

MEDIA RELEASE

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SAPURA ENERGY BERHAD ANNOUNCES THIRD QUARTER RESULTS FOR FINANCIAL YEAR 2022

Summary of Q3 FY2022 financial results:

- Revenue RM1.46 billion
- LATAMI of RM669 million
- Current orderbook of Group subsidiaries at RM7.58 billion, including new wins of RM1.76 billion

Sapura Energy Berhad (“Sapura Energy” or “the Group”), announced financial results for the third quarter of financial year 2022 (“Q3 FY2022”), posting a Group revenue of RM1.46 billion, slightly higher than the RM1.33 billion recorded in the corresponding quarter of financial year 2021 (“Q3 FY2021”). Revenue in the current quarter rose 95 percent against the RM747 million posted in the immediately preceding quarter (“Q2 FY2022”). The higher revenue was primarily contributed by new projects in our Engineering & Construction and Drilling segments.

The Group narrowed its loss after taxation and minority interests (“LATAMI”) to RM669 million, compared to the RM1.52 billion LATAMI posted in Q2 FY2022.

This is primarily due to higher project costs incurred for certain projects and an impairment charge arising from assets held for sale during the current quarter. Divestment of assets is progressing well and ongoing.

Pandemic related costs continue to bear heavily upon the Group’s earnings. Covid-19 direct costs rose to RM131 million in the current quarter, accounting for more than half of RM242 million spent on the pandemic in the year to date. The Group incurred RM286 million in Covid-19 direct costs for financial year 2021 (“FY2021”) bringing the cumulative amount to RM528 million since the beginning of the pandemic.

Direct costs include vessel standby expenses, as well as testing and quarantine costs for crew and employees.

It also covered the cost of deploying the Group's own vaccination programme for craftsmen and crew working at fabrication yards and on offshore vessels, with the help of local health authorities. To date, 90 percent of its workforce have been fully vaccinated.

Apart from direct costs, the pandemic also resulted in absorbed additional expenses due to procurement delays and changes to project schedules. These consequential costs, which can be between two to four times higher than direct costs, severely eroded the profitability of some projects.

As the pandemic's retreat still looks uncertain, Sapura Energy expects the current hurdles to continue in the remaining part of the year.

"These additional costs, which remain uncompensated, have adversely impacted the Group's cash flow and liquidity," said Group CEO Datuk Anuar Taib. "We continue to engage with clients to expedite our claims and commercial settlements". The Group is also in negotiations with lenders for support through existing facilities; and has held discussions with vendors regarding its outstanding payments.

OPERATING HIGHLIGHTS

Amidst these difficult operating conditions, Sapura Energy's services business segments have completed 26 global projects in the year-to-date and are currently executing 59 projects, 18 of which commenced in the second half of the year. Current ongoing projects include the Integrated Rig, Drilling, and Completion Services Contract for PETRONAS, the Hess North Malay Basin Phase 4A project in Peninsular Malaysia and the Santos Dorado project, offshore Western Australia.

The order book held by the Group's subsidiaries currently stands at RM7.58 billion, including new wins worth RM1.76 billion. Recent awards include the provision of a subsea construction vessel with engineering, installation and IMR services from Tullow Ghana Limited, decommissioning of facilities for Chevron in Thailand, the transportation and installation of pipelines at the Kasawari project with Technip-MMHE and a drilling services contract for the T-18 drilling rig from PTTEP in Thailand. Sapura Energy has taken a more selective approach in bidding, with a focus on margins that are commensurate with the Group's risk appetites. Its current bid book is valued at RM22 billion.

The Group's Exploration & Production business, operated through SapuraOMV, continues to produce gas at a rate of 34 kboe per day, while the Jerun development at Block SK408 remains on track.

Focusing on longer-term sustainability, the previously announced Board Restructuring Task Force ("Task Force") is drawing up a reset plan that aims to strengthen the Group's balance sheet, improve its liquidity position, streamline its operating model, and provide greater flexibility for strategic growth in the Group's journey to Embrace Energy Transition.



The Task Force is supported by PricewaterhouseCoopers and Rothschild & Co as independent advisers.

“Our focus is to turnaround and regain strength,” said Datuk Anuar. “We are working to effectively position Sapura Energy for the expected rebound in the OGSE sector, next year.”

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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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