

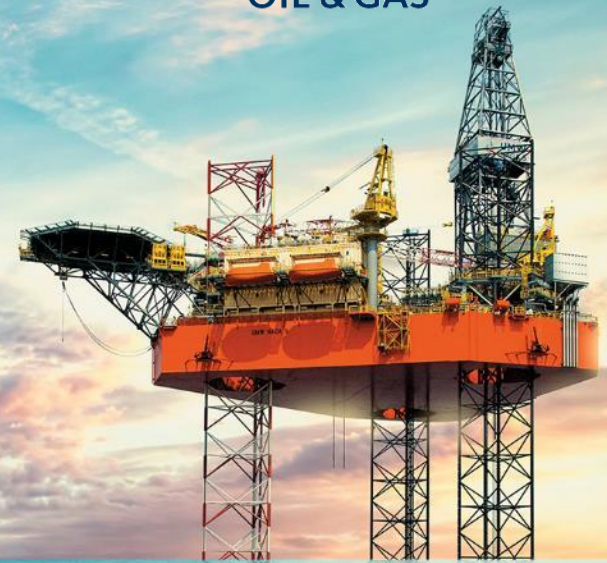
UMW OIL & GAS CORPORATION BERHAD

4Q 2016 Financial Results Analysts Briefing

28 February 2017



UMW
OIL & GAS



OUR BUSINESS



OFFSHORE DRILLING



WORKOVER



OILFIELD SERVICES



OUR ASSETS

OFFSHORE DRILLING



8 Offshore Rigs

1 Semi-submersible

7 Jack-ups

WORKOVER



5 Hydraulic Workover Units

OILFIELD SERVICES



6 Repair, Threading, Inspection Plants

2 Malaysia

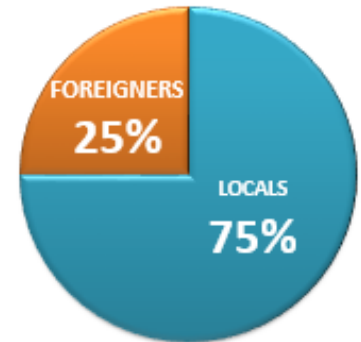
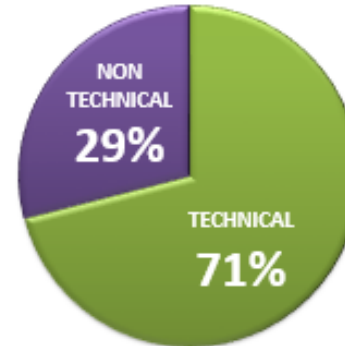
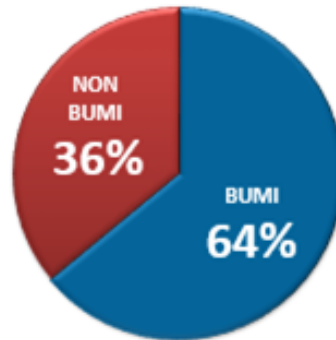
2 Thailand

1 China

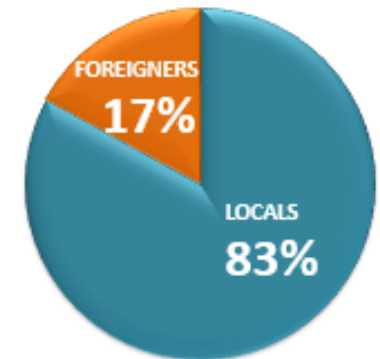
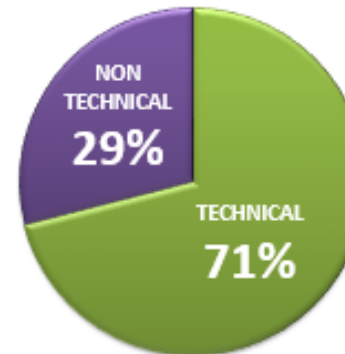
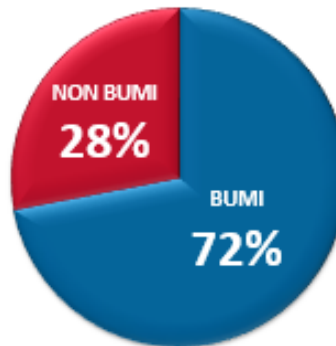
1 Turkmenistan

OUR MANPOWER

Global
574



Malaysia
513



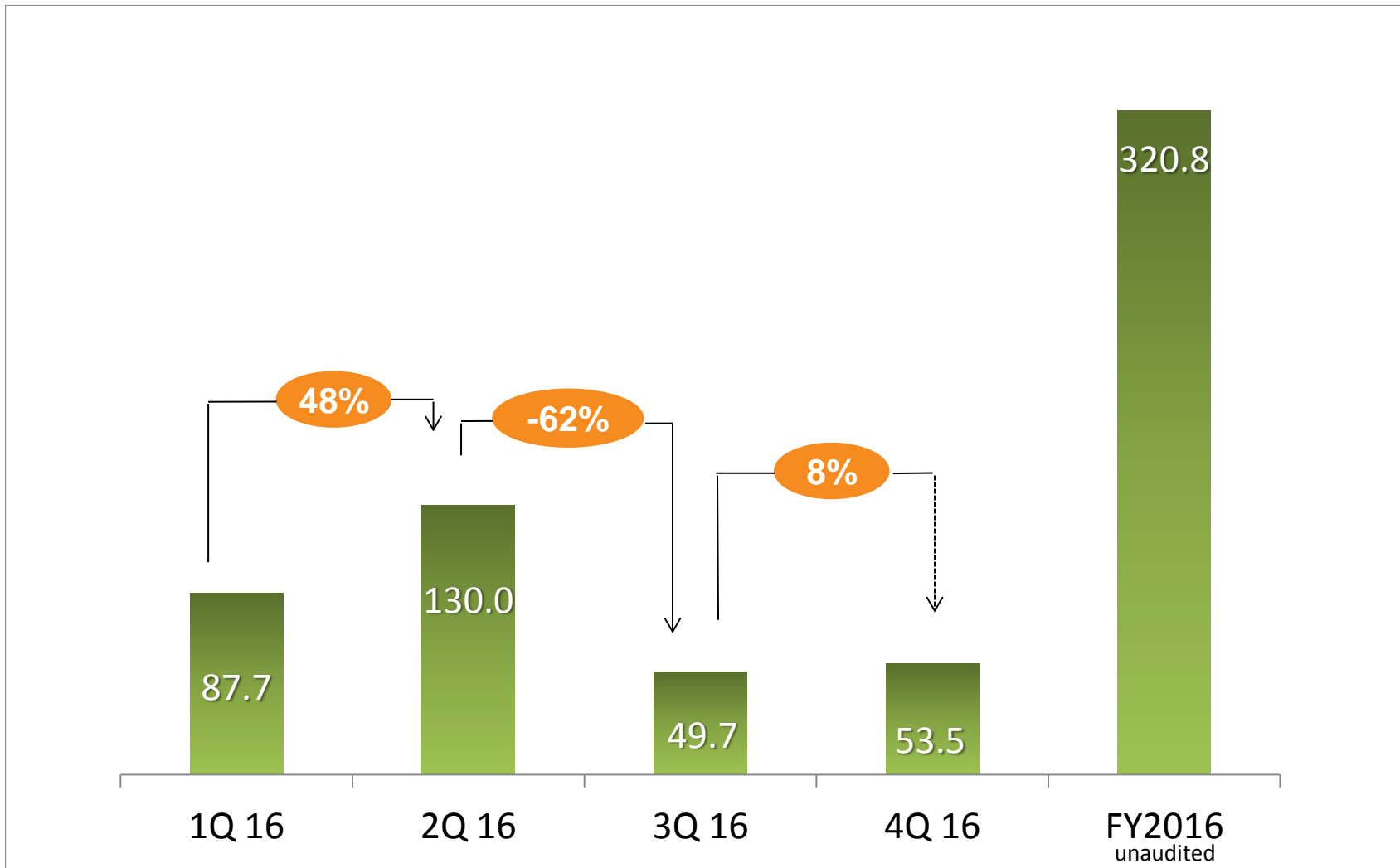
FINANCIAL HIGHLIGHTS



2016 FINANCIAL HIGHLIGHTS

Revenue

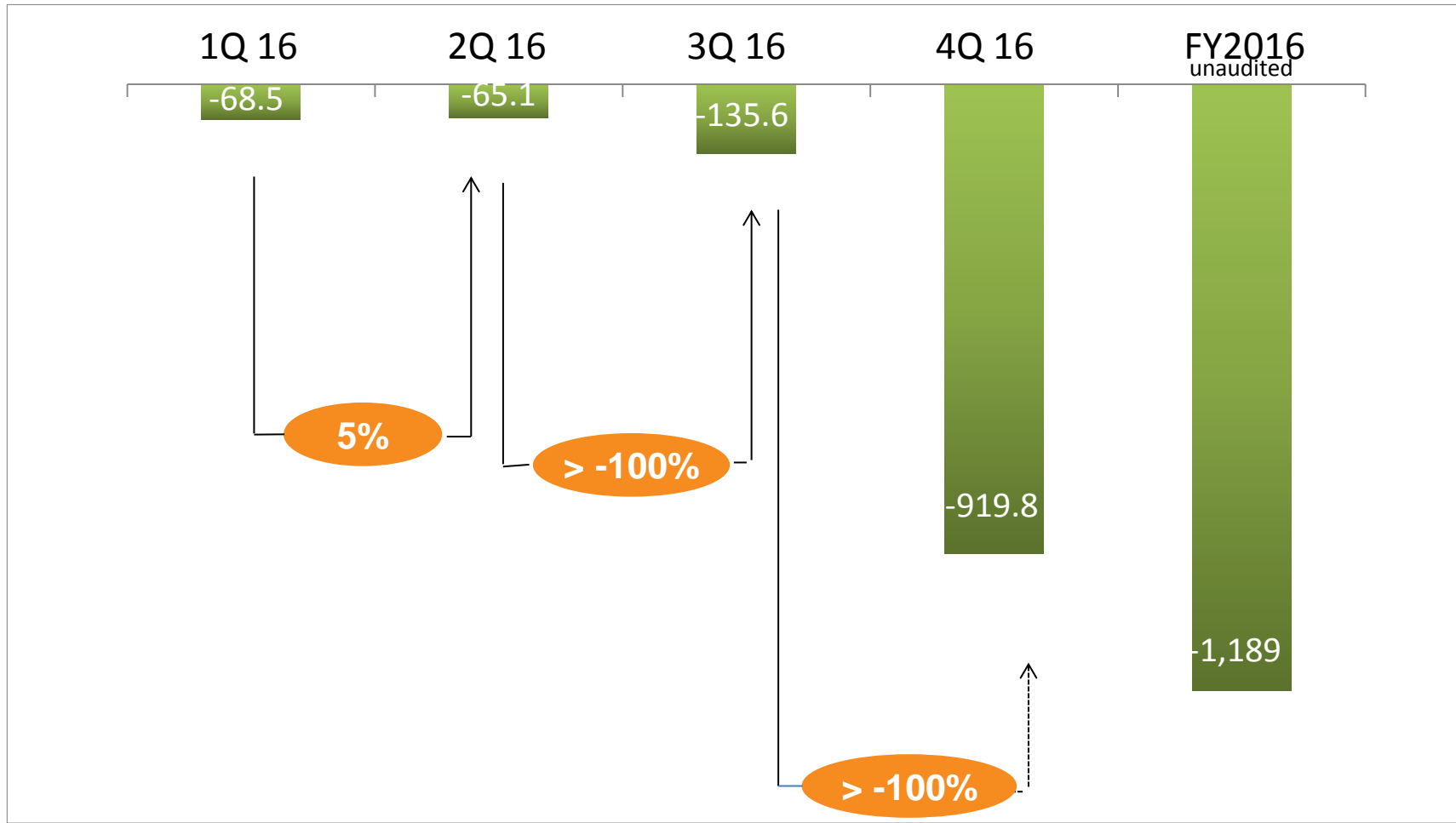
(RM mm)



2016 FINANCIAL HIGHLIGHTS

LAT

(RM mm)

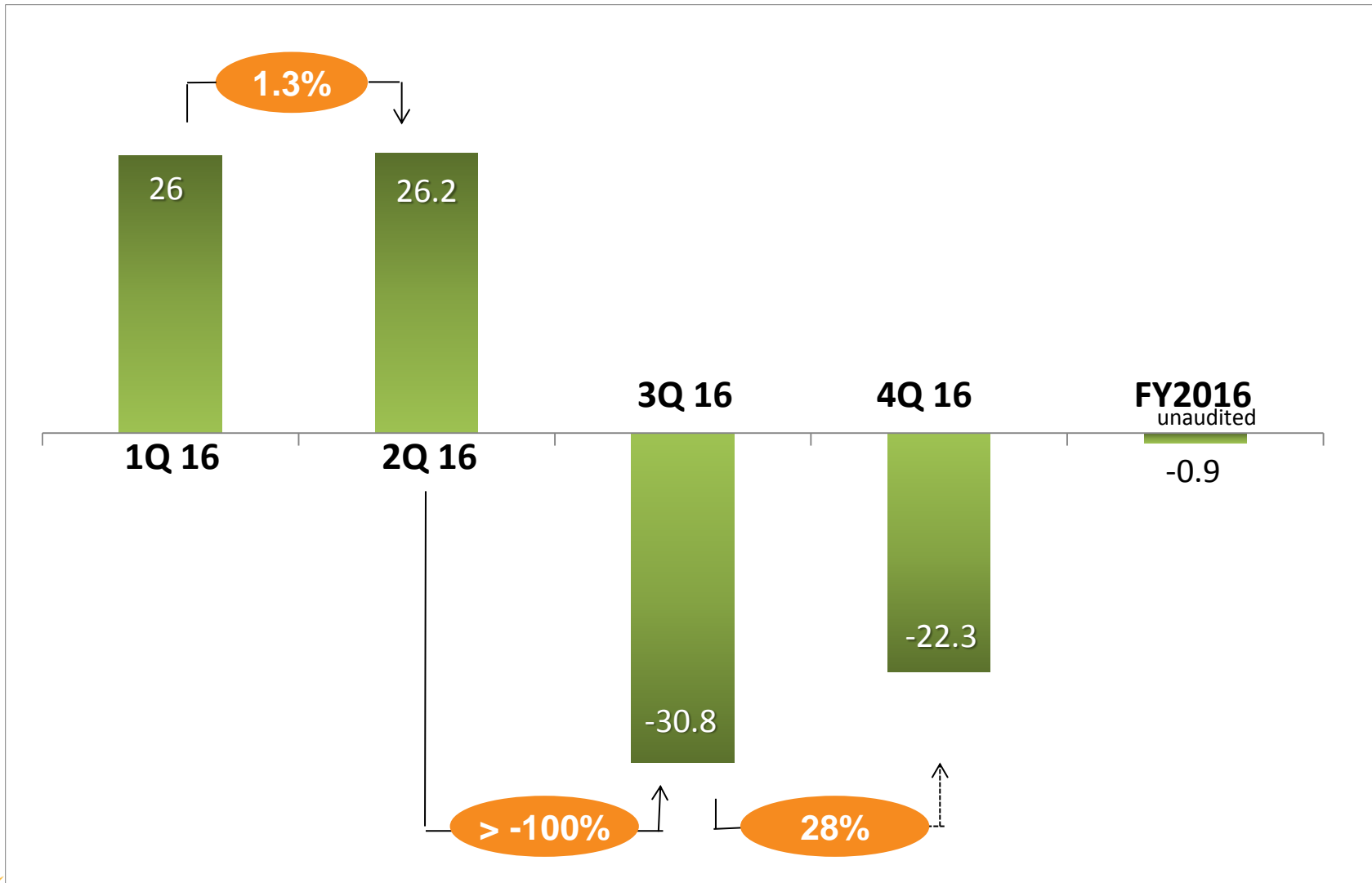


Huge loss in 4Q mainly due to asset impairment loss of RM780.2m (2016)

2016 FINANCIAL HIGHLIGHTS

EBITDA

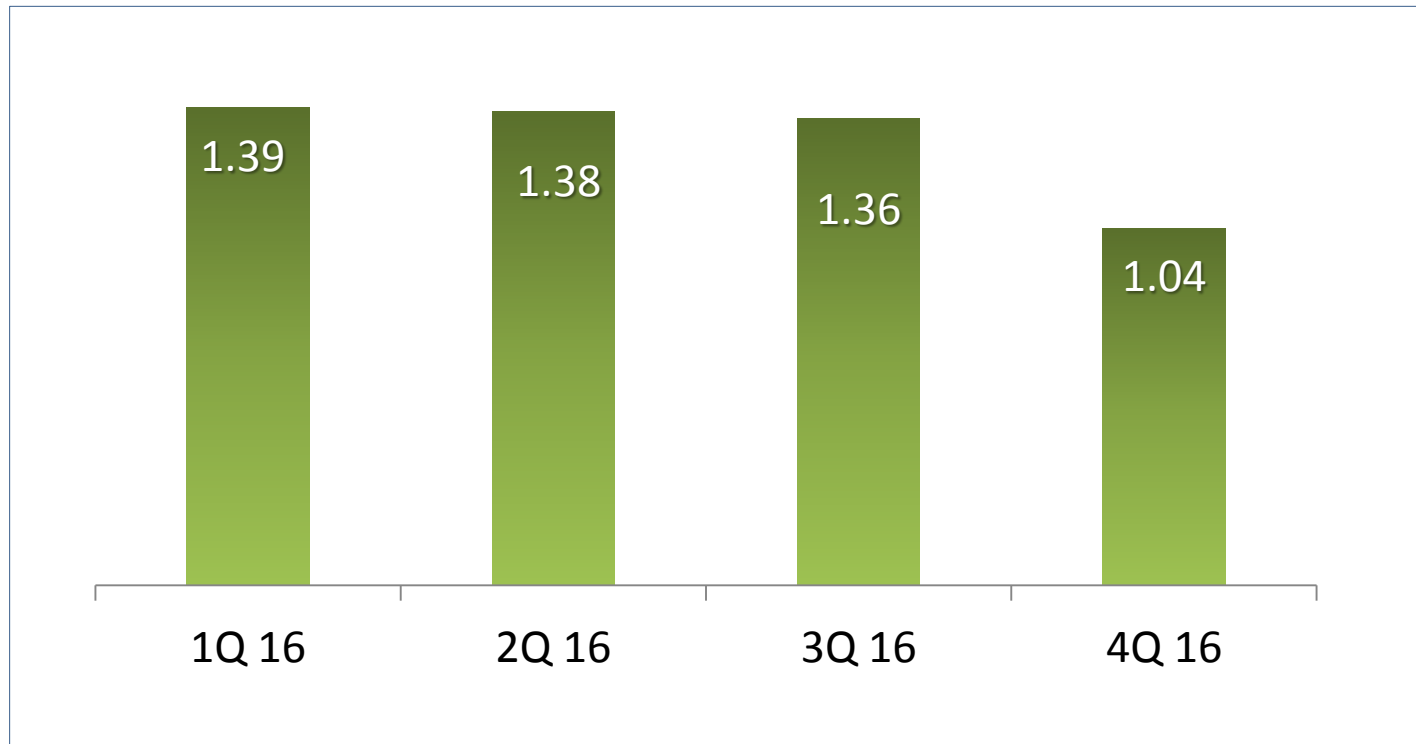
(RM mm)



2016 FINANCIAL HIGHLIGHTS

Net Asset Per Share

(RM)



Share Price
RM 0.65

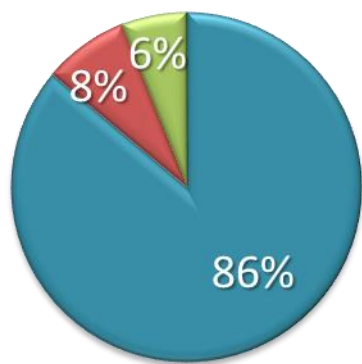
As at 28/2/2017

Market Capitalisation
RM 1.41 billion

REVENUE BREAKDOWN

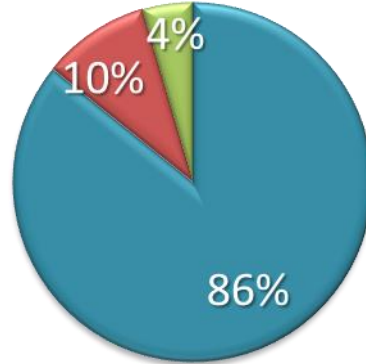
By Business Segment

Drilling Workover Oilfield



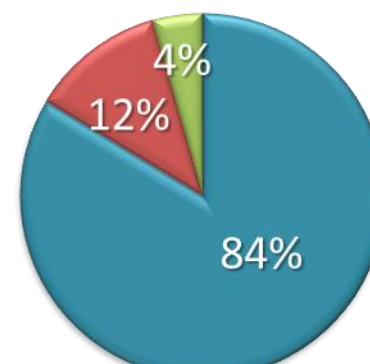
2013

RM738 m



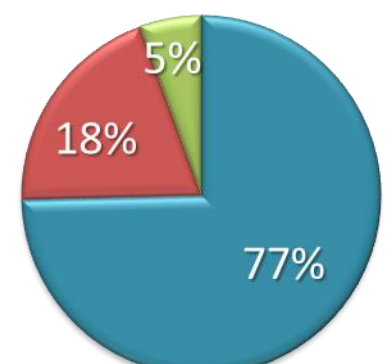
2014

RM1,015 m



2015

RM840 m

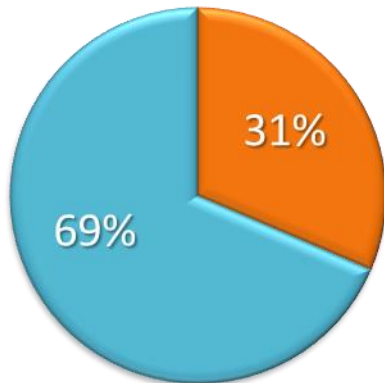


2016

RM321 m

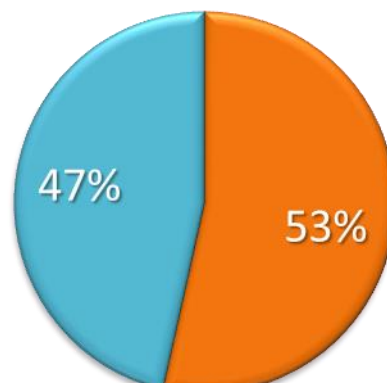
By Geographical Area

Foreign Domestic



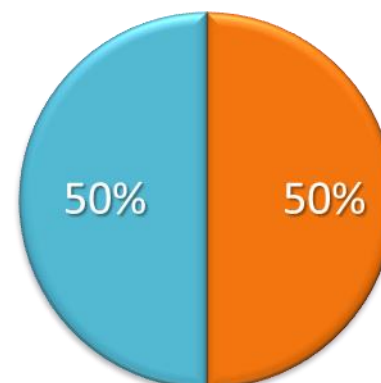
2013

RM738 m



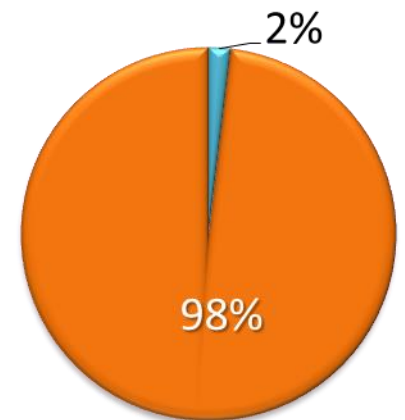
2014

RM1,015 m



2015

RM840 m



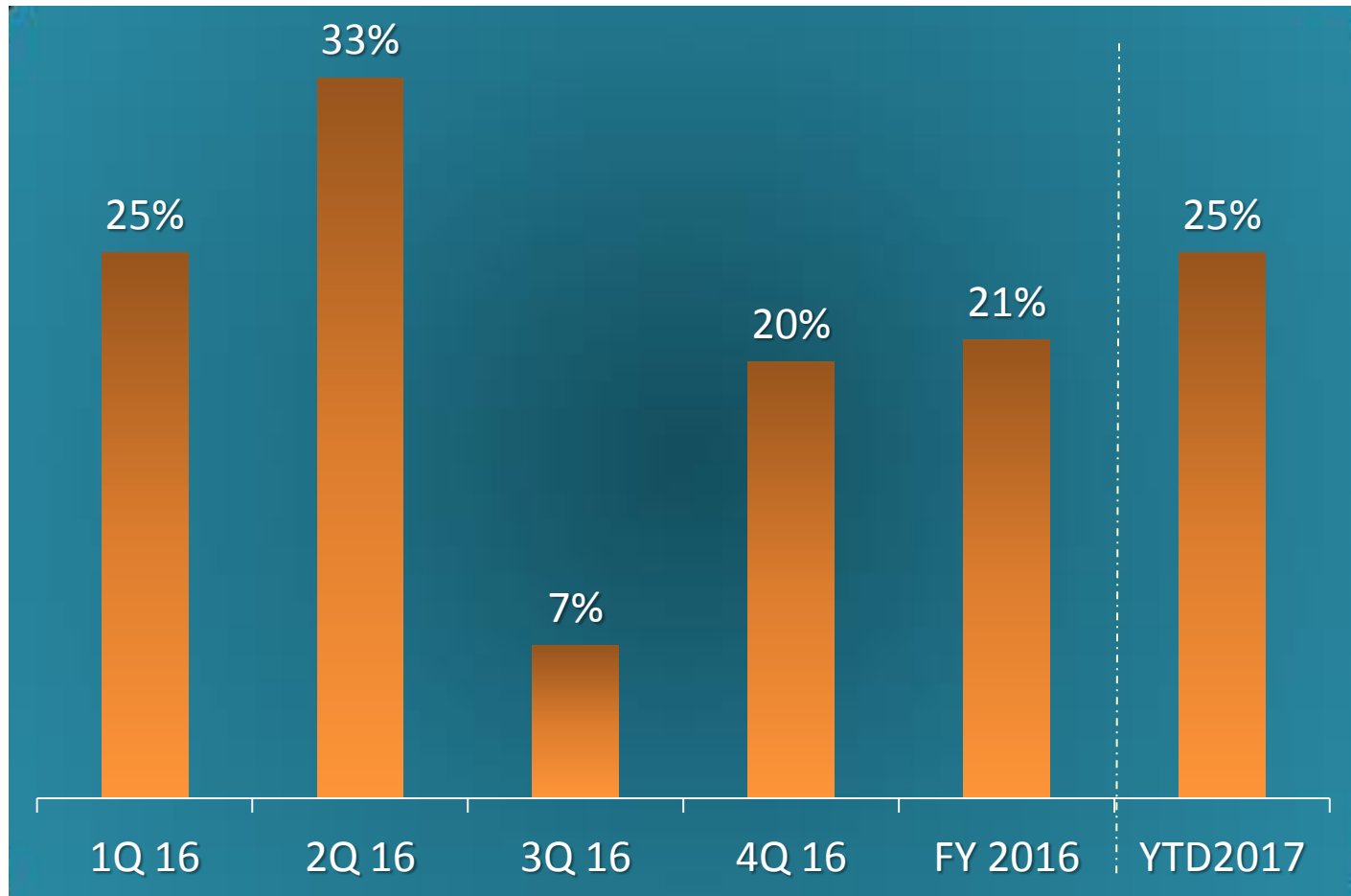
2016

RM321 m







OPERATIONAL HIGHLIGHTS

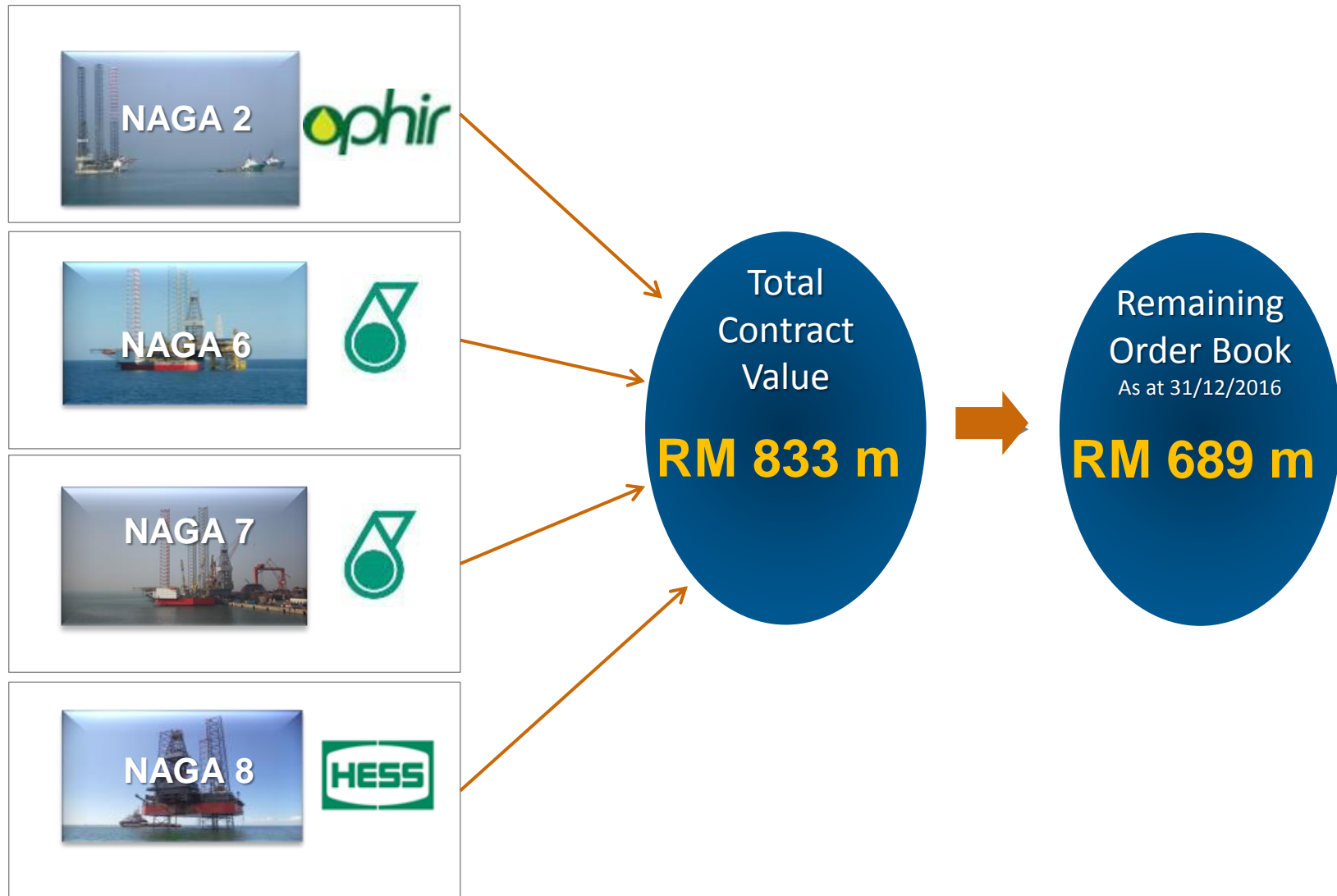
DRILLING RIGS UTILISATION 2016



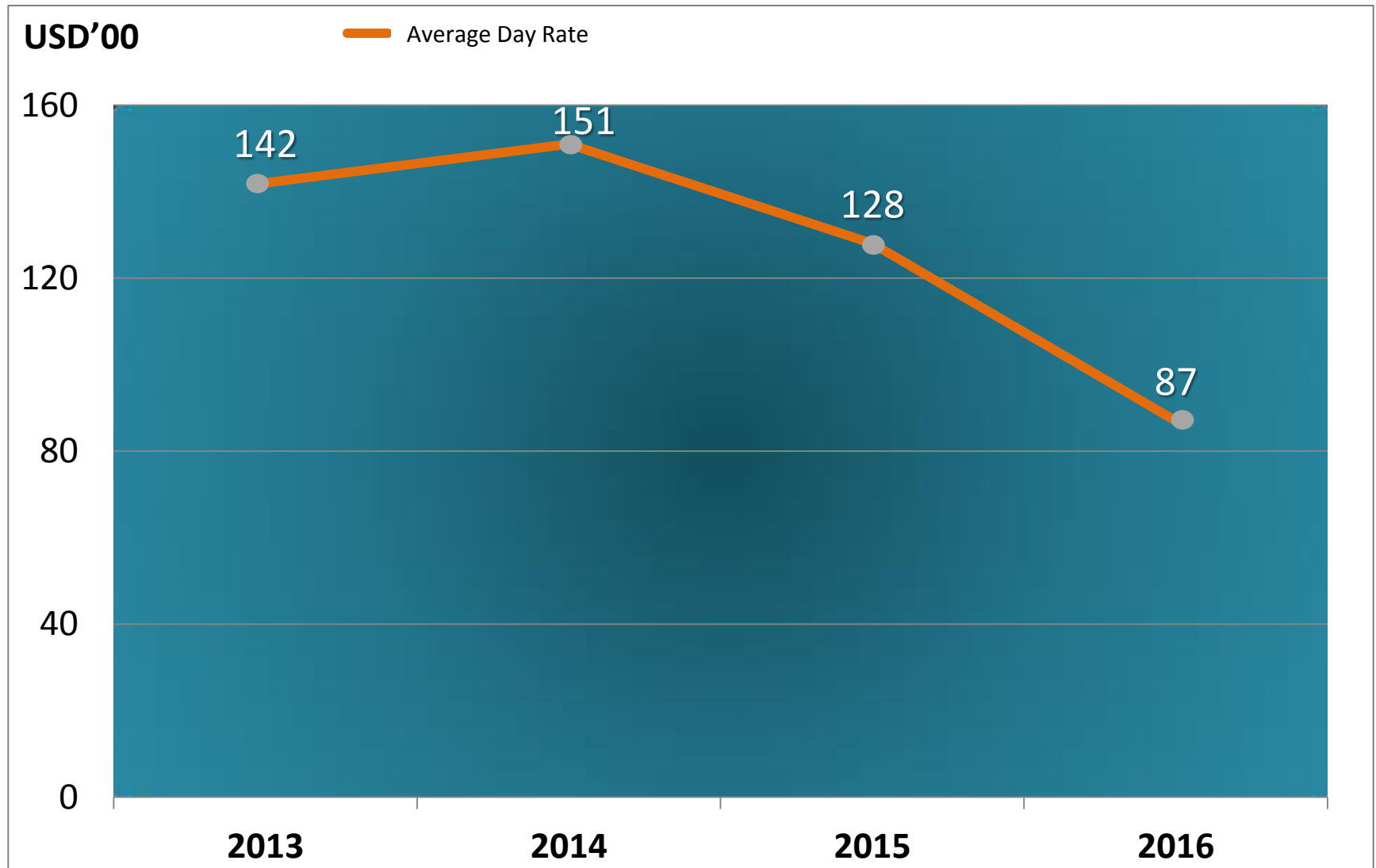
CURRENT CONTRACTS

Rig	Clients	Duration	Commencement
Naga 1	-	-	-
UMW Naga 2		• 75 days + 1 month	• May 2017
UMW Naga 3	-	-	-
UMW Naga 4	-	-	-
UMW Naga 5	-	-	-
UMW Naga 6		• 2 + 1 year	• September 2016
UMW Naga 7		• 18 months	• April 2017
UMW Naga 8		• 18 + 12 months	• November 2016

ORDER BOOK



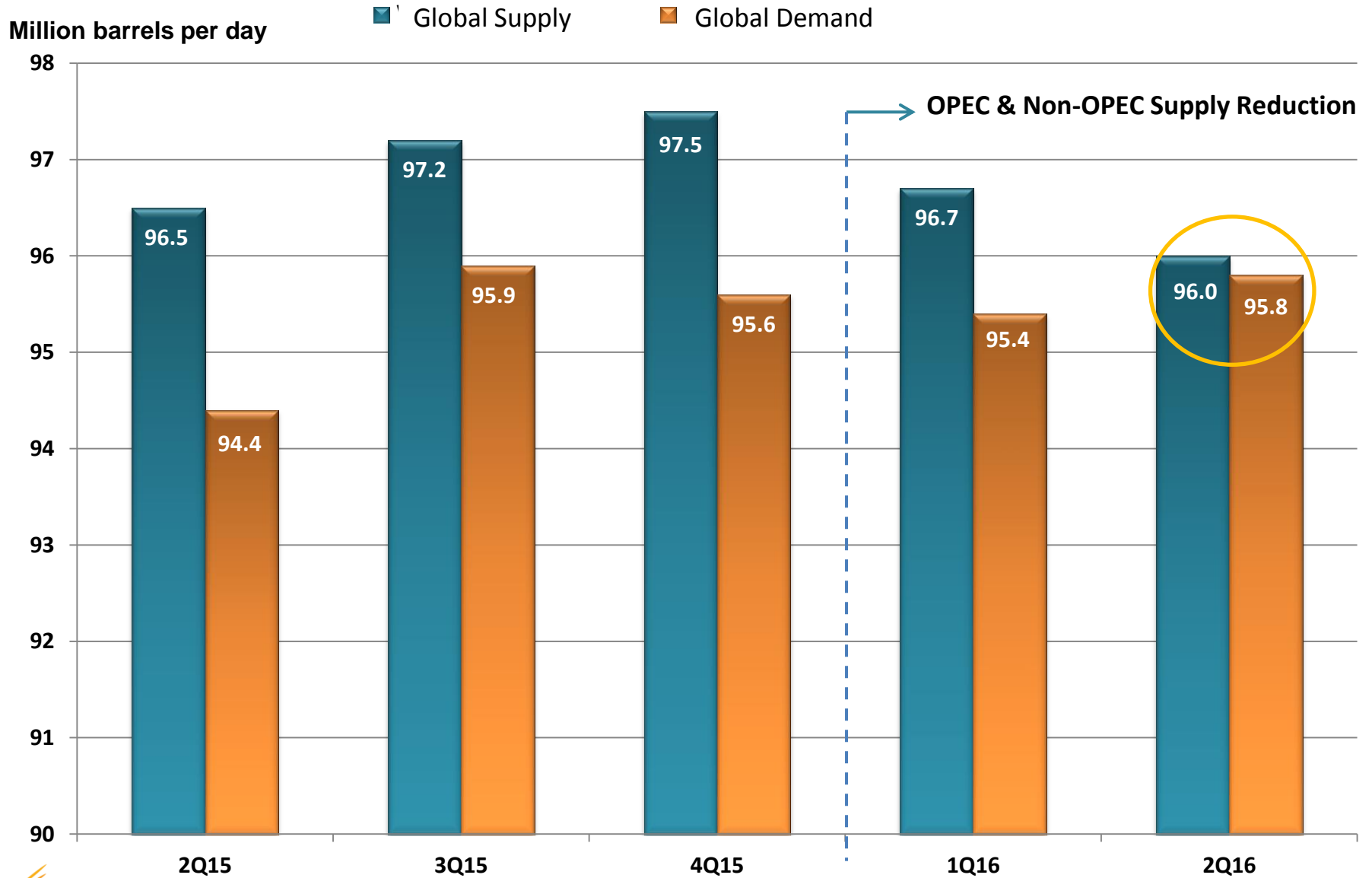
DAY RATE





MOVING FORWARD

GLOBAL OIL DEMAND & SUPPLY



BUSINESS OUTLOOK

Reduction in OPEC and non-OPEC production
stabilises oil price above USD50/bbls



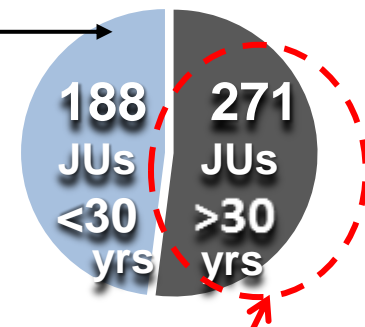
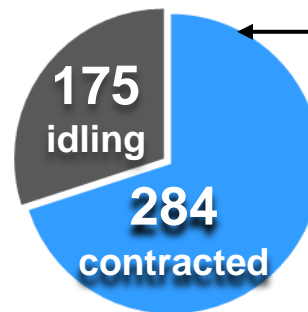
DRILLING RIGS SUPPLY



**Potential lesser rigs available
in the future**

Potential Rigs Coming Out From The Yard	Total
2016 (Dec onwards)	6
2017	76
2018	14
2019	3
2020	6
Grand Total	105

Source: IHS Petrodata 3 Feb 2017



potential to be retired

DRILLING RIGS DEMAND

WORLDWIDE JACK-UP DEMAND

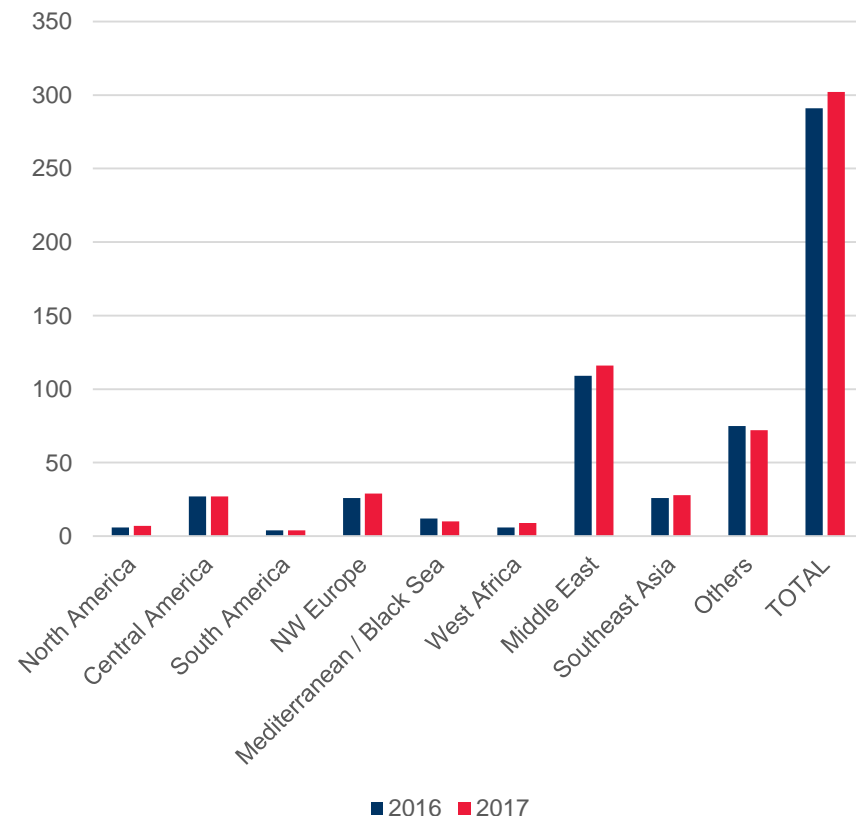
REGION	2016	2017
North America	6	7
Central America	27	27
South America	4	4
NW Europe	26	29
Mediterranean / Black Sea	12	10
West Africa	6	9
Middle East	109	116
Southeast Asia (excl. Malaysia)	21	23
Malaysia	5	5
Others	75	72
TOTAL	291	302

TOTAL JU DEMAND



Increasing demand →

Worldwide Jackup Demand



Source: IHS Petrodata 3 Feb 2017

BUSINESS OUTLOOK

Current Participation in Tendering Activities

*As at 16 February 2017



OUR STRENGTHS

Young Fleet of High Specification Assets



International Experience



Continuous Support



International Oil Companies



SUMMARY

- ★ Reduction in OPEC and non-OPEC production stabilises oil price above USD 50 / bbls
- ★ Result in increase in E&P activities; more tenders and contract awards.
- ★ Signal start of recovery in oil & gas sector.
- ★ Increasing number of jack-up retired, potentially more coming up with significant number of jack-up around 30 years old.
- ★ Number of jack up entering the market lesser than jack-up due for retirement.
- ★ Demand for jack-up expected to increase; improved utilisation.
- ★ Day rate still a challenge due to slow decrease in oversupply.
- ★ Cost optimisation to be continued.
- ★ Best time to position ourselves to maximise benefits in industry recovery.
- ★ Strengthen domestic market, return to regional market, and develop global market.

ICON OFFSHORE



STATUS OF THE CORPORATE PROPOSAL

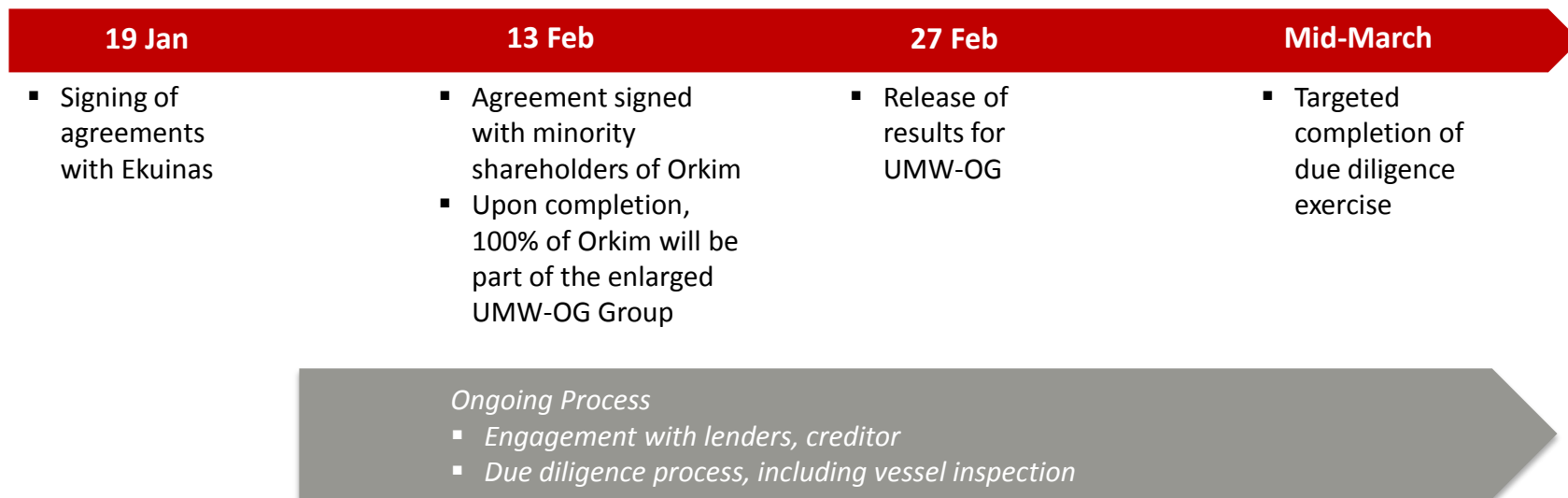
MERGER OF UMW-OG, ICON AND ORKIM

Where We Are Currently

Transaction Recap

- 1** UMW-OG is leading the sector's call for consolidation via the merger with Icon Offshore and Orkim to create one of the largest integrated and diversified offshore O&G services player in Malaysia
- 2** The Group is Raising Approximately RM1.8bn via a Rights Issue to Strengthen the Group's Balance Sheet
- 3** Emergence of Two Strategic Shareholders; PNB and Ekuinas

Where We Are Currently



RECAP OF THE MERGER RATIONALE

Preparing Ourselves for the Eventual Sector Recovery

ICON OFFSHORE



Unique Competitive Position

- Leading player in jack-up rigs, offshore vessels and tanker operations
- Able to provide bundled services
 - Differentiated from other competitors
 - Reduces supply chain complexity
 - Increased accountability
 - Lower costs through increase in efficiency and economies of scale
- Regional experience in different key markets presents cross selling opportunities

Presence Across Value Chain

- Improves earnings resilience
 - OSV business less affected by decrease in exploration activities
 - Exposure to the downstream industry → CPP tanker business is non-cyclical
- Growth visibility for Orkim
 - Steady growth in demand
 - RAPID project, a further catalyst for growth

Strengthened Financial Position

- Recapitalisation to reduce group borrowings
- Significant uplift of revenue and earnings
- Strengthening shareholder profile
- Synergy potential
 - Ship management
 - Common function consolidation
 - Procurement savings
 - Diverse technical skills

Heeding the Call for Consolidation

- Spearheading Petronas' call for industry consolidation to achieve operational efficiency and economies of scale
- Consolidation across value chain creates greater business opportunities

CREATING THE PREMIER INTEGRATED OFFSHORE SERVICE PROVIDER WITH LEADING POSITION ACROSS ASSET CLASSES...

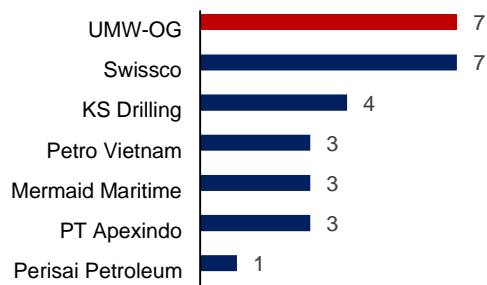


ICON OFFSHORE

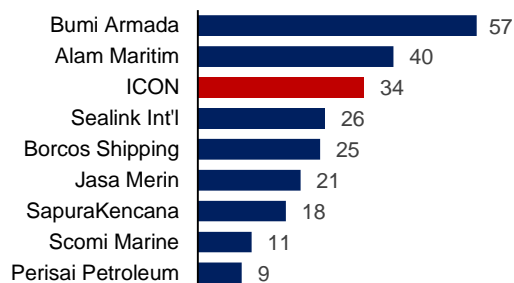


- An established leader in the provision of offshore drilling services to the upstream oil and gas sector in the region
- A fleet of 7 premium jack-ups and 1 semi submersible, it owns and operates one of the largest fleet of jack-ups in the region
- Owns and operate a fleet of modular and versatile hydraulic workover units for well intervention operations
- Largest pure play owner and operator of offshore support vessel ("OSVs") in Malaysia
- Operates 34 vessels consisting of 25 AHT, AHTS and Utility, 6 SSV and PSV and 3 AWB, with an additional 3 vessels under construction
- Owner and operator of clean petroleum product ("CPP") and liquefied petroleum gas ("LPG") tankers
- With its fleet of 14 CPP and 2 LPG Malaysian flagged tankers, Orkim is the largest CPP tanker operator in Malaysia with an estimated c.26% market share

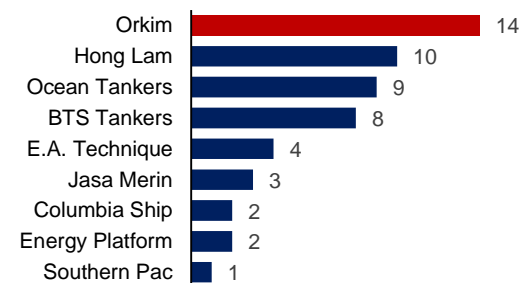
No. of Jack-Up Rigs⁽¹⁾



No. of OSV⁽²⁾



No. of CPP tankers operating in Malaysia⁽³⁾



We will be the Leading Drilling Company, Tanker Operator as well as One of the Largest OSV Players in Malaysia with a total asset based of RM8.5bn with the Ability to Provide Services Throughout the Oil & Gas Value Chain

Notes:

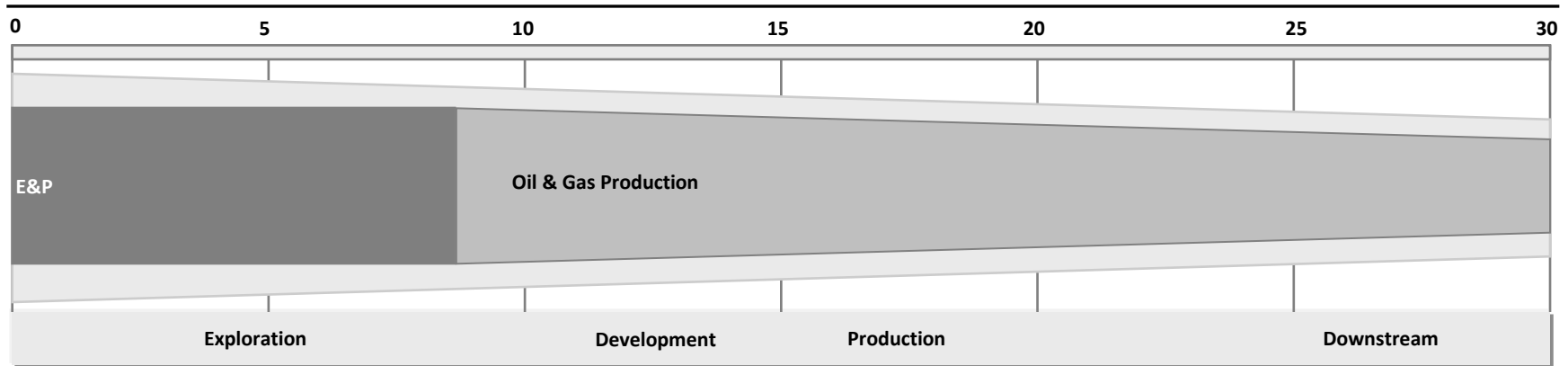
(1) Fleet list refers only to jack-up drilling fleet. Teras Offshore's fleet are primarily liftboats (not included in the graph)

(2) OSV list excludes tugs and barges, sourced from broker reports / company websites

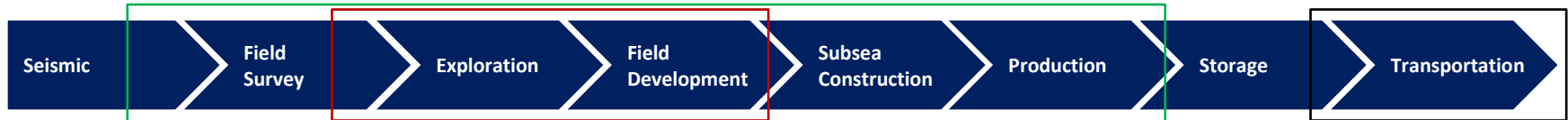
(3) Position as at November 2016 in Malaysia market

...WITH PRESENCE ACROSS THE OIL & GAS VALUE CHAIN, ENABLING US TO IMPROVE EARNINGS RESILIENCE

Timescale (yrs)



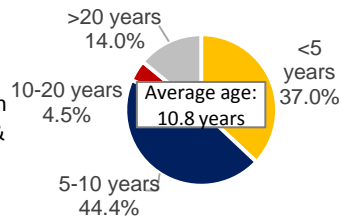
Strengthening capabilities across the value chain



UMW-OG

- Average age: **3.8 years**
- Severely impacted following contraction in exploration & development activities

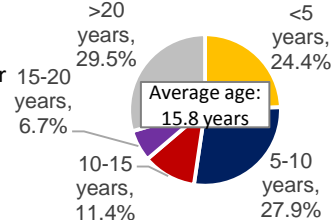
Global jack-up (>300ft water depth) age profile



ICON

- Average age: **7.0 years**
- Lower utilisation due to lower exploration activities
- Assets still deployed in other segments

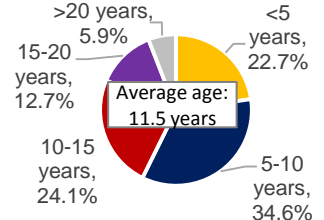
Global OSV age profile



Orkim

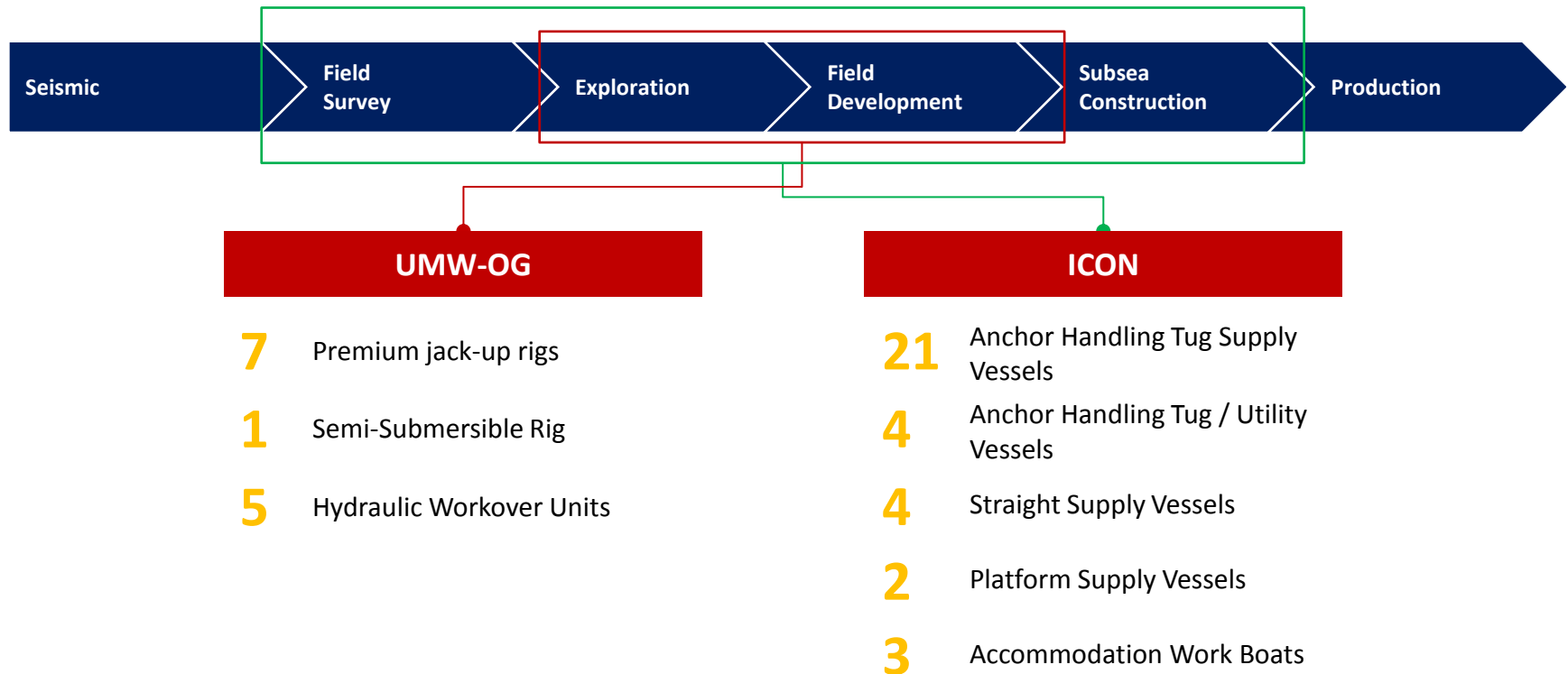
- Average age: **6.0 years**
- Long-term contracts, steady delivery of earnings

Global oil tanker (<10,000 dwt) age profile



...WHILE OUR ABILITY TO OFFER UNIQUE BUNDLING SERVICES IS EXPECTED TO POSITION US BETTER FOR THE UPSTREAM RECOVERY..

- Expanded product offering and ability to bundle services across the oil & gas value chain
- Business synergies to be derived from availability of vessels to service rig activities
- Cost synergies expected particularly from ability to combine sales & marketing initiatives



...AND PROVIDES A PLATFORM FOR CROSS-SELLING OPPORTUNITIES IN DIFFERENT KEY REGIONAL MARKETS



OFFSHORE DRILLING



OSVs



- Platform to strengthen presence regionally and globally due to experience in different key markets
- Expanded product offering and ability to uniquely compete by offering bundling packages to international oil companies such as Petronas, Shell, Chevron, PTTEP and Petrovietnam

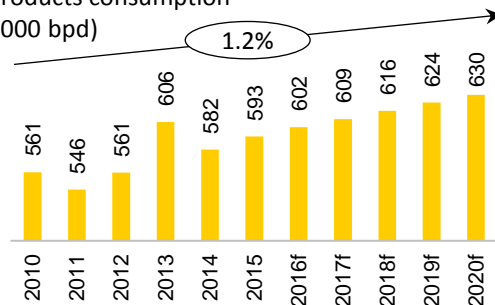
We will have an Extensive Track Record of Executing Work in International Markets and will be a Formidable Contender to Other Global Oil and Gas Service Providers

IN ADDITION, ORKIM'S UNIQUE MARKET POSITIONING AND NON-CYCLICAL BUSINESS PROVIDE STRONG EARNINGS RESILIENCE...

Attractive industry dynamics

Demand not affected by price cycle

Increase in refined oil products consumption ('000 bpd)



Transportation services related to O&G downstream activity are mainly driven by the energy consumption and the demand in volume for petroleum products

Protected industry

Malaysian cabotage laws

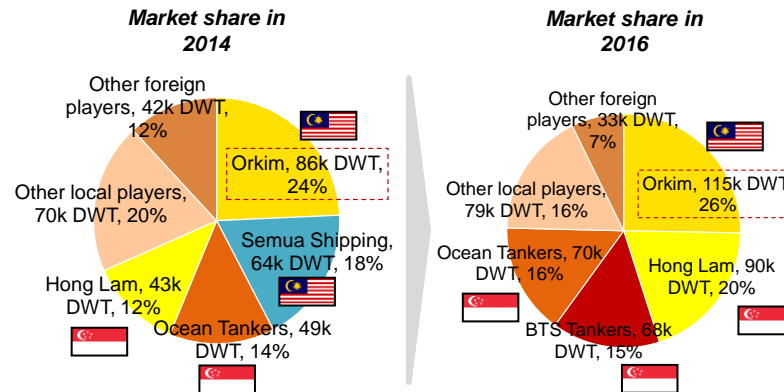
- Restricts domestic transport routes to only Malaysia flagged vessels
- Unconditional domestic shipping license granted to Malaysian companies with Malaysian flagged vessels with a 30% Bumiputera participation and a 75% Malaysian crew

PETRONAS licensing

- PETRONAS license required to participate in tender calls and quotation from PETRONAS
- Strict requirements imposed on applicants

Unique positioning

Market leader⁽²⁾



Following the exit of Semua Shipping from the market due to financial distress, Orkim is currently the only large local player in the industry

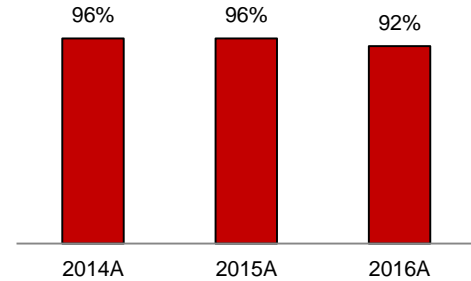
Supplier of choice



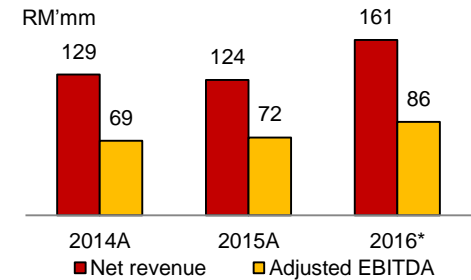
The only domestic CPP tanker operator serving the top two oil majors in Malaysia

Leads to

...consistently high utilisation rate



...resilient earnings⁽¹⁾



...industry leading ROE

ROE⁽¹⁾ of 20% and 18% in 2015A and 2016 respectively

...strong order book

Order book of **c.RM630mm** over the next 7 years representing 3.9x of FY2016 net revenue

Source: BMI, Company's estimates, public information

Note: Growth figures refer to CAGR for the period

(1) Earnings were adjusted for one off items. E.g. gain on bargain purchase, impairment losses on vessels etc

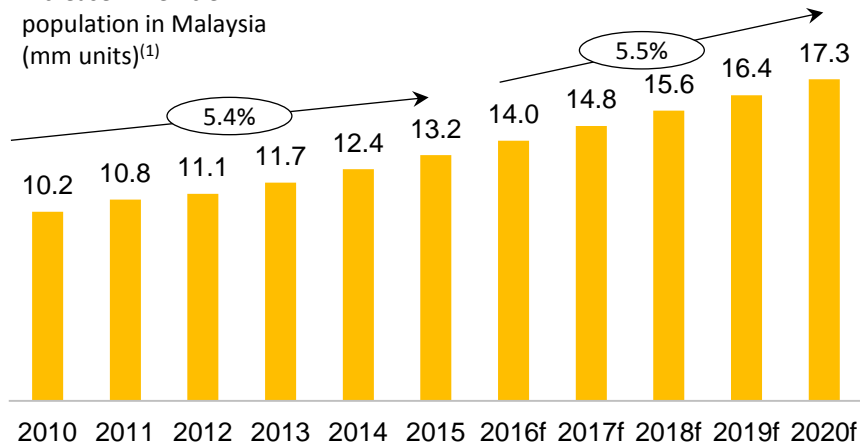
(2) Market share estimates include both spot and long term charter contracts of vessels operating in Malaysia Page 31

Note: (*) Unaudited financial results for the year ended 31st Dec 2016

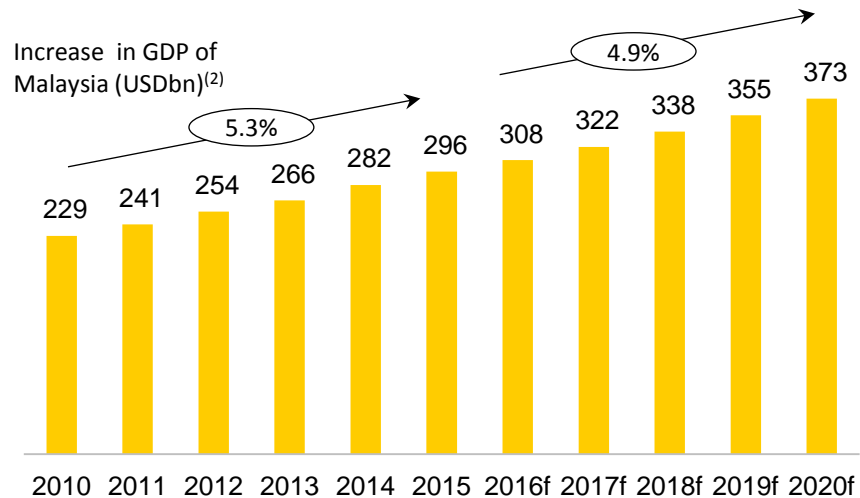
... AND OPPORTUNITY FOR FURTHER GROWTH

Expected growth from increase in domestic consumption driven by:

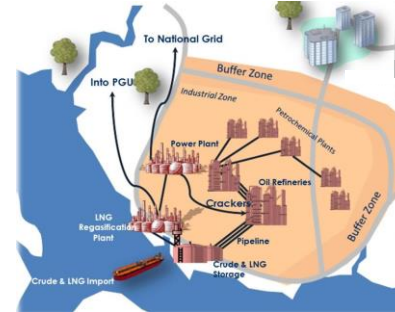
Increase in vehicle population in Malaysia (mm units)⁽¹⁾



Increase in GDP of Malaysia (USDbn)⁽²⁾



RAPID, a catalyst to supercharge growth



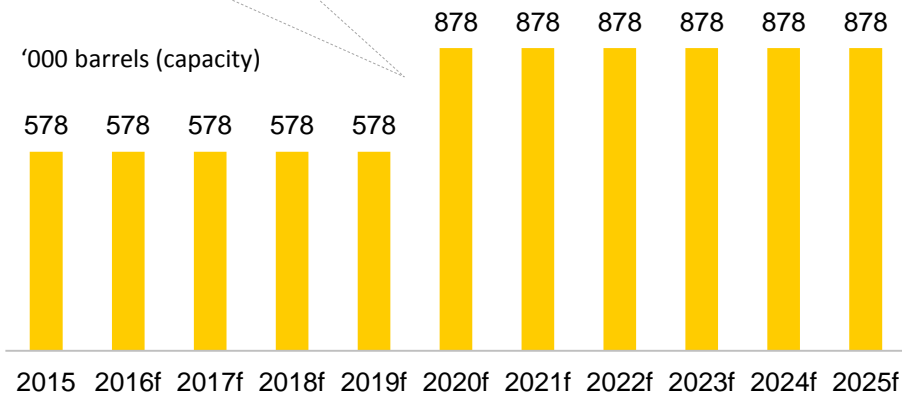
Refinery and Petrochemicals Integrated Development ("RAPID")

- Investment size: RM110bn
- Strategically located in Pengerang, Southern Johor, Malaysia. Access to international shipping lines
- Facility size: 20,000 acres
- Processing capacity: 300,000 bpd
- Project delivery: 1Q2019

PETRONAS' RAPID project consisting of a 300k bpd refinery and petrochemical complex
Close gap between domestic production and consumption of refined products

Further upside potential:

- Petron is planning a USD1.5bn investment into its refining and retail business in Malaysia
- Yan refinery project in Kedah with a 400k bpd capacity worth >USD20bn



Source: BMI, public information

Note: Growth figures refer to CAGR for the period.

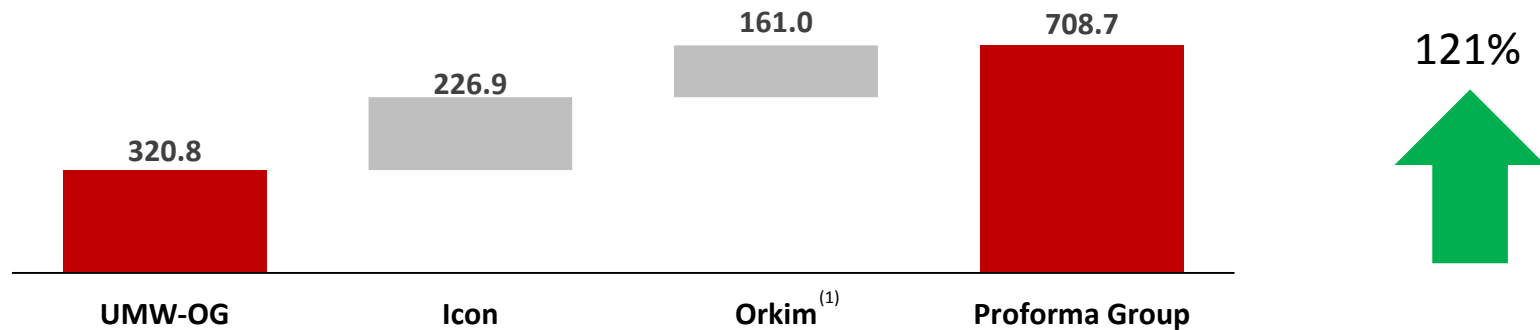
(1) Vehicle population inclusive of passenger and commercial vehicles

(2) Fixed 2015 exchange rates

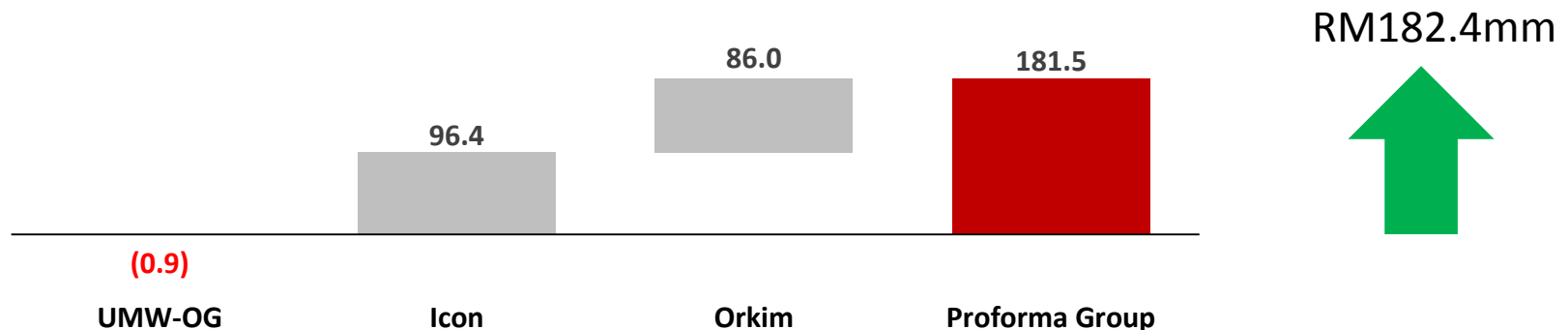
ACQUISITIONS WILL LEAD TO A SIGNIFICANT UPLIFT IN REVENUE AND EARNINGS

Figures are in RM mm unless stated otherwise

FY2016 Revenue



FY2016 Adjusted EBITDA⁽²⁾



Significant Uplift in Revenue and Earnings to UMW-OG; Orkim provides Earnings Resilience to the Group

Notes:

(1) Net revenue

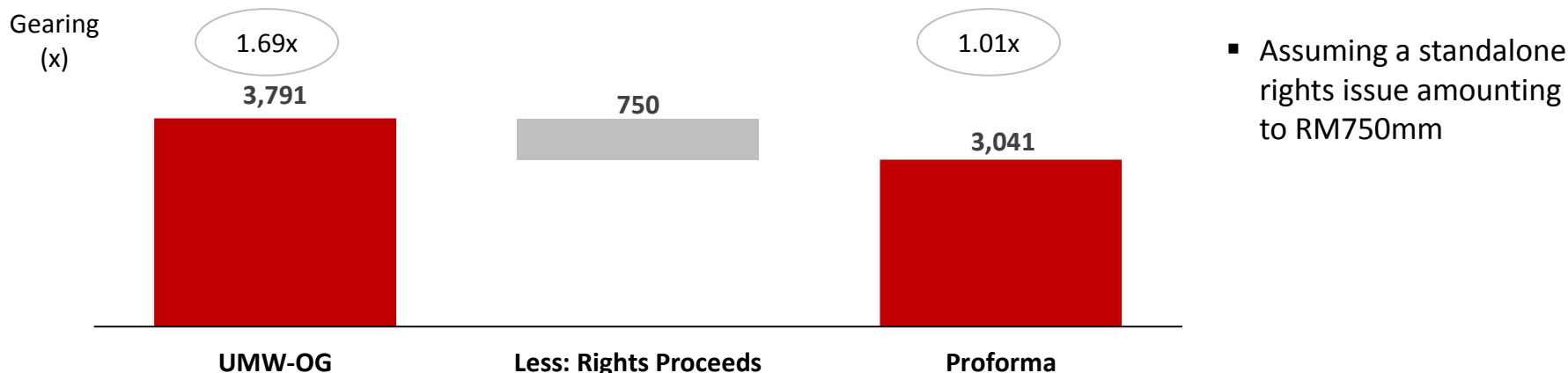
(2) Adjustments made for one off items such as impairment losses etc.

Source: Company financials

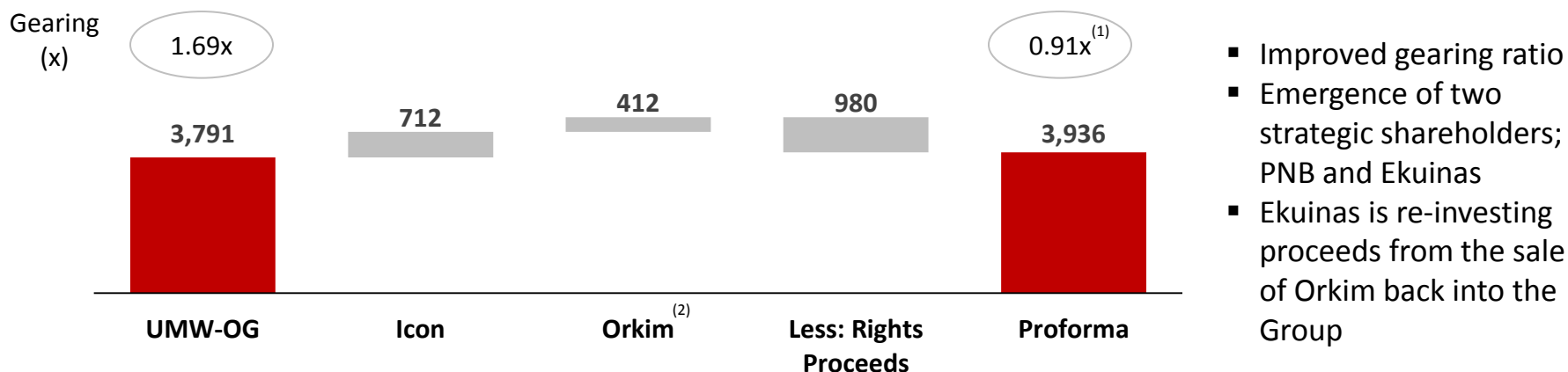
...WHILST THE RIGHTS ISSUE WILL STRENGTHEN OUR BALANCE SHEET AND LEAD TO THE EMERGENCE OF TWO STRATEGIC SHAREHOLDERS

Figures are in RM mm unless stated otherwise

UMW-OG Standalone FY2016 Proforma Debt with Rights Issue



Group's FY2016 Proforma Debt Including Acquisitions and Rights Issue of RM1.8bn



Consolidation and Rights Issue will Strengthen Our Financial Position and Allow the Emergence of Two Strategic Shareholders which will Position Us Strongly to Capitalise on Sector Recovery

Notes:

(1) Based on raising equity via the rights issue of RM1,815mm and issuance of new shares to Ekuinas

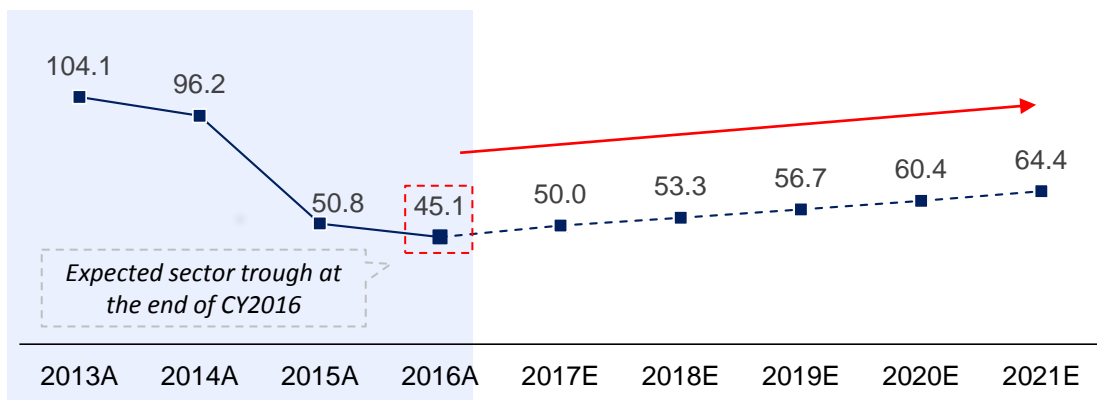
(2) Includes Orkim's shareholder loan

Source: Company financials

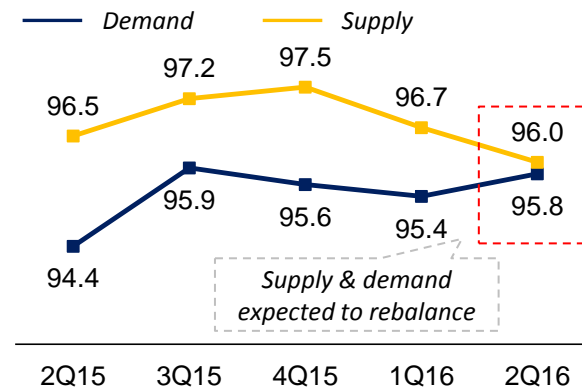
WE WILL BE BETTER POSITIONED TO CAPTURE THE BENEFITS OF THE EVENTUAL SECTOR RECOVERY

Oil Prices Expected to Stabilise; Supply & Demand Rebalancing and Capex Developments to Follow

Crude Oil Average Spot Price – USD/bbl⁽¹⁾



Global Oil Demand and Supply – mm bbl/day⁽²⁾



Industry rationalisation

- The proposed transactions is taking the lead towards the industry's call for consolidation as previously encouraged by Petroliaam Nasional Bhd's president and group chief executive officer Datuk Wan Zulkiflee Wan Ariffin
- "Malaysian oil and gas companies must extend themselves to explore consolidation opportunities within the fraternity to increase their competitiveness and position the country's oil and gas industry in good stead when the global market recovers".

Recent sector developments

- Price stabilisation expected following the joint agreement between OPEC and non-OPEC members to cut oil output in H1 2017
 - Expected to accelerate supply-demand rebalancing
 - Support firmer oil prices
 - Potentially kick-start capex growth by oil majors

Early indications of improvements

- Asset utilisation rates are improving
 - Higher enquiries for tenders
 - Downward pressure on day rates expected to abate

Key takeaways

- Cautious optimism on the back of firmer oil prices; improvements in activity levels, enquiries are encouraging signs
- Opportune time to consider consolidation to accelerate earnings recovery
- Ensure sufficient capitalisation to benefit from sector recovery

Notes:

(1) World Bank

(2) International Energy Agency

OUR STRATEGIC ROADMAP MOVING FORWARD

The Prime Player in Malaysia in a Better Position to Execute Global Expansion Strategies

Current Phase



- ✓ Becoming the prime player in the Malaysian market with a strengthened balance sheet
- ✓ Spearheading Petronas's call for industry consolidation to achieve synergies and operational efficiency

5 Years and Beyond



- ✓ Become the go to service provider in the regional and global market among the international oil and gas companies
- ✓ Expand product offering by offering new and complementary services across the oil & gas value chain

We will be in a Better Position to Benefit from the Imminent Sector Recovery as well as Pursue Diverse and Larger Scale Growth Opportunities Moving Forward

MUTUALLY BENEFICIAL TRANSACTION FOR ALL STAKEHOLDERS

Shareholders of UMW Oil & Gas

- ✓ Accelerated recovery in earnings through Icon Offshore's young and high quality fleet
 - Above-average utilisation rates; core earnings positive amidst sector trough
- ✓ Enhanced business proposition from broadened product offering and ability to bundle these services
- ✓ Synergies to be derived from availability of vessels to support rig activities
- ✓ Emergence of two strategic shareholders willing to commit capital

Shareholders of Icon Offshore

- ✓ Potential for fleet utilisation to creep back up to supra 80-90% achieved historically
- ✓ Opportunity to be part of a bigger platform
 - Set to be one of the largest integrated O&G counters in Malaysia
 - Increased investor liquidity and coverage

Reduced revenue and earnings volatility through the consolidation with Orkim

- ✓ Outstanding order book of c.RM630mm as of December 2016
- ✓ Long term contracted cash flows with firm periods up to FY2021 and extension options up to FY2024
- ✓ Strong growth prospects in Malaysia

ICON OFFSHORE



THANK YOU
