

UMW-OG ACHIEVES PRETAX PROFIT OF RM76M IN 3Q14



RM million	3Q14	2Q14	Change (%)
Profit Before Taxation	75.8	66.2	14.5%

EXECUTIVE SUMMARY

3Q14 financial highlights

- Group revenue and profit before taxation registered an increase of 6.5% and 14.5%, respectively, compared with the previous quarter.
- Correspondingly, net profit attributable to equity holders of the Company increased to RM180 million.
- Cash and deposits stood at RM1.2 billion.

3Q14 highlights

- Higher revenue contributions from Drilling Services segment mainly resulted in the revenue improvement.
- Overseas operations contributed approximately 64% of the Group's revenue.
- Higher profit contributions from Drilling Services segment coupled with additional investment income, accounted for the profit improvement.

Prospects for 2014

- All of our offshore rigs and hydraulic workover units are expected to be income generating in the fourth quarter with the exception of UMW GAIT 1, UMW GAIT 2 and UMW GAIT 5, which are expected to resume operations only in 2015.
- Financial performance of the Oilfield Services segment is expected to improve over that of its previous quarter.

Dividend

- The Board of Directors is pleased to declare an interim single-tier dividend of 1.0 sen (2013-Nil) per share of RM0.50 each for the year ending 31st December 2014, to be paid on 15th January 2015, to all shareholders whose names appear on the Record of Depositors at the close of business on 30th December 2014.

Dear fund managers and analysts,

UMW-OG achieved a revenue of RM254.3 million for the third quarter ended 30th September 2014, an increase of 6.5% from the previous quarter. The corresponding profit before taxation of RM75.8 million, was 14.5% higher, as compared with the previous quarter.

Positive factors which contributed to the revenue improvements are from UMW NAGA 5 and UMW GAIT 6 which have been income generating since May 2014 and August 2014 respectively, full quarter utilization of UMW NAGA 3 and improved utilization rate of UMW GAIT 2.

Improved revenue from OCTG threading and pipe repair services by our Labuan operations mainly contributed to the revenue increase in the Oilfield Services segment.

Rohaizad Darus
President
UMW Oil & Gas Corporation Berhad

UMW OIL & GAS CORPORATION BERHAD

Group Income Statement

	3Q14 RM'000	2Q14 RM'000	3Q13 RM'000	FY 2013 RM'000	FY 2012 RM'000	% change (Q-o-Q)
Revenue	254,321	238,776	205,342	737,752	724,336	23.9%
Share of Profits of Associated Companies	117	125	47	485	458	>100%
Profit Before Taxation	75,846	66,237	54,452	206,849	74,376	39.3%
Net Profit Attributable To Shareholders	66,061	60,305	56,951	190,547	61,832	16.0%

Prospects for 2014

Drilling Services Segment

- In September 2014, UMW NAGA 6 was awarded a contract by Petrovietnam Drilling and Well Services Corporation to provide drilling services to its end clients, PC Vietnam Limited and Petronas Carigali Overseas Sdn Bhd. The contract is for four (4) firm wells with three (3) optional wells and thereafter, another extension of three (3) wells.
- All other offshore rigs and hydraulic workover units are expected to be fully utilised with the exception of UMW GAIT 1, UMW GAIT 2 and UMW GAIT 5, which are expected to resume operations only in 2015.

Oilfield Services Segment

- Financial performance of the Oilfield Services segment is expected to improve over that of its previous quarter.

BUSINESS SEGMENT – DRILLING SERVICES

Segmental Reporting

	3Q14 RM'000	2Q14 RM'000	3Q13 RM'000	FY 2013 RM'000	FY 2012 RM'000	% change (Q-o-Q)
Revenue	242,325	227,228	193,775	693,720	678,108	25.1%
Profit Before Taxation	72,758	63,424	58,402	191,009	98,527	24.6%

Results

- The Drilling Services segment contributed revenue of RM242.3 million or 95.3% of the total revenue of RM254.3 million in 3Q14, an increase of RM48.5 million or 25% over the RM193.8 million recorded in the same quarter of 2013.
- The Drilling Services segment contributed profit before taxation of RM72.8 million or 96.0% of the total Group profit before taxation of RM75.8 million, an improvement of RM14.4 million or 24.7%, compared to the RM58.4 million achieved in the same quarter of 2013.

Highlights

- Positive revenue variance was mainly attributable to:
 - ✓ Additional revenue contributions by UMW NAGA 5, which commenced operations in May 2014
 - ✓ UMW NAGA 3 achieved higher rig utilization rate
 - ✓ Additional revenue contributions from UMW GAIT 6 as well as full quarter utilisation of UMW GAIT 3

Prospects for 2014

- In September 2014, UMW NAGA 6 was awarded a contract by Petrovietnam Drilling and Well Services Corporation to provide drilling services to its end clients, PC Vietnam Limited and Petronas Carigali Overseas Sdn Bhd. The contract is for four (4) firm wells with three (3) optional wells and thereafter, another extension of three (3) wells.
- All other offshore rigs and hydraulic workover units are expected to be fully utilised in the fourth quarter of 2014 with the exception of UMW GAIT 1, UMW GAIT 2 and UMW GAIT 5 which are expected to resume operations only in 2015.

BUSINESS SEGMENT – OILFIELD SERVICES

Segmental Reporting

	3Q14 RM'000	2Q14 RM'000	3Q13 RM'000	FY 2013 RM'000	FY 2012 RM'000	% change (Q-o-Q)
Revenue	11,996	11,548	11,526	43,622	43,215	4.1%
Profit Before Taxation	1,197	2,701	2,049	7,436	6,372	-41.6%

Results

- The Oilfield Services segment contributed revenue of RM12.0 million or 4.7% of the total revenue of RM254.3 million in 3Q14, an increase of RM0.5 million or 4.3% compared to the RM11.5 million registered in the same quarter of 2013.
- The Oilfield Services segment contributed profit before taxation of RM1.2 million or 1.6% of the total Group profit before tax of RM75.8 million compared to the RM2.0 million recorded in the same quarter of 2013, a reduction of RM0.8 million or 40.0%.

Highlights

- Improved revenue from OCTG threading and pipe repair services recorded by our Labuan operations mainly contributed to the revenue increase.
- Lower profit contribution from our operations in China mainly accounted for the profit reduction.

Prospects for 2014

- Financial performance of the Oilfield Services segment is expected to improve over that of its previous quarter.

UMW OIL & GAS CORPORATION BERHAD **Consolidated Statement of Financial Position**

	At 30/09/2014 RM'000	At 30/06/2014 RM'000	At 31/12/2013 RM'000
TOTAL ASSETS	5,376,471	4,674,082	3,890,669
Investment in Associates	2,217	2,101	2,392
Property, Plant & Equipment	3,718,758	3,060,168	2,247,177
Deposits, Cash with Mutual Funds & Banks	1,197,700	1,211,486	1,236,529
Inventories	89,545	74,863	64,354
TOTAL EQUITY	3,025,835	2,918,755	2,839,108
Long Term Borrowings	979,968	475,225	548,335
Short Term Borrowings (include ODs)	1,151,877	1,096,975	311,257
Net Assets Per Share (RM)	1.3962	1.3470	1.3104

UMW-OG KEY HIGHLIGHTS FOR 3Q14

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UMW NAGA 5

- **9 July 2014:** secured a five (5) firm wells (approximately 250 days excluding mobilisation and demobilisation), and + one (1) optional well contract with PTTEP International Ltd worth US\$51.3 million.
- Currently working in drilling well ASK-7, the Gulf of Mottama, Offshore Myanmar, for drilling of the Block M3 appraisal drilling campaign 2014.



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UMW NAGA 6

- **8 September 2014:** received a Letter Of Award from PetroVietnam Drilling & Well Services Corporation for 4 firm wells (approximately 250 days) + 3 option wells (approximately 55 days) + 3 extension option wells (approximately 277 days) contract worth US\$46.5 million.
- **29 September 2014:** Took delivery of UMW NAGA 6.
- Currently working in Diamond Block Field offshore Vietnam.



UMW-OG KEY HIGHLIGHTS FOR 3Q14

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UMW NAGA 7

- **2 July 2014:** secured its first contract with Frontier Oil Corporation before delivery worth US\$20 million for 120 days + 180 (option) days.
- Expected to commence its operations in mid-January 2015 in the KJF field SC50 Block, offshore Palawan, Philippines.
- Currently at 96.64% completion stage at Shenzhen, China.
- Expected delivery date: December 2015.



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UMW NAGA 8

- Currently at 56.26% completion stage at Singapore.
- Expected delivery date: September 2015.



UMW-OG KEY HIGHLIGHTS FOR 3Q14

5 UMW Drilling Academy

- **July – September 2014:** total 4 courses have been conducted .

NO	COURSES TITLE	TOTAL PARTICIPANTS
1	Apprenticeship Program for Driller - Floorman	20
2	Drilling Well Simulation	28
3	Fundamental of Drilling Operations	15
4	Drilling for Non-Driller	20
TOTAL		83



THANK YOU



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