

# UMW-OG PRETAX LOSS OF RM411.3M IN 4Q15



RM million	4Q15	3Q15	QoQ	FY2015	FY2014	YoY
(Loss)/ Profit Before Tax	(411.3)	11.5	(422.8)	(349.4)	284.1	(633.5)

## EXECUTIVE SUMMARY

### 4Q15 financial highlights

- Group revenue of RM131 million was reduced by RM81.7 million compared to previous quarter.
- The Group recorded a loss before tax of RM411.3 million in contrast to the RM11.5 million profit before tax achieved in the previous quarter.
- Lower rig utilisation coupled with lower time charter rates resulted in the operating loss before tax and impairment charges and asset write off, of RM61 million for the quarter.
- A non-cash charge of RM337.7 million associated with impairment of assets and goodwill, one-off five-yearly asset write off of RM12.6 million, as well as operating losses due to the continued depressed oil prices, contributed to the current quarter performance.
- Net loss attributable to equity holders of the Company is RM409.1 million.

### 4Q15 operational highlights

- UMW NAGA 7 secured a contract and commenced working offshore Malaysia for PETRONAS in November.
- UMW NAGA 5 completed operations in offshore Vietnam in October.
- Overseas operations contributed approximately 13.4% of the Group revenue in the fourth quarter of 2015.

### Prospects for 2016

- The price of oil is expected to remain low and to continue to be volatile in the near future. Due to this, there have been lower activities in both exploration and development of new oil and gas fields, resulting in lower drilling and workover activities.
- Current low oil price and the volatility in the near future will pose challenges to the Group in 2016. However, any recovery in the oil price will positively affect the Group and improve the Group performance.

### Dividend

- No final dividend has been recommended for the quarter ended 31 December 2015.

Dear fund managers and analysts,

Group revenue of RM839.5 million for the financial year ended 31 December 2015 was lower than the RM1,014.9 million reported in the preceding year, by RM175.4 million or 17.3%.

Lower time charter rates as well as the overall lower rig utilisation amidst the current challenging landscape resulted in the drop in both revenue and profitability of the Group. This shortfall was however, mitigated by additional revenue contributions from three new assets, UMW NAGA 6, UMW NAGA 7 and UMW NAGA 8 and translation gains from the appreciation of United States Dollar against Ringgit Malaysia.

The Group registered an operating loss after tax of RM21.2 million for the financial year ended 31 December 2015. Asset and goodwill impairment losses of RM337.7 million and one-off asset write off of RM12.6 million, resulted in the Group registering a loss after tax of RM371.5 million.

The bearish outlook is expected to continue in the near term. To address the challenges and to prepare for future expansion, we are broadening our presence in the Middle East with a branch set up in Abu Dhabi, aggressively marketing our rigs and maintain or improve on our rig utilisation. Proactive measures are also undertaken via a corporate transformation programme, primarily to enhance our cost optimisation and efficiency. Our focus is to continue our commitment in serving our clients with high quality services at competitive price.

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

# UMW OIL & GAS CORPORATION BERHAD

## Group Income Statement

	4Q15 RM'000	3Q15 RM'000	4Q14 RM'000	FY 2015 RM'000	FY 2014 RM'000	% change (Q-o-Q)
Revenue	130,959	212,697	326,233	839,526	1,014,903	(60%)
Share of Profits of Associated Companies	89	147	196	472	550	(55%)
(Loss)/ Profit Before Taxation	(411,305)	11,454	83,770	(349,395)	284,156	(591%)
Net (Loss)/ Profit Attributable To Shareholders	(409,130)	218	71,946	(372,306)	251,996	(669%)

### Prospects for 2016 Drilling Services Segment

The price of oil is expected to remain low and to continue to be volatile in the near future. Due to this, there have been lower activities in both exploration and development of new oil and gas fields, resulting in lower drilling and workover activities. This poses continued challenges in terms of both time charter rates and utilisation of drilling rigs and Hydraulic Workover Units. While the time charter rates are lower in line with global market, the reduction in utilisation is being cushioned with the support of PETRONAS and other regular clients.

As the Group's activities are directly related to the activities in the oil and gas industry, which in turn is driven by the price of oil, the current low oil price and the volatility in the near future will pose challenges to the Group in 2016. However, any recovery in the oil price will positively affect the Group and improve the Group's performance.

### Oilfield Services Segment

The current state in the oil and gas industry has also affected the price and volume of oilfield services activities. The weak market globally is expected to continue in the near term and pose continued challenges for this segment.

## BUSINESS SEGMENT – DRILLING SERVICES

### Segmental Reporting

	4Q15 RM'000	3Q15 RM'000	4Q14 RM'000	FY 2015 RM'000	FY 2014 RM'000	% change (Q-o-Q)
Revenue	124,761	203,737	313,981	802,345	968,619	(60%)
(Loss)/ Profit Before Taxation	(411,148)	(18,954)	80,277	(386,456)	272,838	(612%)

#### Highlights

- In the fourth quarter of 2015, the Drilling Services segment contributed revenue of RM124.8 million or 95.3% of the total revenue of RM131.0 million, a decrease of RM189.2 million or 60.3% over the RM314.0 million recorded in the same quarter of 2014. The reduction in revenue was mainly due to the deterioration in time charter rates and weak demand for some of the assets in the Group during the fourth quarter of 2015. However, the following positive factors mitigated the revenue reduction:
  - additional revenue contributions from two new jack-up rigs, UMW NAGA 8 and UMW NAGA 7, which commenced operations in September and November 2015, respectively; and
  - translation gains from the appreciation of United States Dollar against Ringgit Malaysia.
- The Drilling Services segment incurred a loss of RM411.1 million in the fourth quarter of 2015 in contrast with the profit before tax of RM80.3 million achieved in the fourth quarter of 2014. Lower revenue, asset and goodwill impairment losses of RM331.5 million as well as asset write off of RM12.6 million arising from the five-yearly special periodical survey mainly contributed to the current quarter loss.

## BUSINESS SEGMENT – OILFIELD SERVICES

### Segmental Reporting

	4Q15 RM'000	3Q15 RM'000	4Q14 RM'000	FY 2015 RM'000	FY 2014 RM'000	% change (Q-o-Q)
Revenue	6,198	8,960	12,252	37,181	46,284	(49%)
Profit Before Taxation	(8,363)	734	3,043	(4,027)	8,790	(375%)

#### Highlights

- In the fourth quarter of 2015, the Oilfield Services segment contributed revenue of RM6.2 million or 4.7% of the total revenue of RM131.0 million, a reduction of RM6.1 million or 49.6% over the RM12.3 million registered in the same quarter of 2014. Lower revenue recorded by the Group's operations in Labuan, Thailand, China and Turkmenistan resulted in the revenue decrease.
- The Oilfield Services segment reported a loss before tax of RM8.4 million in the fourth quarter of 2015 compared to a profit of RM3.0 million recorded in the same quarter of 2014. Revenue reduction and goodwill impairment loss of RM6.2 million of a subsidiary largely contributed to the current quarter loss.

# UMW OIL & GAS CORPORATION BERHAD

## Consolidated Statement of Financial Position

	At 31/12/2015 RM'000	At 30/09/2015 RM'000	At 31/12/2014 RM'000
<b>TOTAL ASSETS</b>	<b>7,680,256</b>	<b>8,277,567</b>	<b>5,755,964</b>
Investment in Associates	1,753	2,333	1,950
Property, Plant & Equipment	6,109,770	6,645,572	4,021,981
Deposits, Cash with Mutual Funds & Banks	1,060,552	1,058,674	1,178,046
Inventories	192,995	173,208	116,584
<b>TOTAL EQUITY</b>	<b>3,730,830</b>	<b>3,855,606</b>	<b>3,207,826</b>
Long Term Borrowings	1,747,624	1,114,322	1,010,978
Short Term Borrowings (include ODs)	2,257,330	3,042,400	1,243,871
<b>Net Assets Per Share (RM)</b>	<b>1.5545</b>	<b>1.7778</b>	<b>1.4800</b>

# UMW-OG HIGHLIGHTS

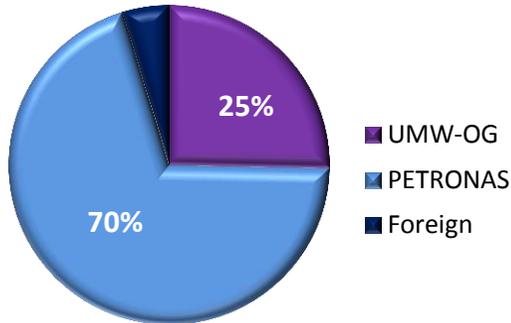
## 1 UMW Drilling Academy



### 15 courses

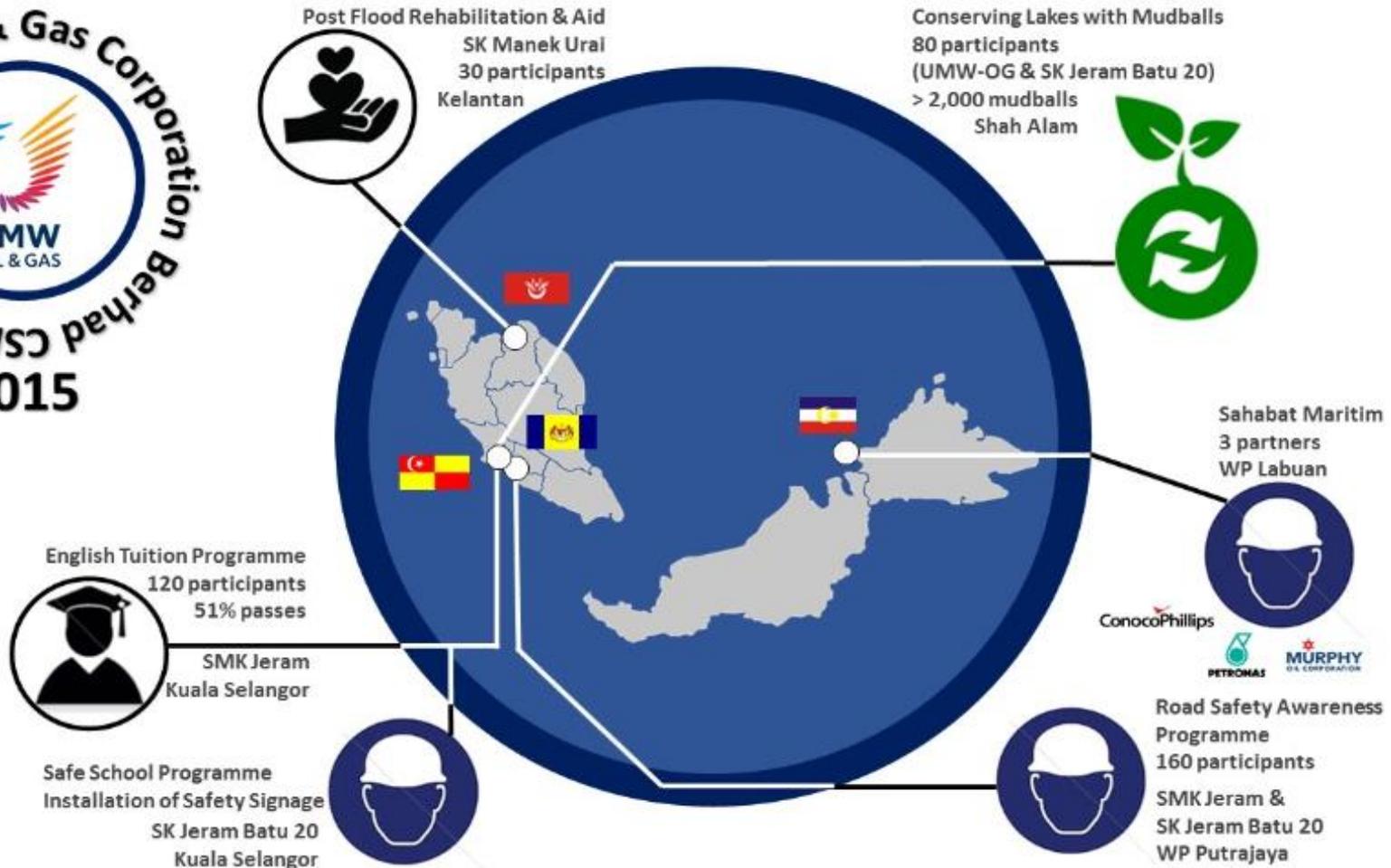
- ✓ Driller Course for Surface Stack
- ✓ Driller Course for Combined Surface and Subsea Stack
- ✓ Supervisor Course for Surface Stack
- ✓ Supervisor Course for Combined Surface and Subsea Stack

### 170 participants



# UMW-OG HIGHLIGHTS

## 2 Corporate Social Responsibility 2015 activities



# UMW-OG HIGHLIGHTS

## 3 Quality, Health, Safety & Environment

Emergency Control Center :  
Emergency Preparedness & Response



**Think Safety**  
Act Safely



**Nobody Gets Hurt  
No Damage To The Environment**

**Total Recordable  
Case Frequency**

<b>0.13</b>	<b>1.00</b>
2015	Industry average

**2015 Total Manhours**  
**3,751,292**

2015 QHSE Day



## THANK YOU



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