



BARAKAH

OFFSHORE PETROLEUM



**2Q 2015
Results Briefing**



26 August 2015



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1H 15 Results ended 30 June 2015

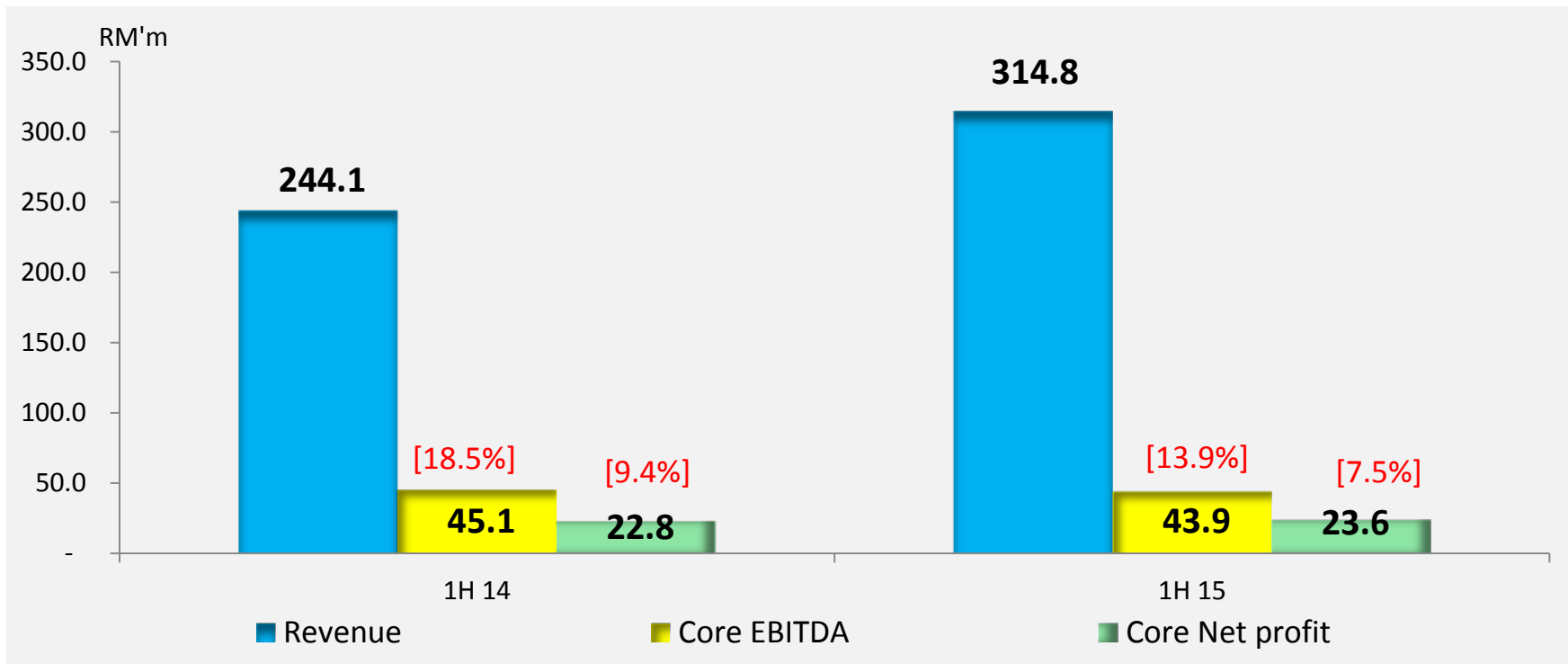
FY December (RM m)	2Q15	1Q15	2Q14	1H15	1H14	yoy chg (%)
Revenue	123.8	191.0	159.7	314.8	244.1	+29.0
Core EBITDA	13.7	30.2 ¹	24.8 ²	43.9 ¹	45.1 ²	-2.7
Pretax Profit	6.3	18.6	16.8	24.9	28.3	-11.7
Net Profit	4.6	15.1	12.3	19.8	21.8	-9.3
Core Net Profit	4.6	18.9 ¹	12.3	23.6 ¹	22.8 ²	+3.1
Basic net EPS (sen)	0.58	1.94	1.99	2.46	3.52	-30.1
Dil net EPS (sen)	0.56	1.80	1.53	2.39	2.71	-11.8

¹ Add back one-off share-based payments of RM3.8m arising from fair valuation of ESOS

² Add back one-off bad debt written off

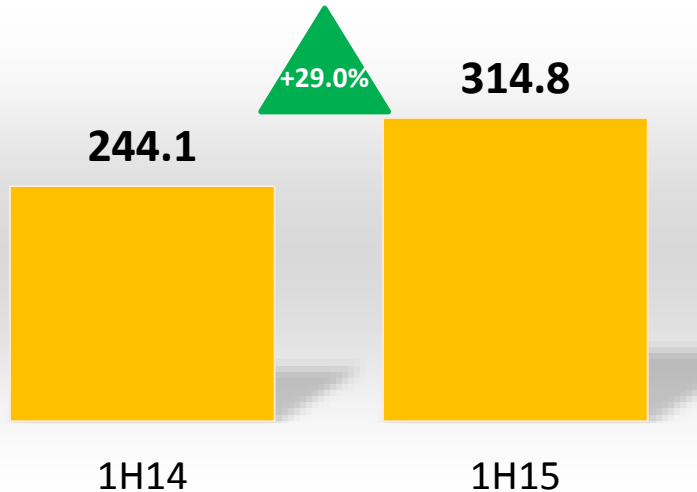
1H 15 vs 1H 14

- Revenue +29% yoy from all-round contributions.
- Lower margins due to thinner margins for jobs executed and higher costs.
- Core net profit +3.1%; added back RM3.8m one-off ESOS fair value charge in 1Q 15.

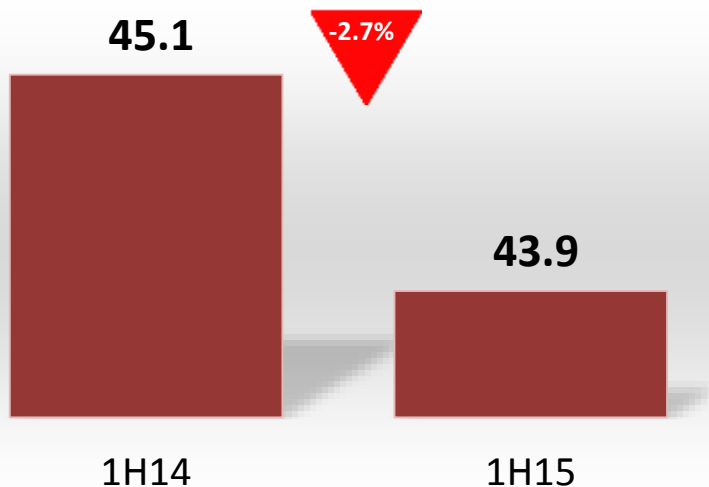


Key Financial – 1H 15 vs 1H 14

Revenue (RM'mil)



Core EBITDA (RM'mil)

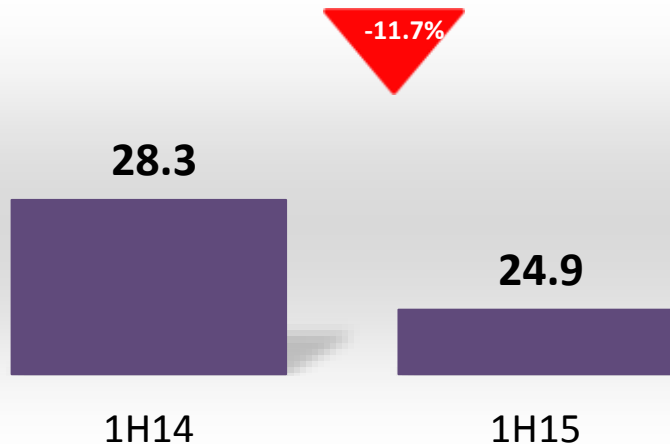


- Major Contributors:
 - ✓ Backlog billing from Pan Msia T&I – RM99.2m
 - ✓ Pipeline services- RM98.5m
 - ✓ Pengerang Pipeline – RM57.9m.
 - ✓ Pan Msia Hook-Up & Commissioning – RM56.5m

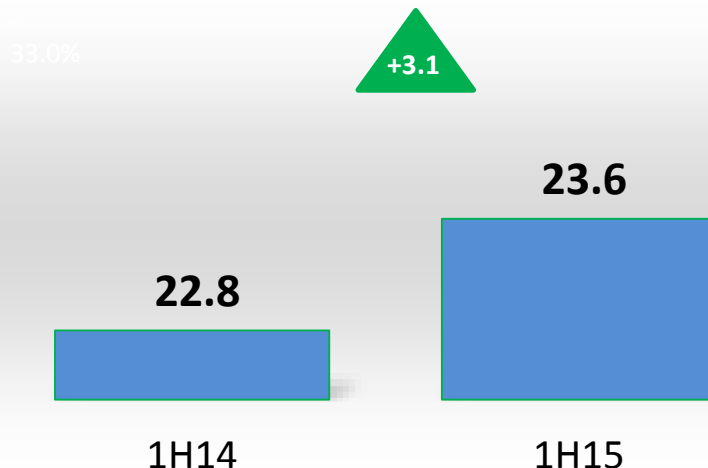
- 1H 15 core EBITDA margin of 13.9% (vs 1H 14: 18.5%)
- Lower margins for job executed, especially in 2Q 15 and higher costs.

Key Financial – 1H 15 vs 1H 14

Pretax Profit (RM'mil)



Core Net Profit (RM'mil)

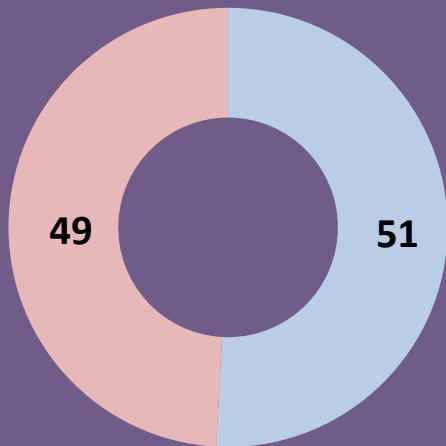


- Depreciation increased 20.9% yoy from higher asset base from replacement capex.
- Net interest expense reduced by 31.9% yoy due to retirement of short-term working capital debts.
- Effective tax rate at 20.9% (1H 14: 23.0%) with more efficient tax structure with KL101 transferred to KL101 Ltd w.e.f. July 2014.
- Reported net profit at RM19.8m (-9.3% yoy); lesser than the decline in pretax profit due to lower tax rate.

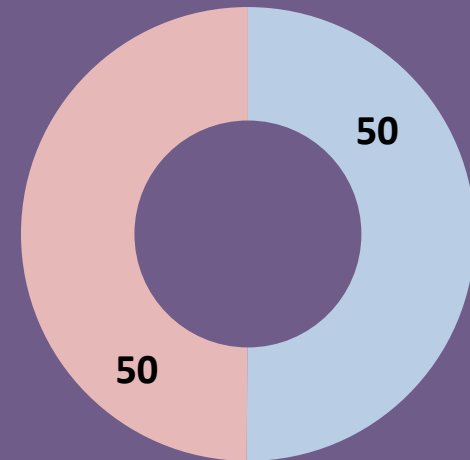
Revenue Breakdown


Installation & Construction's contribution lower (vs. its peak of 74% in 4Q 14) due mainly to lower revenues from Pan Malaysia Transportation & Installation Package A project.


1H14



1H15

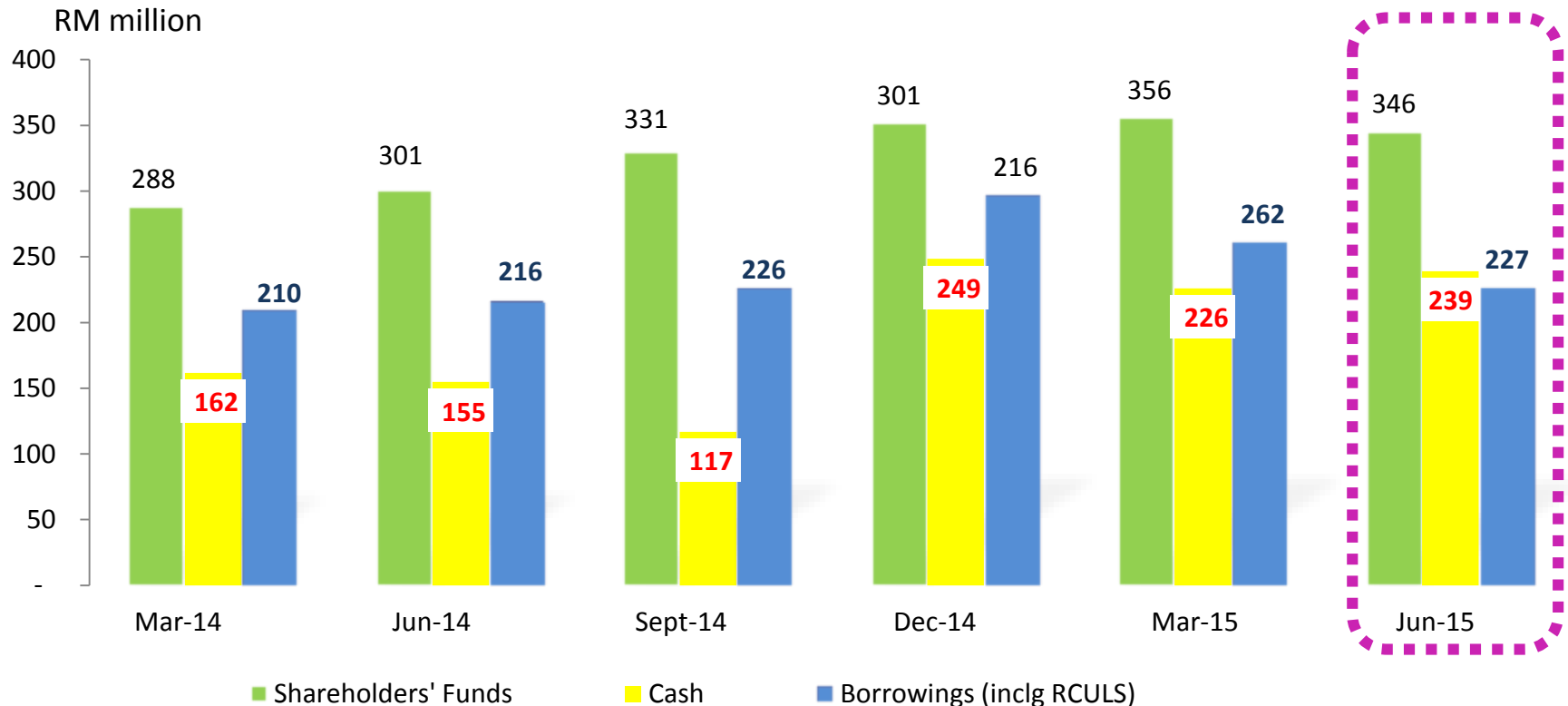


 Pipeline & Commissioning

 Installation & Construction

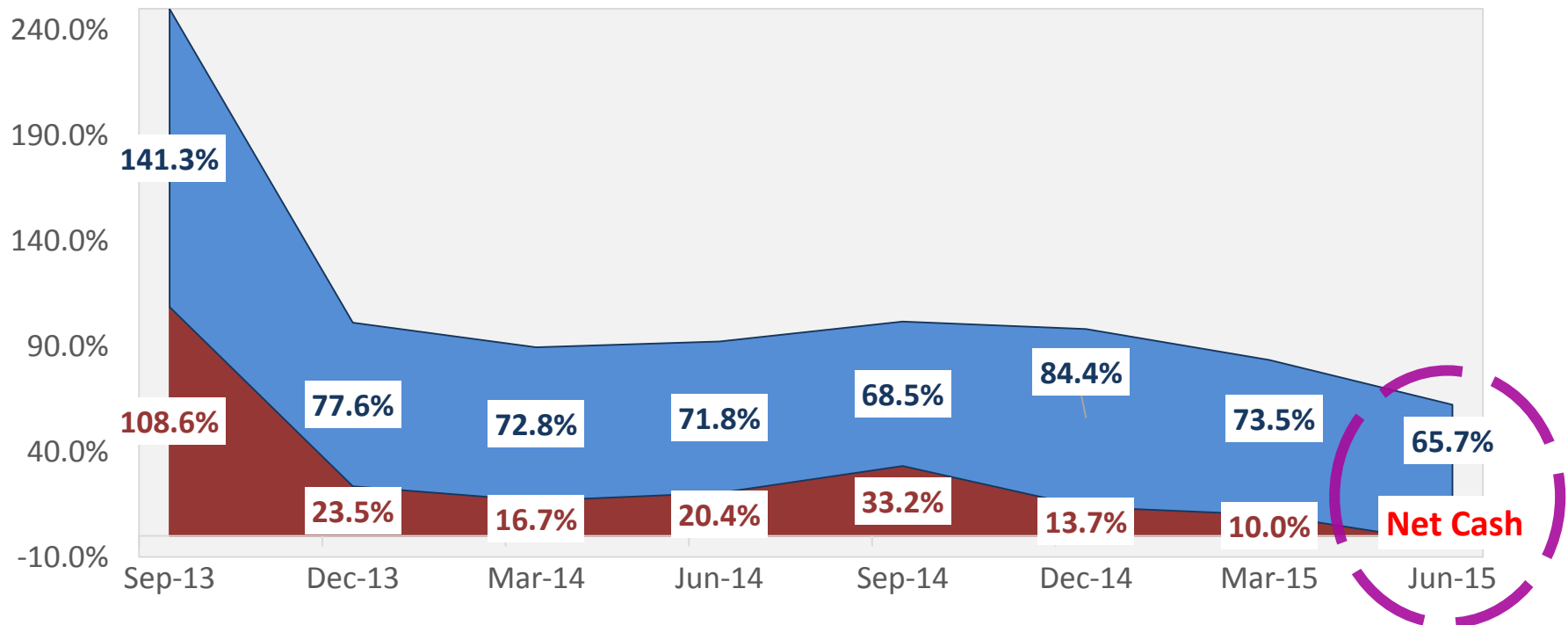
Balance Sheet

- Lower shareholder funds due mainly to RM21.8m forex translation loss and RM16.4m dividends paid in 2Q 15.
- Share base at 821.9m; balance RCULS expiring on 24 Oct 18 at RM14.9m @ 5 Aug 15.



Net Cash of RM11.9m Now

- Gross gearing trimmed to 65.7% mainly from reduction in short-term debts related to working capital requirement
- Significantly improved gearing ratios over the past 2 years



1H 15 Summary

- Revenues still good all-around.
- Softer margins for jobs executed and higher costs.
- Lower short-term working capital requirement over-rides impact from higher USD-based interest expense.
- Lower effective tax rate due mainly to the streamlined group structure (KL101 ownership with KL101 Ltd).



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Unbilled Orderbook of RM1.74bn @ 20/8/15

Projects	Client(s)	Value (RM'm)	Unbilled @ 20/8/15	Balance (Year)
Hook-up and Commissioning for platforms in West and East Malaysia (PM HUC)	Petrofac, Talisman & SKEnergy Inc	511	298	3.0
Pipeline services, West & East Malaysia	Various PSC's	Recurring	38	< 1
HUC and topside major maintenance services	Lundin & KPOC	34 (est)	10 (est)	<1
Supply, refurbishment & maintenance of cleaning pig and associate services	Petronas Carigali	25 (est)	25 (est)	2+1
PIG Trap System, W. & E Malaysia	Petronas Carigali	110 (est)	101 (est)	2.0+1
Pan Malaysia Transportation & Installation Facilities Package A (PM T&I)	11 PSCs	1,500 (est)	1,098 (est)	1.5+ 1
Pengerang Pipeline	Petronas Gas	260	171	1.0

Timeline

Projects	Notes:	2015				2016				2017				2018			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Pan Malaysia Hook-up and Commissioning (HUC)	Ongoing PO's																
Pipeline services, W. & E Malaysia	Progressing and bidding continuously																
Topside major maintenance	New project over 3 years, with 1-year extension option																
PIG Trap System, W. & E Malaysia	Started in late-Jan 15, early stage. Contract until 2018																
Pan Malaysia Transportation & Installation Package A	Engaging with clients for PO																
Pengerang Pipeline	100% of pipes delivered. 912,678 manhours with zero LTI																
Supply, Maintenance of Cleaning Pig	Recently secured- 2 years + 1-year extension option																

 Extension option



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2015

- Year-to-date new orders secured almost RM150m.
- Outstanding orderbook at RM1.74bn. Smaller work orders for PM HUC while no orders for PM T&I to-date.
- Billings from Pengerang Pipeline Project stronger in 2H.
- A major pipeline pre-commissioning contract- EVA-North Malay Basin - completed in 1Q.
- Margins to be under pressure.

2016-2017

- ❖ Work orders from umbrella contracts - PM T&I and HUC - expected to be lower.
- ❖ Projects pre-qualification and bidding still active.
- ❖ Bidbook at c. RM720m for local and overseas.
- ❖ Securing new orders getting more challenging.
- ❖ Target annual replenishment at RM300m p.a.
- ❖ Subdued margins expected.

Key Takeaways

P&L

- ❖ Slower growth expected.
- ❖ Cost rationalisation measures to see results from 2016 onwards.

Balance Sheet

- ❖ To remain lean with capex requirement of RM10m annually.

Business Development

- ❖ Expected to bear fruits in the longer term.

Thank You



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