

## MEDIA RELEASE

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## SAPURA ENERGY TURNS THE CORNER WITH PROFIT IN Q3 FY19

- **Summary of Q3 FY2019 financial results:**
  - Profit-before-tax of RM40.3 million
  - Revenue of RM1.5 billion
  - Current cash and cash equivalents of RM0.7 billion
- **New contract wins year-to-date of RM8.5 billion with a growing orderbook of RM18.6 billion.**
- **Secured most sought-after entry into Saudi Aramco's Long-Term Agreement (LTA) programme as pre-qualified contractor to bid for EPCI opportunities.**
- **On a stronger financial footing to push ahead with growth:**
  - Shareholders voted overwhelmingly for all six resolutions for the Rights Issue of RM4 billion at the Extraordinary General Meeting on 29 November 2018
  - Entered into strategic partnership with Austria's OMV through signing of Share Subscription Agreement and Shareholders' Agreement on 9 November 2018, which will result in cash proceeds of up to USD975 million
  - Possible synergistic collaboration with a potential partner to unlock the value of its Drilling business

Sapura Energy Berhad (Sapura Energy) registered a profit-before-tax of RM40.3 million for the third quarter ended 31 October 2018 (Q3 FY2019), which is higher by RM250.0 million compared to a loss-before-tax of RM209.7 million in Q3 FY2018. This is the first profit recorded by the Group since Q2 FY2018.

The Group's revenue rose by approximately 17 per cent to RM1.5 billion for the quarter under review from RM1.3 billion in the corresponding quarter of the preceding year, mainly attributed to the higher revenue from its Engineering and Construction (E&C) as well as Exploration and Production (E&P) business segments.

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Increased E&C activities during the quarter saw a rise in revenue by 17 per cent to RM959.8 million from RM822.3 million. The Group's drilling segment posted a lower loss-before-tax of RM11.7 million in Q3 FY2019 from RM93.1 million in Q3 FY2018. The number of working rigs increased to seven compared to six in the previous quarter.

In the E&P segment, the Group recorded a profit-before-tax of RM37.1 million, which is RM28.3 million higher compared to Q3 FY2018. The business segment registered a significantly higher revenue by 43 per cent to RM296.2 million from RM207.7 million in Q3 FY2018 due to higher production liftings and the effects of the higher average realised oil and gas prices achieved.

"The improved results indicate the Group's initial signs of a turnaround. We are seeing an upward trend in all segments, in particular the E&C business, driven by an increase in global investments and activities. As our orderbook grows, revenue will move up in tandem with project completion from commencement to book recognition," said Tan Sri Shahril Shamsuddin, President and Group Chief Executive Officer, Sapura Energy.

In line with its strategy to penetrate into new markets and enhance its presence in key geographical locations, Sapura Energy has been actively bidding for and executing higher value projects globally. The group's total contract wins in the current financial year-to-date has reached RM8.5 billion, representing a three-fold increase compared to the corresponding period in the preceding year.

New contracts secured, including its most recent wins in Mexico, Malaysia and India, have resulted in the Group's orderbook growing to RM18.6 billion, thus providing long-term visibility and higher utilisation of the Group's assets which will progressively increase revenue.

The group recently marked a significant milestone as one of the latest pre-qualified contractors in Saudi Aramco's Long-Term Agreement (LTA) programme. This will enable Sapura Energy to participate in bids for engineering, procurement, fabrication, transportation and installation (EPCI) contracts by Saudi Aramco. The LTA programme will be for a period of six years with options for extensions.

"Having the potential to win new contracts and to be appointed to the LTA programme is a strong validation of our competitiveness and capabilities. Our success can be attributed to our people. As we aim to be one of the world's most efficient and technically capable companies, we have continuously invested in the development of our expertise and skills from engineering to project management," said Tan Sri Shahril.

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In its efforts to ensure that the Group has sufficient capital to grow and operate on a stronger balance sheet, Sapura Energy recently embarked on a three-pronged strategy. The first initiative is the rights issue which entails raising RM4 billion. Shareholders passed all resolutions for the rights issue at the recent Extraordinary General Meeting. Together with the support from institutional investor, Permodalan Nasional Berhad, Sapura Energy is one step closer to strengthening its financial footing for further growth.

The Group is working towards completing its strategic partnership with Austria's OMV after the joint venture partners signed a Share Subscription Agreement and Shareholders' Agreement in November 2018. This transaction will result in Sapura Energy receiving cash proceeds of up to USD975 million. The Group's third corporate initiative may involve forming a synergistic collaboration with a potential partner to unlock the value of its Drilling business.

Sapura Energy's growth strategy has recorded significant successes as demonstrated in the group's global recognition, contract wins, enlarged acreage footprint and strategic partnerships. The pro-active steps to reap the benefits of the emerging opportunities in an improving market have been put in place to create better value for its shareholders.

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### **About Sapura Energy Berhad**

Sapura Energy Berhad is a global integrated oil and gas services and solutions provider operating across the entire upstream value chain. The Group's spectrum of capabilities covers exploration, development, production, rejuvenation, as well as decommissioning and abandonment. With a highly-skilled and technically-capable workforce, strategic world-class assets, and strong project management capabilities, the Group today delivers its integrated solutions and expertise in over 20 countries.

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