

UMW-OG ACHIEVES PRETAX PROFIT OF RM11.5M IN 3Q15



RM million	3Q15	2Q15	Change (%)
Profit Before Taxation	11,454	7,995	43%

EXECUTIVE SUMMARY

3Q15 financial highlights

- Group revenue and profit before taxation registered an increased of 16.0% and 43.8% respectively, compared with the previous quarter.
- Net profit attributable to equity holders of the Company was lower at RM0.2 million.
- Cash and deposits stood at RM1.0 billion

3Q15 highlights

- Group revenue of RM212.7 million for the third quarter ended 30th September 2015 was lower than the RM254.3 million registered in the same quarter of 2014 by RM41.6 million or 16.4%.
- Overseas operations contributed approximately 51.5% of the Group revenue in the third quarter of 2015.

Prospects for 2015

- The Drilling Services segment is expected to achieve lower levels of asset utilisation in the final quarter of 2015 as more rigs completed their contracts in the third quarter of 2015.
- Overall, the financial performance of the Group is expected to be challenging for the financial year ending 31 December 2015.

Dear fund managers and analysts,

Revenue of RM212.7 million for the third quarter of 2015 improved over the RM183.4 million registered in the second quarter of 2015 by RM29.3 million or 16.0%.

Significantly higher revenue from some of the rigs with higher time charter rate or/and asset utilisation rate, contributed to the revenue increase.

Overall, the third quarter of 2015 recorded a higher profit before tax of RM11.5 million, an increase of RM3.5 million or 43.8% compared to the RM8.0 million registered in the second quarter of 2015.

Amid the bearish outlook of the oil and gas industry, we are committed to expand our geographical coverage and client base to maximise the utilisation of our rigs.

Rohaizad Darus
President
UMW Oil & Gas Corporation Berhad

UMW OIL & GAS CORPORATION BERHAD

Group Income Statement

	3Q15 RM'000	2Q15 RM'000	3Q14 RM'000	FY 2014 RM'000	FY 2013 RM'000	% change (Q-o-Q)
Revenue	212,697	183,374	254,321	1,014,903	737,752	-16%
Share of Profits of Associated Companies	147	106	117	550	485	26%
Profit Before Taxation	11,454	7,995	75,846	284,156	206,849	-85%
Net Profit Attributable To Shareholders	218	4,456	66,061	251,996	189,147	-100%

Prospects for 2015

Drilling Services Segment

- In September 2015, UMW NAGA 8, our latest addition of premium offshore jack-up rig was mobilised to offshore Sarawak to commence drilling services under the contract with SapuraKencana Energy Peninsula Malaysia Inc, SapuraKencana Energy Sarawak Inc and SapuraKencana Energy Sabah Inc for the provision of drilling rig services for eighteen (18) firm wells and three (3) optional wells.
- In October 2015, UMW NAGA 7 secured a contract with PETRONAS Carigali Sdn Bhd for the provision of drilling rig services for seven (7) firm wells and one (1) plus one (1) well. UMW NAGA 7 was mobilised to offshore Sabah in early November 2015.
- The Drilling Services segment is expected to achieve lower levels of asset utilisation in the final quarter of 2015 as more rigs completed their contracts in the third quarter of 2015.

Oilfield Services Segment

- For the remaining quarter of 2015, unfavourable impact from low oil prices on demand for OCTG threading and repair services is expected to continue. As such, profitability of the Oilfield Services segment is likely to remain flat in the fourth quarter of 2015.

BUSINESS SEGMENT – DRILLING SERVICES

Segmental Reporting

	3Q15 RM'000	2Q15 RM'000	3Q14 RM'000	FY 2014 RM'000	FY 2013 RM'000	% change (Q-o-Q)
Revenue	203,737	173,802	242,325	968,619	693,720	-16%
Profit Before Taxation	(18,954)	5,084	72,758	272,838	191,009	-126%

- Results**
- In the third quarter of 2015, the Drilling Services segment contributed revenue of RM203.7 million or 95.8% of the total revenue of RM212.7 million, a decrease of RM38.6 million or 16% over the RM242.3 million recorded in the same quarter of 2014. The reduction in revenue was mainly due to :
 - lower time charter rates; and
 - lower utilisation of some of the assets in the Group during the third quarter of 2015.
 - However, the following positive factors mitigated the revenue reduction:
 - additional revenue contribution from a new jack-up rig, UMW NAGA 6, which commenced operations in October 2014;
 - higher utilisation rate achieved by UMW NAGA 5; and
 - translation gains from the appreciation of United States Dollar against Ringgit Malaysia.
- Highlights**
- Consequently, the Drilling Services segment incurred a loss of RM19.0 million in contrast with the profit before tax of RM72.8 million achieved in the third quarter of 2014, a reduction of RM91.8 million. Lower time charter rates and lower levels of asset utilisation recorded by some of the rigs mainly accounted for the loss in the third quarter of 2015.
- Prospects for 2015**
- In September 2015, UMW NAGA 8, our latest addition of premium offshore jack-up rig was mobilised to offshore Sarawak to commence drilling services under the contract with SapuraKencana Energy Peninsula Malaysia Inc, SapuraKencana Energy Sarawak Inc and SapuraKencana Energy Sabah Inc for the provision of drilling rig services for eighteen (18) firm wells and three (3) optional wells.
 - In October 2015, UMW NAGA 7 secured a contract with PETRONAS Carigali Sdn Bhd for the provision of drilling rig services for seven (7) firm wells and one (1) plus one (1) well. UMW NAGA 7 was mobilised to offshore Sabah in early November 2015.
 - The Drilling Services segment is expected to achieve lower levels of asset utilisation in the final quarter of 2015 as more rigs completed their contracts in the third quarter of 2015.

BUSINESS SEGMENT – OILFIELD SERVICES

Segmental Reporting

	3Q15 RM'000	2Q15 RM'000	3Q14 RM'000	FY 2014 RM'000	FY 2013 RM'000	% change (Q-o-Q)
Revenue	8,960	9,572	11,996	46,284	43,622	-25%
Profit Before Taxation	734	939	1,197	8,790	7,436	-39%

Results

- In the third quarter of 2015, the Oilfield Services segment contributed revenue of RM9.0 million or 4.2% of the total revenue of RM212.7 million, a reduction of RM3.0 million or 25% over the RM12.0 million registered in the same quarter of 2014. Lower revenue recorded by the Group's operations in Labuan, Thailand and China resulted in the revenue decrease.

Highlights

- In line with lower revenue, the Oilfield Services segment reported a lower profit before tax of RM0.7 million in the third quarter of 2015 compared to the RM1.2 million recorded in the same quarter of 2014, a decrease of RM0.5 million.

Prospects for 2015

- For the remaining quarter of 2015, unfavourable impact from low oil prices on demand for OCTG threading and repair services is expected to continue. As such, profitability of the Oilfield Services segment is likely to remain flat in the final quarter of 2015.

UMW OIL & GAS CORPORATION BERHAD

Consolidated Statement of Financial Position

	At 30/09/2015 RM'000	At 30/06/2015 RM'000	At 31/12/2014 RM'000
TOTAL ASSETS	8,277,567	6,620,145	5,755,964
Investment in Associates	2,333	2,185	1,950
Property, Plant & Equipment	6,645,572	5,004,685	4,021,981
Deposits, Cash with Mutual Funds & Banks	1,058,674	1,127,274	1,178,046
Inventories	173,208	152,841	116,584
TOTAL EQUITY	3,855,606	3,422,674	3,207,826
Long Term Borrowings	1,114,322	994,211	1,010,978
Short Term Borrowings (include ODs)	3,042,400	1,974,732	1,243,871
Net Assets Per Share (RM)	1.7778	1.5792	1.4800

UMW-OG KEY HIGHLIGHTS FOR 3Q15

1 UMW NAGA 8

- **August 2015:** Delivery of UMW NAGA 8, Singapore
- **September 2015:** Mobilised to offshore Sarawak to commence drilling services under the contract with SapuraKencana Energy Peninsula Malaysia Inc, SapuraKencana Energy Sarawak Inc and SapuraKencana Energy Sabah Inc for 18 firm + 3 optional wells



2 UMW NAGA 7

- **October 2015:** Secured contract with PETRONAS Carigali for 7 firm +1+1 option wells
- **November 2015:** Mobilised to offshore Sabah



UMW-OG KEY HIGHLIGHTS FOR 3Q15

3 UMW Drilling Academy

- **July – September 2015:** conducted 2 courses with a total of 50 participants.
- **July: IADC WellSharp Accreditation**
 - ✓ Driller Course for Surface Stack
 - ✓ Driller Course for Combined Surface and Subsea Stack
 - ✓ Supervisor Course for Surface Stack
 - ✓ Supervisor Course for Combined Surface and Subsea Stack



THANK YOU



Rohaizad Darus
President
UMW Oil & Gas Corporation Berhad
Telephone: +603 2096 8788



Chew Eng Hong
Head, Corporate Development
UMW Oil & Gas Corporation Berhad
Telephone: +603 2096 8788
Email: chew.eng.hong@umw-oilgas.com

Corporate Portal www.umw-oilgas.com

This material is proprietary and is prepared specifically for the recipient's reference. The information contained herein is not to be distributed without the consent of UMW Oil & Gas Corporation Berhad. Any recommendation or views contained in this document do not have regard to specific investment objectives, financial situation and the particular needs of any specific audience. The content furthermore is believed to be correct at the time of the issue of this document, and is not and should not be construed as an offer or a solicitation of any offer to buy or sell any securities. Nor does this document purport to contain all the information a prospective investor may require.