

MEDIA RELEASE

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Kuala Lumpur
30 September 2021

SAPURA ENERGY BERHAD ANNOUNCES SECOND QUARTER RESULTS FOR FINANCIAL YEAR 2022 AND NEW CONTRACT WINS

Summary of Q2 FY2022 financial results:

- **Revenue of RM747 million**
- **LATAMI of RM1.52 billion**
- **Current orderbook of Group subsidiaries at RM7.5 billion, new wins of RM942 million**
- **Current orderbook of Jointly Controlled Entities at RM7.2 billion**

Sapura Energy Berhad (“Sapura Energy” or “the Group”), announced financial results for the second quarter of financial year 2022 (“Q2 FY2022”), posting Group revenue of RM747 million and Loss-After-Taxation and Minority Interests (“LATAMI”) of RM1.52 billion.

Sapura Energy’s Group revenue declined 38.7 percent compared to the RM1.2 billion posted in the corresponding quarter of the preceding year (“Q2 FY2021”) mainly due to lower revenue recognition from the Engineering and Construction (“E&C”) and Operations and Maintenance (“O&M”) business segments.

This is the result of a lower percentage of completion recognised for projects in the current quarter under review, following recognition of foreseeable losses and higher costs for certain projects. These have resulted in a LATAMI of RM1.52 billion in Q2 FY2022.

Sapura Energy’s financial performance was severely impacted by the effects of COVID-19.

“Similar to our industry peers, we bore the brunt of both the direct and indirect costs of the pandemic,” said Sapura Energy Group CEO Datuk Mohd Anuar Taib. “We are currently negotiating amicable solutions with our clients, but in these extraordinary times, clients are cautious and reluctant to resolve claims quickly.”

The Group estimates that cumulated COVID-19 direct costs have escalated to RM397 million as of Q2 FY2022, with RM111 million incurred in the first half of this financial year.

“The consequential costs arising from these can be between twice to four times, depending on the type of project,” explained Datuk Anuar.

The impact of the pandemic to operations, coupled with project execution delays primarily in Taiwan and India, resulted in the Group’s disappointing performance in the current quarter.

Sapura Energy expects the current hurdles and uncertainties to continue in the second half of the year.

Turnaround efforts are also hampered by liquidity concerns. The Group is engaging with parties and lenders on short and long-term portfolio actions to expedite improvements in our cash flow and debt situation.

“We are intensifying and hastening the pace of our Reset journey,” said Datuk Anuar. “We are reviewing the Group’s capital structure and financial framework, as well as the operating model and future business direction.”

To lead this effort, Sapura Energy has set up a Board Restructuring Taskforce to provide oversight and support to the Management Team, according to Sapura Energy Chairman Tan Sri Shamsul Azhar Abbas.

“The Board will be working hard with Management and key stakeholders especially lenders, to turn around the Group as soon as possible,” Tan Sri Shamsul added.

CONTRACT WINS

Sapura Energy continues to demonstrate its capabilities as a trusted global energy and solutions company, with three new awards in Australia and Brazil.

Santos WA Northwest Pty Ltd Limited (“Santos”) recently announced Sapura Projects Pty Ltd, an indirect wholly-owned subsidiary of Sapura Energy, is awarded with a contract for FEED for the Design, Construction and Installation of the Wellhead Platform for the Dorado project in the Bedout Sub-basin, offshore Western Australia.

The scope of work includes engineering and fabrication of the wellhead platform at Sapura Energy’s Lumut Fabrication Yard, and transportation and installation using two of our versatile strategic assets. The works are expected to be completed by first quarter of calendar year 2024.

In a statement to the Australian Stock Exchange, Santos described the wellhead platform as a critical component of the Dorado project development, requiring a company with Sapura Energy’s deep construction and installation experience.

Santos also awarded Sapura Projects Pty Ltd a contract for the transportation and installation of the spartan and spar halyard umbilical replacement (“SHUR”) at its John Brookes wellhead platform. The works are expected to be completed by fourth quarter of calendar year 2022.

Both awards are valued at about RM942 million.

In Brazil, Sapura Navegação Marítima S.A. (“SNM”) has been awarded with Charter and Service Contracts for two pipelay support vessels by Petrobras.

The two vessels, namely *Sapura Diamante* and *Sapura Topázio* will support the installation and recovery of flexible pipes in Brazilian waters.

SNM is a wholly-owned subsidiary of Seabras Sapura Participações S.A., a joint venture company between Sapura Offshore Sdn Bhd and Seabras Serviços De Petróleo S.A., a subsidiary of Seadrill Limited.

The order book for the Group’s subsidiaries (excluding jointly-controlled entities) currently stands at RM7.5 billion.

The Group has taken a more targeted approach in bids and prospects to ensure profitability. In line with this approach, our current bid book stands at RM35 billion, lower than the RM54 billion reported in the previous quarter.

OPERATIONAL HIGHLIGHTS

In the first half of the financial year, Sapura Energy’s E&C, O&M and Drilling segments completed 19 major projects, including the fabrication, transportation and installation of a central processing platform (“CPP”) in Malaysia, and the construction and installation of two sixteen-inch offshore pipelines connecting three platforms in Qatar. The *Sapura Esperanza* drilling rig recently completed a deep-water production drilling campaign ahead of schedule, offshore Malaysia.

The Group’s Exploration and Production (“E&P”) segment, operated through the strategic partnership SapuraOMV, completed divestment of its oil-producing blocks in Peninsular Malaysia. SapuraOMV also concluded its first exploration campaign in Australia.

Sapura Energy will continue to register high activities in the second half of FY2022.

In E&P, SapuraOMV will be kicking off construction of facilities for the Jerun field, extending value for the SK408 gas development project.



In Drilling, *Sapura Esperanza* will be spudding the first of six wells offshore Malaysia, under an Integrated Rig, Drilling, and Completion (“i-RDC”) Services Contract, the first of its kind in the country. In collaboration with Halliburton, the i-RDC project leverages on expertise within Sapura Drilling and SapuraOMV, to deliver the client an end-to-end solution that combines rig services with all aspects of planning, operations and automation.

Other major projects due to begin in the second half of FY2022 include a decommissioning campaign in Thailand and major EPCI projects in Saudi Arabia and Malaysia.

“Relying on our values of safety, agility and professionalism, the Sapura Energy team continue to deliver promises to our clients,” Datuk Anuar remarked. “We will always do our very best, regardless of challenges, to build and maintain trusted partnerships.”

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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. The Group's spectrum of capabilities covers exploration, development, production, rejuvenation, decommissioning and abandonment, as well as renewables. 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.

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