Kuala Lumpur, 28 March 2018

Sapura Energy Berhad announces unaudited full year 2018 financial results

Summary of financials

- **Revenue** of RM5.9 billion
- **EBITDA** of RM1.4 billion
- **Loss-before-tax and impairment** of RM191 million
- **Loss-after-tax** of RM2.5 billion (after impairment)
- **Impairment** of RM2.1 billion primarily on drilling rigs
- **Current cash and cash equivalents of** RM1.7 billion
- **New contract wins** in the last 2 months of RM2.7 billion in Engineering and Construction
- **Current orderbook** of RM16.6 billion

Sapura Energy Berhad ("the Company" or "the Group"), today announced its unaudited full year results for the financial year ended 31 January 2018, recording a revenue of RM5.9 billion, EBITDA contribution of RM1.4 billion and a loss-before-tax and impairments of RM191 million for the year.

An impairment, primarily of the Group's drilling rigs amounting to RM2.1 billion, has resulted in a loss-after-tax of RM2.5 billion.

"The Group assesses all aspects of its asset lifecycle periodically based on market changes and views impairment assessments as a healthy industry practice. The impairment recorded, which has no impact on cash, creates a lighter asset base for the Group by reducing the total carrying value and depreciation charge of our drilling rigs going forward," explained Tan Sri Dato' Seri Shahril Shamsuddin, President and Group Chief Executive Officer, Sapura Energy Berhad.

"This enables us to operate at a lower cost base in the future while enhancing our competitiveness for growth and at the same time improve profitability," he continued.

The Group remains focused on maintaining strong operational performance and replenishing the orderbook by strengthening its position in existing markets and embedding into new markets to enlarge bid opportunities, thus enhancing value for stakeholders.

"We are confident that our strong track record and proven technical capabilities will position us for further growth as the industry gradually experiences renewed optimism," said Tan Sri Shahril.

Commenting on the financial results, the Board of Directors is of the view that: "The industry has seen a gradual recovery from the low levels of activity experienced in the last three years as reflected in the higher crude oil prices. Consequently, the Group's Services segment has witnessed increased levels of bidding and contracting activities globally.

The Group continues to optimise costs which includes impairing assets, in particular in the Drilling segment. The Board of Directors believe that this will take a longer period of recovery.

In the last two months, the Group has secured RM2.7 billion of new orders in the Services segment, resulting in a stronger orderbook position which would contribute to revenues for FY2019.

For the Exploration and Production ("E&P") segment, with the completion of SK310 B15 development, the Group is currently focused on the potential development of SK408 field, which will further enhance the value and long-term earnings visibility of the business.

The Board is optimistic that the gradual recovery in the industry will improve the medium-to-long term prospects for the Group.

Summary of recent developments

- Exploration and Production
    - SK 310 B15 field development completed within budget and on schedule
    - SK408 development plans for Gorek, Larak and Bakong fields proceeding as planned
    - Entered into farm-in agreements to five offshore exploration permits within the Taranaki Basin in New Zealand

- Services
    - Notable wins include:
        - Celse Pipeline for UTE Porto De Segipe
        - Pan-Malaysia T&I contract 2018 for PCSB & Shell Sarawak
        - SPEM Replacement for Brunei Shell Petroleum
        - Pipeline T&I for Mumbai Port Trust
        - EPCC+I Phase 2 facilities (Zetung & Anggerik) for Hess Malaysia
        - MCM Services - Sarawak Gas for PCSB
        - Bokor Betty Rejuvenation for PCSB
        - Kinarut Erb West Compressor Upgrading for PCSB
        - Pegaga CPP for Mubadala Petroleum
    - 5 drilling rigs in operations with ~99% technical utilisation
    - All 6 Pipelay Vessels ("PLVs") operating at high utilisation rate of ~99% for Petróleo Brasileiro S.A. ("Petrobras")

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