

UMW OIL & GAS CORPORATION BERHAD

# Quarterly Investor Updates 2Q2017



# UMW-OG IMPROVES PRETAX LOSS IN 2Q 2017

RM million	2Q17	1Q17	Change (%)
Loss Before Taxation	(51.4)	(104.9)	51%

## Group Income Statement

	2Q17 RM'000	1Q17 RM'000	2Q16 RM'000	FY 2016 RM'000	FY 2015 RM'000	% change (Q-o-Q)
Revenue	139,908	74,278	130,010	321,053	839,877	8%
Share of Profits of Associated Company	122	75	82	419	521	49%
Loss Before Taxation	(51,382)	(104,908)	(63,996)	(1,181,264)	(348,426)	20%
Net Loss Attributable To Shareholders	(50,986)	(104,117)	(67,247)	(1,177,379)	(369,277)	24%

### Prospects for 2017

#### Drilling Services Segment

- UMW NAGA 4 and UMW NAGA 3 commenced operation with PETRONAS Carigali Sdn Bhd in late July and early August 2017, respectively. On 9th August 2017, UMW NAGA 5, the Group's only idling jack-up drilling rig at present, secured a contract from Repsol Oil & Gas Malaysia Limited for an initial contract duration of one year with an option to extend for another year. Barring any unforeseen circumstances, full utilisation of all seven jack-up rigs is expected by September 2017. However, there are potential risks of off hire for some of the rigs in view that some of those contracts are short term in nature.
- While asset utilisation is improving for the second half of 2017, the charter rates continue to remain soft, in line with prevailing market rates.

#### Oilfield Services Segment

- Demand for oil pipes threading, inspection and repair services is not expected to recover significantly for the remaining period of 2017 as oil companies continue to use existing threaded stocks. In addition, repair works continue to experience low volume.

**Dividend** No dividend has been recommended for the quarter ended 31st March 2017.

## BUSINESS SEGMENT – DRILLING SERVICES

### Segmental Reporting

	2Q17 RM'000	1Q17 RM'000	2Q16 RM'000	FY 2016 RM'000	FY 2015 RM'000	% change (Q-o-Q)
Revenue	134,108	70,977	125,008	303,547	802,363	7%
Loss Before Taxation	(42,783)	(96,661)	(47,994)	(1,155,764)	(385,329)	11%

- Results**
- In the second quarter of 2017, the Drilling Services segment contributed revenue of RM134.1 million or 95.9% of the total revenue of RM139.9 million, an increase of RM9.1 million or 7.3% over the RM125.0 million recorded in the same quarter of 2016.
  - In the second quarter of 2017, five (5) out of the Group's seven (7) jack-up rigs were income-generating with four (4) of them contributed full-quarter revenue thereby achieving an overall asset utilisation rate of 68%. However, the positive effect from higher asset utilisation was offset by the lower time charter rates as well as zero contribution from Naga 1, a semi-submersible rig, which disposal was completed on 9th May 2017.
  - As for the second quarter of 2016, the revenue was contributed by Naga 1 and three jack-up rigs, all of which were working for less than full quarter but at much higher day rates from contracts secured during better times. The overall asset utilisation rate achieved for the second quarter of 2016 was 33%.
- Highlights**
- The Drilling Services segment incurred a lower loss of RM42.8 million in the second quarter of 2017 compared to the loss of RM48.0 million reported in the same quarter of 2016, an improvement of RM5.2 million or 10.8%. The positive effects from improved revenue and lower operating costs from various austerity initiatives taken over the last two (2) years were however, partly offset by the higher finance costs.
- Prospects for 2017**
- UMW NAGA 4 and UMW NAGA 3 commenced operation with PETRONAS Carigali Sdn Bhd in late July and early August 2017, respectively. On 9th August 2017, UMW NAGA 5, the Group's only idling jack-up drilling rig at present, secured a contract from Repsol Oil & Gas Malaysia Limited for an initial contract duration of one year with an option to extend for another year. Barring any unforeseen circumstances, full utilisation of all seven jack-up rigs is expected by September 2017. However, there are potential risks of off hire for some of the rigs in view that some of those contracts are short term in nature.
  - While asset utilisation is improving for the second half of 2017, the charter rates continue to remain soft, in line with prevailing market rates.

## BUSINESS SEGMENT – OILFIELD SERVICES

### Segmental Reporting

	2Q17 RM'000	1Q17 RM'000	2Q16 RM'000	FY 2016 RM'000	FY 2015 RM'000	% change (Q-o-Q)
Revenue	5,800	3,301	5,002	17,419	37,412	16%
Loss Before Taxation	(502)	(1,572)	(10,111)	(34,131)	(5,030)	95%

#### Results

- The Oilfield Services segment contributed revenue of RM5.8 million or 4.1% of the total revenue of RM139.9 million in the second quarter of 2017, an increase of RM0.8 million or 16.0% over the RM5.0 million registered in the same quarter of 2016. Demand for oil pipes threading, inspection and repair services remained soft during the second quarter of 2017.

#### Highlights

- The Oilfield Services segment reported a lower loss before tax of RM0.5 million in the second quarter of 2017 as compared to the loss of RM10.1 million recorded in the same quarter of 2016. Concerted efforts to reduce operating costs and cut losses, partly contributed to the smaller loss in the second quarter of 2017.

#### Prospects for 2017

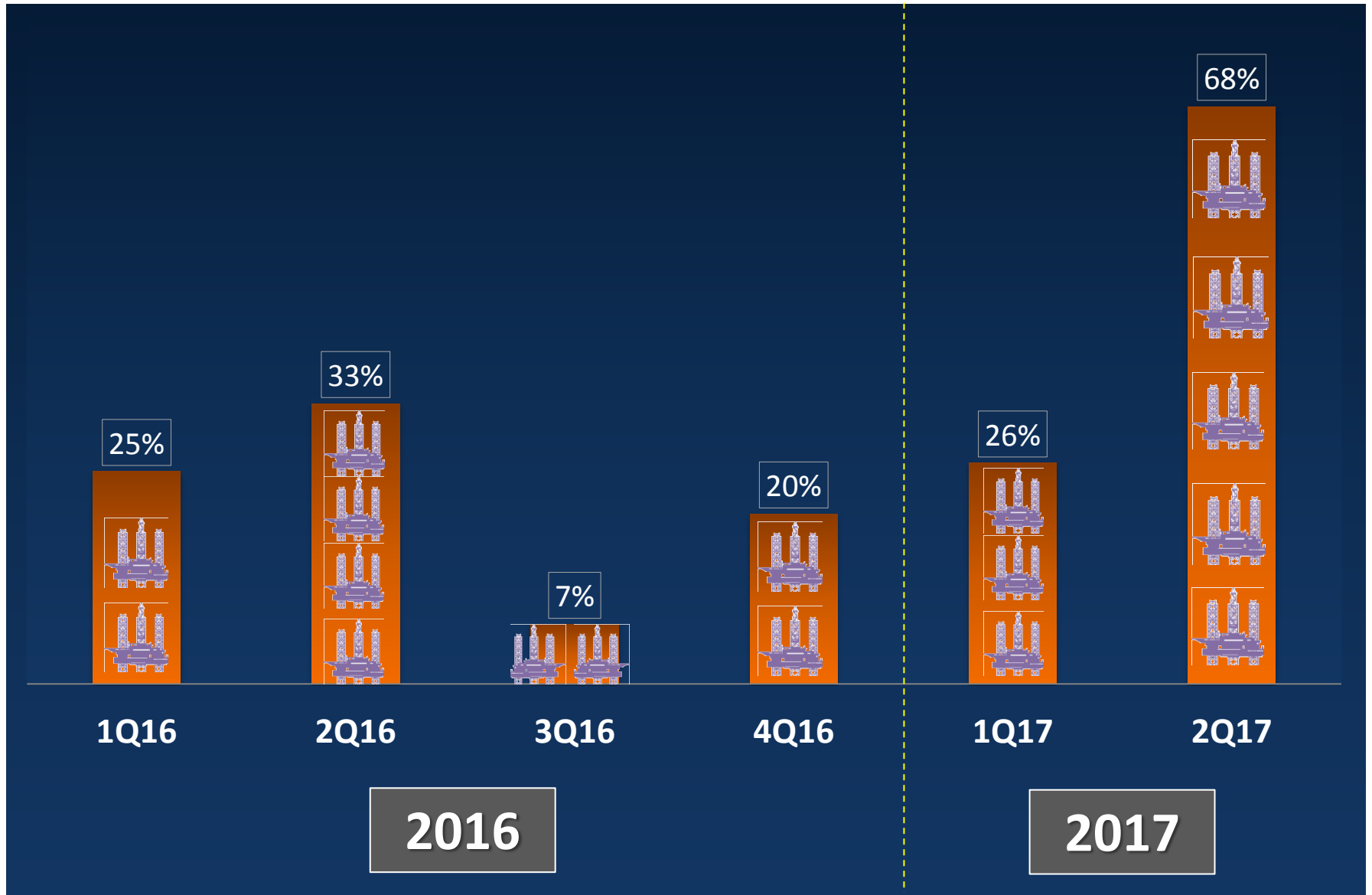
- Demand for oil pipes threading, inspection and repair services is not expected to recover significantly for the remaining period of 2017 as oil companies continue to use existing threaded stocks. In addition, repair works continue to experience low volume.

# UMW OIL & GAS CORPORATION BERHAD

## Consolidated Statement of Financial Position

	As At 30/06/2017 RM'000	As At 31/12/2016 RM'000
<b>TOTAL ASSETS</b>	<b>6,051,163</b>	<b>6,550,040</b>
Property, Plant & Equipment	4,950,560	5,298,125
Deposits, Cash & Bank	735,538	891,471
Receivables	155,027	135,224
Inventories	198,460	211,916
<b>TOTAL EQUITY</b>	<b>2,020,799</b>	<b>2,261,201</b>
Long Term Borrowings	2,060,725	2,272,773
Short Term Borrowings	1,475,656	1,499,745
<b>Net Assets Per Share (RM)</b>	<b>0.9339</b>	<b>1.0444</b>

# UMW-OG RIG UTILISATION



# THANK YOU



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