

## UMW-OG ACHIEVES PRETAX PROFIT OF RM8.0M IN 2Q15



RM million	2Q15	1Q15	Change (%)
Profit Before Taxation	7,995	42,461	-81%

### EXECUTIVE SUMMARY

#### 2Q15 financial highlights

- Group revenue and profit before taxation registered a decrease of 41.3% and 81.2% respectively, compared with the previous quarter.
- Correspondingly, net profit attributable to equity holders of the Company was lower at RM4.5 million.
- Cash and deposits stood at RM1.1 billion.

#### 2Q15 highlights

- Group revenue of RM183.4 million for the second quarter ended 30 June 2015 was lower than the RM238.8 million registered in the same quarter of 2014 by RM55.4 million or 23.2%.
- Overseas operations contributed approximately 50.5% of the Group revenue in the second quarter of 2015.

#### Prospects for 2015

- With oil prices remaining low and showing little sign of recovery in the near future, major oil & gas companies continue to trim drilling budgets and postpone drilling plans.
- Time charter rates remain under pressure in a highly competitive environment where rig supply far outnumbered demand.
- Rigs utilisation for the remaining period to 31 December 2015 is expected to deteriorate further as more rigs are completing their existing contracts.
- In line with lower levels of drilling activities, demand for OCTG threading and repair services is expected to decline in the second half of 2015.
- Financial performance of the Group for the year 2015 will be adversely affected by the current low oil prices.

Dear fund managers and analysts,

Revenue of RM183.4 million for the second quarter of 2015 underperformed the RM312.5 million registered in the first quarter of 2015 by RM129.1 million or 41.3%.

The revenue drop was mainly due to lower utilisation of some of our assets in the second quarter of 2015 compared to the first quarter of 2015.

With the current slump in oil price outlook, we are seeing a substantial decrease in drilling activities. Furthermore, the drilling environment have become highly competitive, as we are seeing less tenders in the market.

We continue to respond proactively by focussing our efforts on maximising rig utilisation and developing new expanded market.

**Rohaizad Darus**  
**President**  
**UMW Oil & Gas Corporation Berhad**

# UMW OIL & GAS CORPORATION BERHAD

## Group Income Statement

	2Q15 RM'000	1Q15 RM'000	2Q14 RM'000	FY 2014 RM'000	FY 2013 RM'000	% change (Q-o-Q)
Revenue	183,374	312,496	238,776	1,014,903	737,752	-23%
Share of Profits of Associated Companies	106	130	125	550	485	-15%
Profit Before Taxation	7,995	42,461	66,237	284,156	206,849	-88%
Net Profit Attributable To Shareholders	4,456	32,150	60,305	251,996	189,147	-93%

### Prospects for 2015

#### Drilling Services Segment

- With oil prices remaining low and showing little sign of recovery in the near future, major oil & gas companies continue to trim drilling budgets and postpone drilling plans.
  - ✓ Time charter rates remain under pressure in a highly competitive environment where rig supply far outnumbered demand.
  - ✓ Rigs utilisation for the remaining period to 31 December 2015 is expected to deteriorate further as more rigs are completing their existing contracts.
- Consequently, the financial performance of the Drilling Services segment for the remaining period of 2015 is expected to be significantly affected in terms of revenue and profit.

#### Oilfield Services Segment

- In line with lower levels of drilling activities, demand for OCTG threading and repair services is expected to decline in the second half of 2015.
- Thus, performance of the Oilfield Services segment is likely to be negatively affected by the current low oil price cycle.

# BUSINESS SEGMENT – DRILLING SERVICES

## Segmental Reporting

	2Q15 RM'000	1Q15 RM'000	2Q14 RM'000	FY 2014 RM'000	FY 2013 RM'000	% change (Q-o-Q)
Revenue	173,802	300,045	227,228	968,619	693,720	-24%
Profit Before Taxation	5,084	38,562	63,424	272,838	191,009	-92%

- Results**
- Drilling Services segment contributed revenue of RM173.8 million or 94.8% of the total revenue of RM183.4 million, a decrease of RM53.4 million or 23.5% over the RM227.2 million recorded in the same quarter of 2014.
  - The Drilling Services segment contributed RM5.1 million or 63.8% of the Group profit before tax of RM8.0 million in the second quarter of 2015, a reduction of RM58.3 million or 92.0% compared to the RM63.4 million achieved in the same quarter of 2014.

- Highlights**
- The reduction in revenue was the net result of the following:
    - ✓ lower time charter rates and lower utilisation of some of our assets; offset by,
    - ✓ additional revenue contributions from UMW GAIT 6; our new HWU, and UMW NAGA 6 which commenced operations in August 2014 and October 2014, respectively; and
    - ✓ translation gains from the appreciation of United States Dollar against Ringgit Malaysia.

- Prospects for 2015**
- With oil prices remaining low and showing little sign of recovery in the near future, major oil & gas companies continue to trim drilling budgets and postpone drilling plans.
    - ✓ Time charter rates remain under pressure in a highly competitive environment where rig supply far outnumbered demand.
    - ✓ Rigs utilisation for the remaining period to 31 December 2015 is expected to deteriorate further as more rigs are completing their existing contracts.
  - Consequently, the financial performance of the Drilling Services segment for the remaining period of 2015 is expected to be significantly affected in terms of revenue and profit.

# BUSINESS SEGMENT – OILFIELD SERVICES

## Segmental Reporting

	2Q15 RM'000	1Q15 RM'000	2Q14 RM'000	FY 2014 RM'000	FY 2013 RM'000	% change (Q-o-Q)
Revenue	9,572	12,451	11,548	46,284	43,622	-17%
Profit Before Taxation	939	2,663	2,701	8,790	7,436	-67%

### Results

- In the second quarter of 2015, the Oilfield Services segment contributed revenue of RM9.6 million or 5.2% of the total revenue of RM183.4 million, a reduction of RM1.9 million or 16.5% over the RM11.5 million registered in the same quarter of 2014.
- The Oilfield Services segment contributed profit before tax of RM0.9 million or 11.3% of the total Group profit before tax of RM8.0 million in the second quarter of 2015. This represented a decrease of RM1.8 million or 66.7% over the RM2.7 million recorded in the same quarter of 2014.

### Highlights

- Reduced revenue from OCTG threading and repair services recorded by our operations in Labuan and China, mainly contributed to the revenue decrease.

### Prospects for 2015

- In line with lower levels of drilling activities, demand for OCTG threading and repair services is expected to decline in the second half of 2015. Thus, performance of the Oilfield Services segment is likely to be negatively affected by the current low oil price cycle.

# UMW OIL & GAS CORPORATION BERHAD

## Consolidated Statement of Financial Position

	At 30/06/2015 RM'000	At 31/03/2015 RM'000	At 31/12/2014 RM'000
<b>TOTAL ASSETS</b>	<b>6,620,145</b>	<b>6,668,509</b>	<b>5,755,964</b>
Investment in Associates	2,185	2,080	1,950
Property, Plant & Equipment	5,004,685	4,908,265	4,021,981
Deposits, Cash with Mutual Funds & Banks	1,113,955	1,160,326	1,178,046
Inventories	152,841	134,871	116,584
<b>TOTAL EQUITY</b>	<b>3,422,674</b>	<b>3,370,973</b>	<b>3,207,826</b>
Long Term Borrowings	994,211	1,023,297	1,010,978
Short Term Borrowings (include ODs)	1,974,732	1,983,751	1,243,871
<b>Net Assets Per Share (RM)</b>	<b>1.5792</b>	<b>1.5551</b>	<b>1.4800</b>

# UMW-OG KEY HIGHLIGHTS FOR 2Q15

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## UMW NAGA 2

- **April 2015:** Completed 4-months further extension contract with Hoang Long Joint Operating Company (HLJOC), offshore Vietnam
- **May 2015:** Underwent the 5-yearly scheduled maintenance on 8 May 2015 till 28 July 2015



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## UMW NAGA 5

- **March 2015:** Completed 5-firm wells with PTTEP International Ltd in Block M3, the Gulf of Mottama, Offshore Myanmar
- **June 2015:** Mobilised to Vietnam to start work at Rong Doi Field, Offshore Vietnam for PV Drilling with end-client Korea National Oil Corporation



## UMW-OG KEY HIGHLIGHTS FOR 2Q15

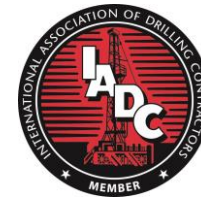
### 3 UMW NAGA 8

- Currently at 94.77% completion stage at Singapore.
- Expected delivery date: end August 2015.



### 4 UMW Drilling Academy

- **April – June 2015:** conducted 3 courses with a total of 59 participants.



## THANK YOU



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