

MEDIA RELEASE

FOR IMMEDIATE RELEASE

Kuala Lumpur
18 September 2020

SAPURA ENERGY BERHAD SUSTAINS PROFITS FOR SECOND CONSECUTIVE QUARTER IN FINANCIAL YEAR 2021

Summary of Q2 FY2021 financial results:

- **PATAMI of RM23.7 million**
- **EBITDA of RM320 million**
- **Revenue of RM1.2 billion**
- **Current cash and cash equivalents of RM732 million**
- **Current orderbook of RM13.3 billion with cumulative new contract wins year-to-date of RM1.6 billion.**

Sapura Energy Berhad (“Sapura Energy” or “the Group”) extended its profitability in financial year 2021, announcing positive financial results for two consecutive quarters. The results demonstrate the Group’s firm commitment to turnaround the company, and its resilience in navigating the impact of the ongoing slowdown in the oil and gas industry.

The Group posted a profit-after-tax and minority interests of RM23.7 million for the quarter ended 31 July 2020 (“Q2 FY2021”), higher than the RM14.2 million profit-after-tax and minority interests recorded in the preceding quarter (“Q1 FY2021”) and the RM116.3 million loss-after-tax and minority interests in the corresponding quarter of financial year 2020 (“Q2 FY2020”).

The better performance is attributed mainly to improved operating metrics from its Engineering & Construction (E&C) division.

The Group adapted to new norms by leveraging on capabilities and strategic assets to capture opportunities in addressable markets and segments, while executing a comprehensive cost optimisation plan to ensure lean and efficient operations.

The movement control order, imposed by governments to combat the COVID-19 global pandemic, reduced activities for Sapura Energy’s E&C and Drilling divisions. As a result, the Group’s revenue in Q2 FY2021 was RM1.2 billion, lower than the RM1.4 billion recorded in Q1 FY2021.

Despite the moderation in revenue, the Group grew its earnings before income tax, depreciation and amortization (EBITDA) to RM320 million in Q2 FY2021, an increase from the RM203 million posted in Q1 FY2021 and RM113 million in Q2 FY2020.

Sapura Energy's fundamental strength in withstanding the cyclical nature of the industry helped the Group to remain agile in difficult operating conditions. Strategic initiatives to maintain lean and efficient operations, initiated in the previous financial year, have borne timely results as seen in the Group's improved operating margins.

"We have identified cost optimisation initiatives valued at about RM1.1 billion being executed over the next 12 months," said Sapura Energy President and Group CEO Tan Sri Shahril Shamsuddin. "Approximately RM450 million worth of initiatives have been fully implemented to date, including operations productivity improvement and capex optimisation, a group-wide salary reduction exercise, and an extensive review of commercial opportunities within existing contracts".

The Group's current orderbook stands at RM13.3 billion, with RM1.6 billion in cumulative new contract wins for the year to-date. Recent notable awards include the engineering, procurement, construction and installation scope for the Eni Mexico Amoca Project, Sapura Energy's sixth project in Mexico after its maiden entry in 2015. Other wins include a twelve-month extension on the operation of its pipe laying support vessel *Sapura Esmeralda* in offshore Brazil, from Petrobras; and a contract from Foxtrot International LDC for the provision of its tender assist drilling rig services in the Ivory Coast.

Sapura Energy continues to build top-line growth through robust bidding activities in addressable markets and segments for hydrocarbons and renewable energy. Despite some delays in project sanctions by potential clients, Sapura Energy's current bid book has grown by 25 percent compared to Q1 FY2021, with tenders valued at RM29.4 billion submitted and in progress.

As natural depletion in hydrocarbon resources compel oil and gas producers to increase capex investment, the total market value of opportunities in regions with Sapura Energy presence is expected to accumulate to USD1 trillion in the next five years.

Of these, the Group's addressable market segments, namely engineering, procurement, construction and installation (EPCI); subsea, umbilicals, risers and flowlines (SURF); drilling; and offshore wind, represent about USD360 billion. Prospects that Sapura Energy can immediately address within the next 12 to 24 months are valued at about USD120 billion.

As part of its sustainable growth strategy, the Group has embraced the shift to renewable and clean energy, utilising its existing assets to diversify into renewable energy projects.

"Offshore wind is likely to contribute a growing share of our addressable market, and we are currently looking at five bids and prospects in renewables," added Tan Sri Shahril.

The Group is also increasing its focus on natural gas as the world's transition fuel.

"A major portion of our business already support the development of natural gas assets around the globe and half of our current bid funnel consists of gas projects," said Tan Sri Shahril. "We will also be monetising our sizeable gas discoveries within the Exploration & Production division in the next few years."



The Group's Exploration & Production division continues to show a strong growth trajectory. SapuraOMV Upstream Sdn. Bhd. (SapuraOMV) recently announced stable production from its operated Bakong gas field project under the SK408 Production Sharing Contract (PSC), bringing Phase 1 of the SK408 development entirely on stream. SapuraOMV and its partners also recently announced a discovery in the Toutouwai-1 exploration well in Taranaki Basin, New Zealand.

While Sapura Energy anticipates the environment in the oil and gas industry to remain challenging in the short to medium term, the Group is optimistic of its ability to navigate the current uncertainties.

The Group will continue to focus on safe and efficient operations across its business segments, deliver its cost optimisation targets and improve financial strength; and be well-positioned to capture opportunities as the market recovers.

-end-



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. In 2019, Sapura Energy was named APAC Company of the Year for the Energy Services, Offshore and Marine category by the Energy Council.

For further editorial information, contact:

Sapura Energy Corporate Communications
corpcomms@sapuraenergy.com

sapuraenergy.com | www.facebook.com/SapuraEnergy/ | [instagram.com/sapuraenergy/](https://www.instagram.com/sapuraenergy/)

Cautionary note: "Sapura Energy", "the group" and "the company" are used for convenience where references are made to Sapura Energy Berhad in general. Similarly, words like "we", "us" and "our" are used to refer to Sapura Energy Berhad in general or to those who work for the company and its subsidiaries, where relevant. This press release may contain forward-looking statements. All statements other than statements of historical facts included in this press release, including, without limitation, those regarding our financial position, financial estimates, business strategies, prospects, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts.