



FOR IMMEDIATE RELEASE

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SAPURA ENERGY SUSTAINS REVENUE GROWTH AMIDST CHALLENGES

Summary of Q1 FY2022 Financial Results

Metric	Quarter-on-Quarter Performance (RM in millions)		
	Q1 FY2022	Q4 FY2021	Q1 FY2021
Revenue	1,471	1,444	1,357
EBITDA (reported)	157	50	203
(Loss)/Profit-After-Taxation and Minority Interests (reported)	(97)	(216)	14
EBITDA (normalised)	164	44	203
(Loss)/Profit-After-Taxation and Minority Interests (normalised)	(49)	(193)	14
EBITDA Margin (normalised)	11%	3%	15%

FINANCIAL REVIEW

Sapura Energy Berhad (“Sapura Energy” or “the Group”) sustained upward momentum at the start of financial year 2022, posting earnings before interest, taxation, depreciation and amortisation (“EBITDA”) of RM157 million for the first quarter ended 30 April 2021 (“Q1 FY2022”), on the back of RM1.47 billion in revenue. This is a three-fold increase compared to the RM50 million EBITDA posted in the fourth quarter of financial year 2021 (“Q4 FY2021”), which was achieved against revenue of RM1.44 billion.

Improvements in operational efficiencies and continued realisation of cost optimisation initiatives enabled the Group to preserve a healthy EBITDA margin of 11 percent despite the pandemic-stricken operating environment. Its EBITDA margin for Q4 FY2021 was three percent. All business segments in the Group reported better EBITDA margins in the current quarter, particularly the Drilling segment, which posted a strong EBITDA margin of 52 percent.

The Group narrowed its loss-after-taxation and minority interests (“LATAMI”) to RM97 million in Q1 FY2022, from a LATAMI of RM216 million in the preceding quarter. The LATAMI in Q1 FY2022 was mainly contributed by the one-time financial impact arising from the completion of the Group’s refinancing exercise and the unfavourable effect of US Dollar exchange rate against Ringgit Malaysia.

OPERATIONAL REVIEW

“The Covid-19 pandemic has not hampered our focus on achieving operational excellence and delivering our promises to our clients. Our agility and resilience had been the driving force to progress the Group’s *Performance Acceleration* strategy”, commented Sapura Energy Group CEO Datuk Mohd Anuar Taib.

Charted in three phases, *Performance Acceleration* is the first stage in Sapura Energy’s journey to embrace the energy transition. Focusing on four key areas; safety, operational excellence, financial headroom, and our people and culture, the Group’s mission map begins with enhancing its role as an integrated solutions provider and asset operator; and diversifying its asset base.

As part of the Group’s quest for operational excellence, its Acceleration Program identified RM1.3 billion in cost optimization initiatives, of which approximately RM800 million have been implemented and RM440 million savings have been realised to-date.

In efforts to embrace the energy transition, the Group revised its organisational structure into four business segments, namely; Engineering & Construction, Operations and Maintenance, Drilling, and Exploration & Production. The revised organizational structure was aimed at creating clear accountabilities, seamless collaboration, and long-term sustainability.

Exploration & Production (“E&P”)

Summary of Business Segment Financial Performance: E&P

Metric	Quarter-on-Quarter Performance (RM in millions)		
	Q1 FY2022	Q4 FY2021	Q1 FY2021
Revenue*	325	253	290
EBITDA*	196	171	167
EBITDA Margin*	60%	67%	58%
(Loss)/Profit -After-Taxation and Minority Interests*	104	(23)	(10)
Share of Profit /(Loss) at 50%	52	(12)	(5)

*posted by SapuraOMV Upstream Sdn Bhd

The Group’s E&P segment, operated through its strategic partnership SapuraOMV Upstream Sdn Bhd (“SapuraOMV”), registered profit-after-taxation and minority interests of RM104 million in the current quarter, a jump from the RM23 million loss-after-taxation and minority interests posted in the preceding quarter. The results translated into a higher share of profit for the Group, at RM52.0 million in the current quarter, compared to a share of loss of RM12 million in Q4 FY 2021. The improved results are mainly attributed to higher gas production following SK408 Gorek, Larak, and Bakong fields coming fully onstream and the effect of the higher average realised oil prices achieved in the current quarter.

The Group’s E&P segment continues to see strong growth prospects in its SK408 and SK310 production sharing contracts, and significant upside potential from its exploration opportunities in Mexico, Australia, and New Zealand. The divestment of its oil producing assets in Peninsular Malaysia is expected to be completed in the second half of FY 2022, while the SK408 Jerun development is progressing as planned.

Summary of Business Segments Financial Performance: Drilling, E&C and O&M

Metric	Business Segments Performance (RM in millions)								
	E&C			O&M			Drilling		
	Q1 FY2022	Q4 FY2021	Q1 FY2021	Q1 FY2022	Q4 FY2021	Q1 FY2021	Q1 FY2022	Q4 FY2021	Q1 FY2021
Revenue	1,134	1,167	966	115	185	160	252	167	241
(Loss)/ Profit- Before- Taxation	51	29	125	3	(39)	(1)	22	(61)	(15)
EBITDA Margin	9%	7%	10%	6%	-21%	2%	52%	31%	46%

Drilling

The segment posted revenue of RM251.8 million in the current quarter, an increase of 4.5 percent compared to the revenue of RM240.9 million in Q1 FY2021. This was mainly due to higher revenue from its Africa operations and mobilisation/demobilisation activities pursuant to increasing rig activities. The segment recorded profit-before-taxation of RM22.1 million, which was higher by RM37.0 million compared to the loss-before-taxation of RM14.9 million in Q1 FY2021. This was mainly due to the higher revenue, improved margins from operating rigs during the quarter, and lower financing costs.

As at end of Q1 FY2022, the Group's Drilling segment increased the number of active rigs to seven compared to six in Q4 FY2021, improving its fleet utilization rate to 45 percent.

Engineering & Construction ("E&C")

The segment recorded revenue of RM1.13 billion, which was 17.3 percent higher than the revenue of RM966.5 million in Q1 FY2021, primarily due to higher activities in line with the progress of projects being executed. E&C recorded profit-before-taxation of RM51.1 million, which was lower by RM74.3 million compared to RM125.4 million in Q1FY2021, mainly due to the lower share of profit from associates and joint-ventures.

Sapura Energy's E&C segment continued to remain resilient across its operations, completing five offshore projects in Q1 FY2022. Its fabrication yards and key fleet utilization rates were maintained at 38 percent and 52 percent respectively.

Operations & Maintenance ("O&M")

The segment's revenue of RM114.8 million in the current quarter was 28.1 percent lower than the revenue of RM159.6 million in Q1 FY2021, primarily due to lower level of activities. The O&M segment recorded profit-before-taxation of RM3.2 million in the current quarter compared to loss-before-taxation of RM1.5 million in Q1 FY2021, mainly attributable to the operational efficiency improvements in the current quarter.

As at end of Q1 FY2022, O&M was working on 73 projects (including minor maintenance projects) across four services namely; hook-up and commissioning, geotechnical and geo-survey services, technology systems, and turbomachinery repair and maintenance. Its fleet of vessels posted a 54 percent average utilization rate in the current quarter.

OUTLOOK

“Sapura Energy has secured about 95 percent of its targeted revenue for financial year 2022, and we are confident that we will exceed the revenue posted in financial year 2021”, said Datuk Mohd Anuar. “We are well-positioned to capitalise on the recovering energy industry, given the expected rebound in oil and gas demand. At the same time, we will continue to deepen our presence in the renewables sector to ensure we remain sustainable in the future”.

The Group’s orderbook stood at RM11.8 billion at the end of Q1 FY2022. Sapura Energy’s total bids and prospects is currently valued at RM147 billion, with RM51 billion worth of tenders already submitted or in progress. These include six active bids in the renewables sector, across Asia Pacific.

The Group’s optimism is tempered by uneven recovery in the world economy, as many countries are still grappling with Covid-19. Sapura Energy will continue to focus on managing the pandemic’s impacts on its operations. Its business continuity plans remain in force as the Group prioritises the health and safety of its employees and contractors while delivering projects to clients. At the end of the quarter, the Group has accumulated pandemic related costs amounting to RM328 million and is currently engaging with its clients to acknowledge and resolve these costs for recovery.

Meanwhile, the Group added financial headroom for lenders to participate in its Multi-Currency Sukuk Programme as an alternative funding platform for the Group moving forward, following the recent upsizing of its Multi-Currency Sukuk Programme from RM7 billion to up to RM10 billion in nominal value.

The Group is cautiously optimistic that it is well positioned to deliver resilient performance in FY2022, while remaining on track to deliver on its longer-term strategic intents in embracing energy transition.

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About Sapura Energy Berhad

Sapura Energy Berhad is a global integrated energy services and solutions provider operating across the entire upstream value chain, including renewables. The Group’s spectrum of capabilities covers exploration, development, production, rejuvenation, decommissioning, and abandonment. With a highly skilled and technically capable workforce, versatile strategic 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 at corpcomms@sapuraenergy.com

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

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