)	+81%	(19.8)	+23%	(35.4)	(86.7)	+59%
Net loss	④ (15.5)	(82.1)	+81%	(19.9)	+22%	(35.4)	(86.7)	+59%

① 2QFY18 revenue increased on the back of ongoing projects in the PCS segment.

② Lower revenue for 1HFY18 due to exceptionally low roll-outs of work orders by major oil and gas players in 1QFY18.

③ Gross loss for 2QFY18 mainly due to a provision for variation order work claim of RM13.3 million in respect of a completed project.

④ Net loss for 2QFY18 and 1HFY18 narrowed on the back of the Group's ongoing cost rationalisation efforts.

Resilient Financial Position

Reducing overhead costs and conserving cash flow

FYE Dec/ RM million	FY16 (audited)	FY17 (audited)	1H FY18 (unaudited)
Non current assets	400.7	297.4	282.6
Current assets	418.5	254.0	218.2
Total Assets	819.2	551.4	500.8
Total equity	423.6	203.2	160.8
Non-current liabilities	170.0	171.3	170.4
Current liabilities	225.6	176.9	169.6
Total liabilities	395.6	348.2	340.0
Total Equity & Liabilities	819.2	551.4	500.8
Cash balances (RM million)	220.5	132.1	107.5
Total borrowings (RM million)	256.6	225.4	218.6
Net assets/share (RM)	0.51	0.25	0.20
Net gearing	0.09x	0.46x	0.69x

- Recorded impairment of pipelay barge of RM44 million in FY2017.
- Principal payment for pipelay barge loan will only commence in FY2019, contributing to better future cash flow.
- Reduced cash balances mainly due to:
 - Operations as Barakah incurred operational loss
 - Financing cost - mostly for pipelay barge loan
- Lower borrowings mainly due to:
 - Lesser utilisation of working capital trade finance facilities.
- Increased net gearing due to lower shareholders' funds



Future Outlook

O&G Industry Steady Recovery

Barakah to benefit from more work coming on stream

*Brent crude oil price
(USD per barrel)*



- Oil price picking up on the back of output cut of 1.8 million barrels per day by OPEC and non-OPEC members and geopolitical tensions.
- Oilfield operators cautiously optimistic on sustainability of oil price movement trend.
- Sustainable oil price recovery encouraging oilfield operators to potentially increase capital spending and production, benefiting Barakah.
- More market surveys and bidding activities initiated by oilfield operators.

MCM outlook to remain stable

Increasing number of projects and ageing facilities



Maintenance, Construction & Modification (MCM)

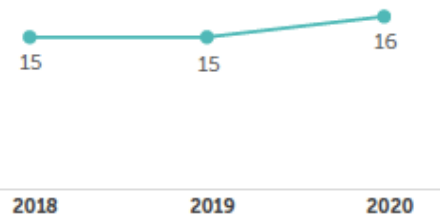
Activity Phase: Production

Application: Formerly known as Topside Major Maintenance (TMM), MCM involves two types of activities for Offshore facilities:

1. Scheduled Maintenance: Planned activities.
2. Corrective Maintenance: Unplanned activities arising from unforeseen circumstances.

Associated Services: Work and accommodation vessels, logistics services, inspection services, blasting and painting services.

No of Man-hours (Millions) : 3-Year Outlook



Activity is expected to remain stable over the next 3 years, thus no High Case is provided.

Notes:

- Outlook includes activities which may have been contracted out at the time of reporting; e.g.: PCSB MCM & Pan Malaysia MCM contracts.
- In comparison, activities in 2018-2020 are similar to peak activity level in 2013/14 to support operational requirements.

Medium Term Outlook – Post 2020

- Steady outlook can be expected with the increasing number of projects and ageing facilities. However, higher cost pressure will drive further scope optimisation/prioritisation.



Source : Petronas Activity Outlook 2018-2020

Recent contracts secured

Replenishing orderbook

2017

- ✓ Awarded contract for provision of basic and detailed engineering, procurement, construction and commissioning package
 - **Project:** Rejuvenation of Urea Ship Loading Facilities Project at Asean Bintulu Fertilizer Plant in Sarawak
 - **Est. value:** RM35 million
 - **Duration:** 2017 to 2019
- ✓ Awarded contract for provision of Well Intervention vessel, support vessel and services for:
 - Abandonment and Decommissioning of Chinguetti and Banda Field, Mauritania
 - **Est. value:** USD14.3 million

2018

- ✓ Bade for more than 20 project packages
 - **Est. value:** RM1.5 billion
- ✓ Work orders secured (Jan – Aug 2018) worth RM175 million
- ✓ Awarded 2 contracts for provision of Pan-Malaysia MCM services under Package A
 - **Client:**
 - Enquest Petroleum Production Malaysia Ltd
 - Sapura Exploration and Production (PM) Inc.
 - **Duration:** 2018 to 2023
- ✓ Expect to secure more MCM contracts moving forward

Orderbook as at 31 July 2018

Projects	Clients	Outstanding	Timing
Hook-up & Commissioning (“HUC”) and Topside Maintenance for platforms in West and East Malaysia 2015 – 2018	<ul style="list-style-type: none"> Various PSC’s 	RM3.0 million	2018
Sabah-Sarawak Gas Pipeline Maintenance	<ul style="list-style-type: none"> Petronas Carigali Sdn Bhd Petronas Gas Berhad 	RM115.0 million	2018
Pipeline Services	<ul style="list-style-type: none"> Petronas Carigali Sdn Bhd Shell 	RM14.0 million	2018
Pan Malaysia Maintenance, Construction and Modifications (“MCM”) of offshore facilities 2018 – 2023	Various PSC’s	RM1,200.0 million <i>(managment estimate)</i>	2018 - 2023
Umbrella Transportation & Installation (“T&I”) 2017 – 2019	Various PSC’s	RM11.7 million	2019
Underwater Inspection Repair & Maintenance (“IRM”) 2016 - 2018	Petronas Carigali Sdn Bhd	RM37.4 million	2018
Engineering, Procurement, Construction and Commissioning (“EPCC”) of material handling system at Bintulu ABF	ASEAN Bintulu Fertilizer Sdn Bhd	RM26.3 million	2019

 Pipeline and commissioning services

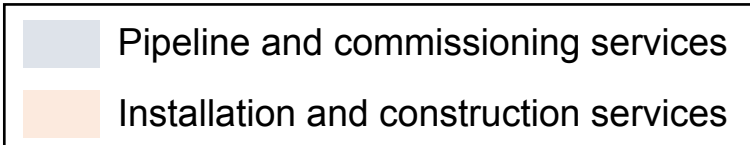
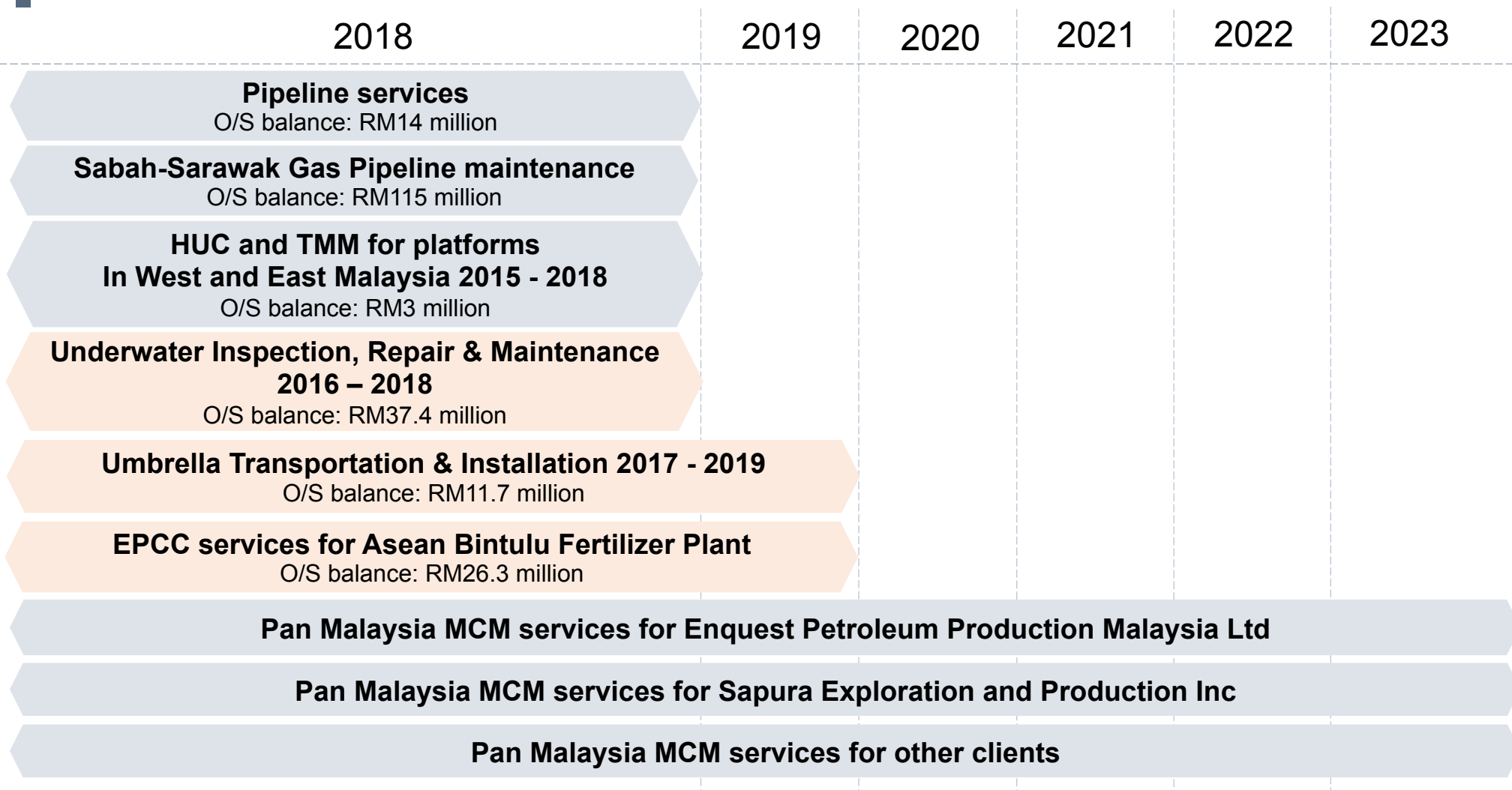
 Installation and construction services

RM1.4 billion

Total O/S orderbook

Key projects

Improving earnings visibility



Note

MCM – Maintenance, construction and modification

Addressing going concern matters

Our immediate action plan to strengthen Barakah's financial position and competitiveness

Collaborate with stronger companies

- Heighten probability of contract wins
- Spread execution risk among project delivery partners.



Improving cash flow management

- Exploring fund-raising exercises in equity market
- Terming of payment obligations to creditors and bank



Sustaining Barakah



Focus on active bidding and winning tenders for contracts:

- More than 20 project packages with est. value of RM1.5 billion
- Mainly T&I services
- 90% domestic, 10% international



Strengthen internal project management capabilities

- Close monitoring of subcontractors for timely project completion
- Enhance project efficiencies



Execution of projects to sustain operations:

- RM175 million worth of work orders already secured from Jan-18 to Aug-18
- Orderbook of RM1.4 billion as at 31 July 2018



Cost rationalisation measures

- Full or partial disposal of KL101
- Reduced headcount by 70% since Dec-15

Dec-15 469 staff → May-18 142 staff

- Lower general admin cost by 50% from FY2015 to FY2017

FY2015 RM64.8 m → FY2016 RM40.6 m → FY2017 RM32.7 m

Moving Forward

Positioning for long-term value creation

Immediate

- Focus on winning tenders
- Supply chain and cost optimisation efforts
- Improving project management
- Collaborate with stronger companies

Intermediate

- Expansion into downstream business
- Diversify into niche technology driven services within the O&G industry

Long-term

- Build recurring income business
- Move up the value chain for more control of revenue source

Thank You

