



UMW Oil & Gas Corporation Berhad

BRIEFING ON 4Q 2014 RESULTS

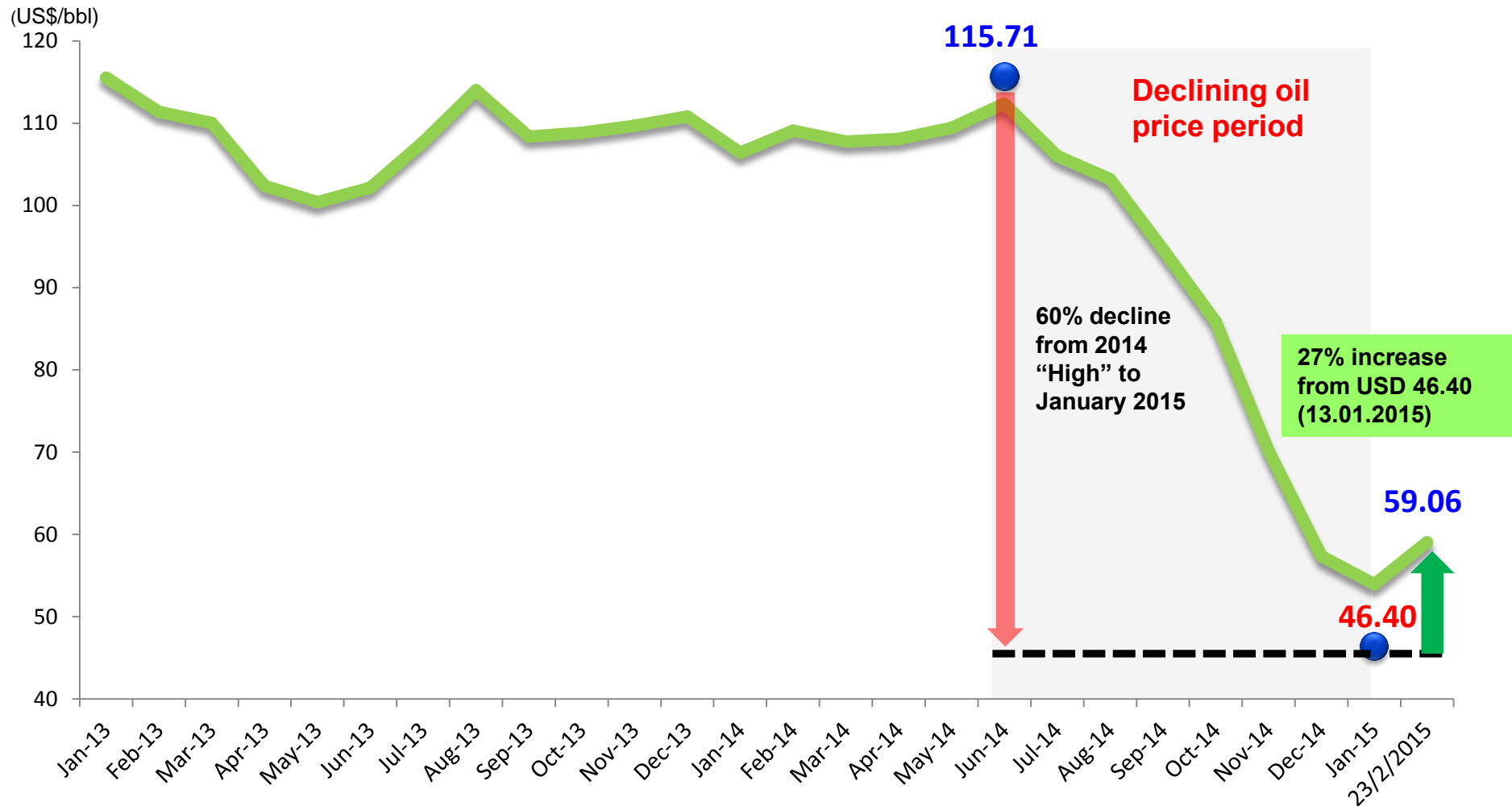
24 February 2015



Oil & Gas Market Outlook

Oil & Gas Market Outlook

Historical Crude Oil Price (Brent)



*As at closing month end prices

Shale Is Losing to OPEC, to Judge by Mothballed Drilling Rigs

By Lynn Doan | Jan 17, 2015 8:02 AM GMT+0800 | [377 Comments](#) [Email](#) [Print](#)

U.S. drillers have taken a record number of oil rigs out of service in the past six weeks as OPEC sustains its production, sending prices below \$50 a barrel.

The **oil rig** count has fallen by 209 since Dec. 5, the steepest six-week decline since **Baker Hughes Inc. (BHI)** began tracking the data in July 1987. The count was down 55 this week to 1,366.

Horizontal rigs used in U.S. shale formations that account for virtually all of the nation's oil production growth fell by 48, the biggest single-week drop.

Analysts including HSBC Holdings Plc say the decline shows that the Organization of Petroleum Exporting Countries is winning its fight for market share and slowing the growth that's propelled U.S. production to the



Photographer: Eddie Seal/Bloomberg

The Chevron Corp. Jack St. Malo semi-submersible drilling and production platform to... **Read More**

Petronas to cut capex next year

Posted on 1 December 2014 - 05:36am

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KUALA LUMPUR: Petroliaam Nasional Bhd (Petronas) is looking to cut its capital expenditure (capex) for new projects next year by 15% to 20% due to low oil prices, said its president and CEO Tan Sri Shamsul Azhar Abbas.

He said the RM300 billion capex planned for 2011 till 2015 or RM60 billion per year, was made based on assumption of oil price at US\$80 per barrel.

"We need to channel income as capex. We have to be disciplined in our cash management and adhere strictly to our dividend policy," he told reporters at the announcement of its third quarter results last Friday.

"If global oil prices remained between US\$70 and US\$75 per barrel next year, we plan to reduce dividend and tax to the government to RM17 billion, each, while oil and gas royalty reduced to RM9 billion."

He said maintaining the current level of dividend would have significant impact on its growth.

However, it is maintaining its dividend contribution of RM29 billion to the government this year as well as RM26 billion tax and RM13 billion royalty.

Shamsul Azhar said the group will need a substantial amount of capex to replenish domestic reserves and pursue international opportunities in order to sustain growth next year.

"We need to preserve cash for growth and capex. If 2015 oil price is at US\$75, there's not much we can afford," he said.

He said it will not proceed with contracts to award new marginal oil fields unless oil prices are above US\$80 per barrel while projects in Pengerang that have not received the final investment decision (FID) will be affected.

On its investment in the Pacific Northwest LNG project in Canada, he said it is three-quarters completed and is now negotiating with bidders of related contracts and hopes to conclude within the next couple of weeks.

He said the current target was to obtain the FID for the Canada project by year-end but this would depend on the outcome of a meeting with the Canadian premier.

Petronas to Cut 30 Percent Opex Due to Fall of Oil Price

By Bloomberg TV Malaysia | Jan 7, 2015 1:17 PM GMT+0800 [Email](#) [Print](#)

Petroleum Nasional Bhd (Petronas) is looking to make cuts in its operating expenditure (opex) by between 25% and 30% to preserve its profitability as crude oil prices continue to tumble, according to The Star report on Jan 7. It was reviewing spending and identifying where cuts could be made while projects committed from last year and its budget may continue, said internal sources.

The cut of opex is a subsequent step following its slash of up to 15 percent on capital expenditure (capex) last year. Due to the continued fall of Brent



Pressure on day rates

Options not exercised

New contracts on hold

Termination of contracts

Oil & Gas Market Outlook

Jack-up Contracts

Current contracts

60

South East Asia



6 Malaysian owned-operator

16

Malaysia



2 Malaysian owned-operator

Contracts expiring in 2015

33

South East Asia

4 Malaysian operators

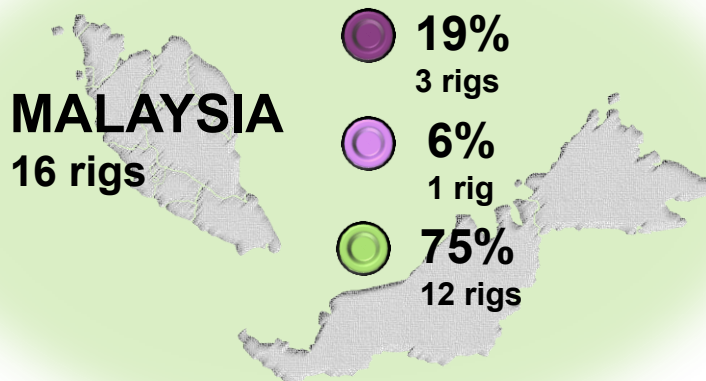
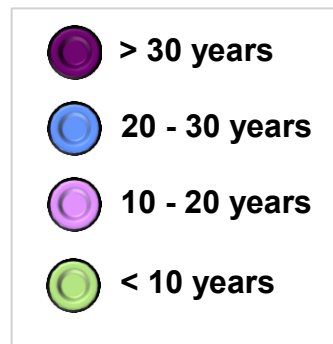
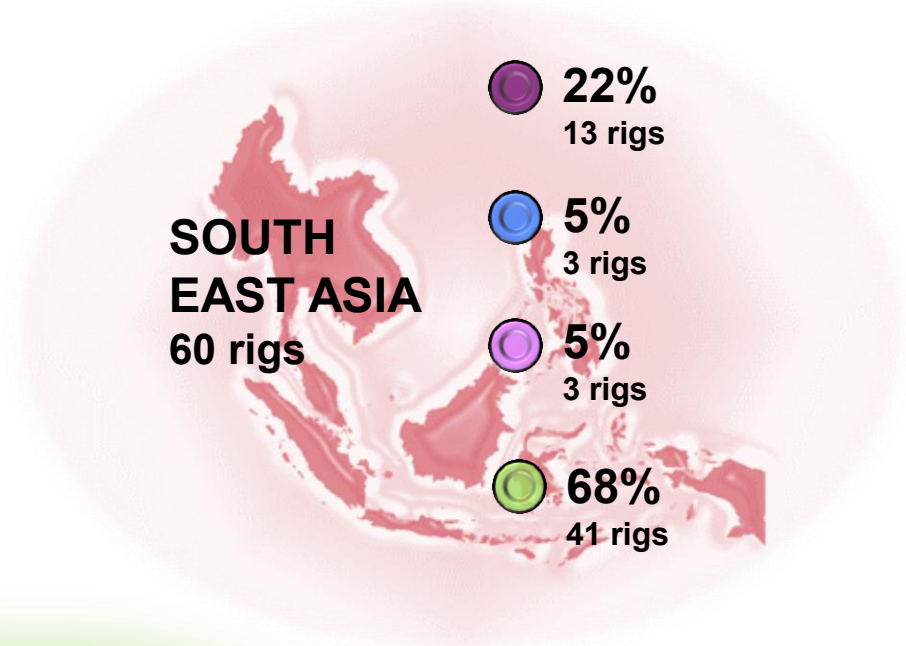
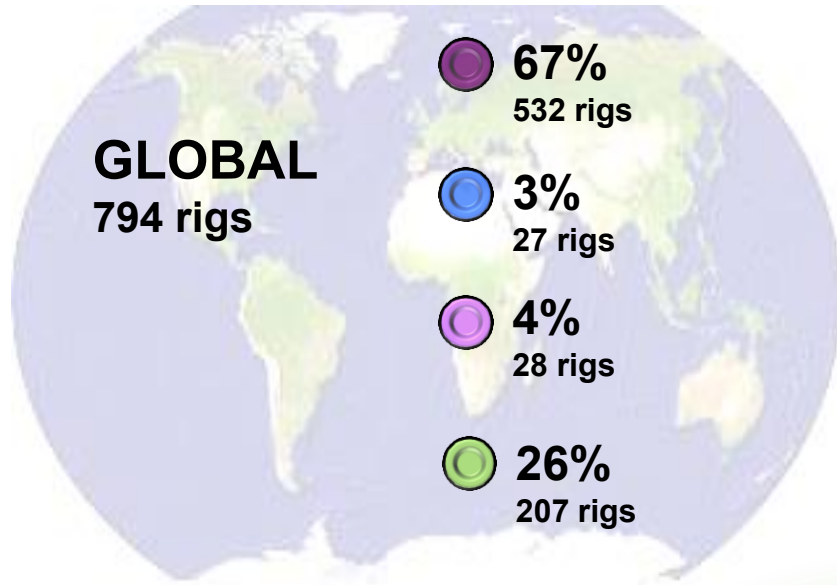
9

Malaysia

All foreign operators

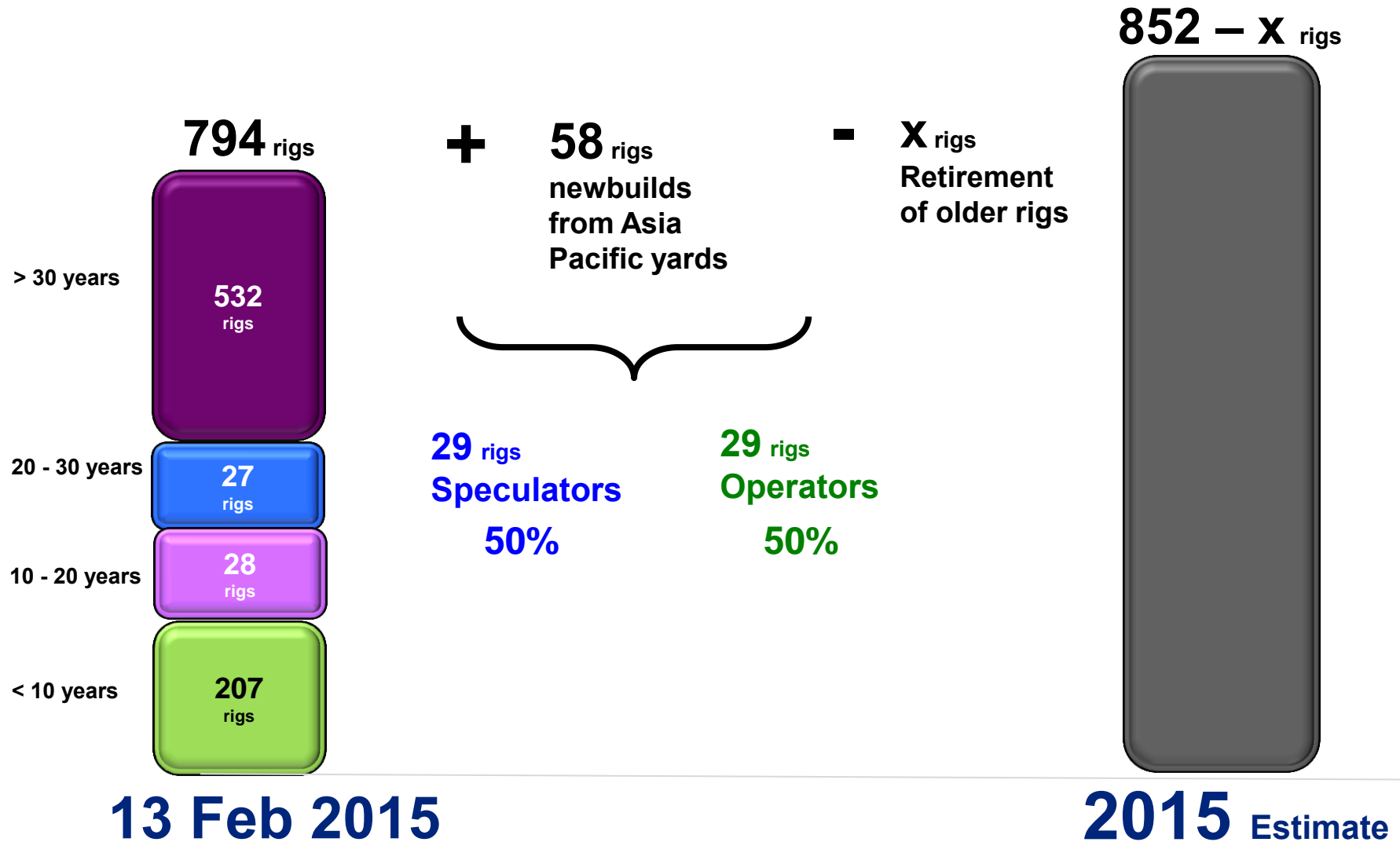
Oil & Gas Market Outlook

Age profile of jack-up rigs



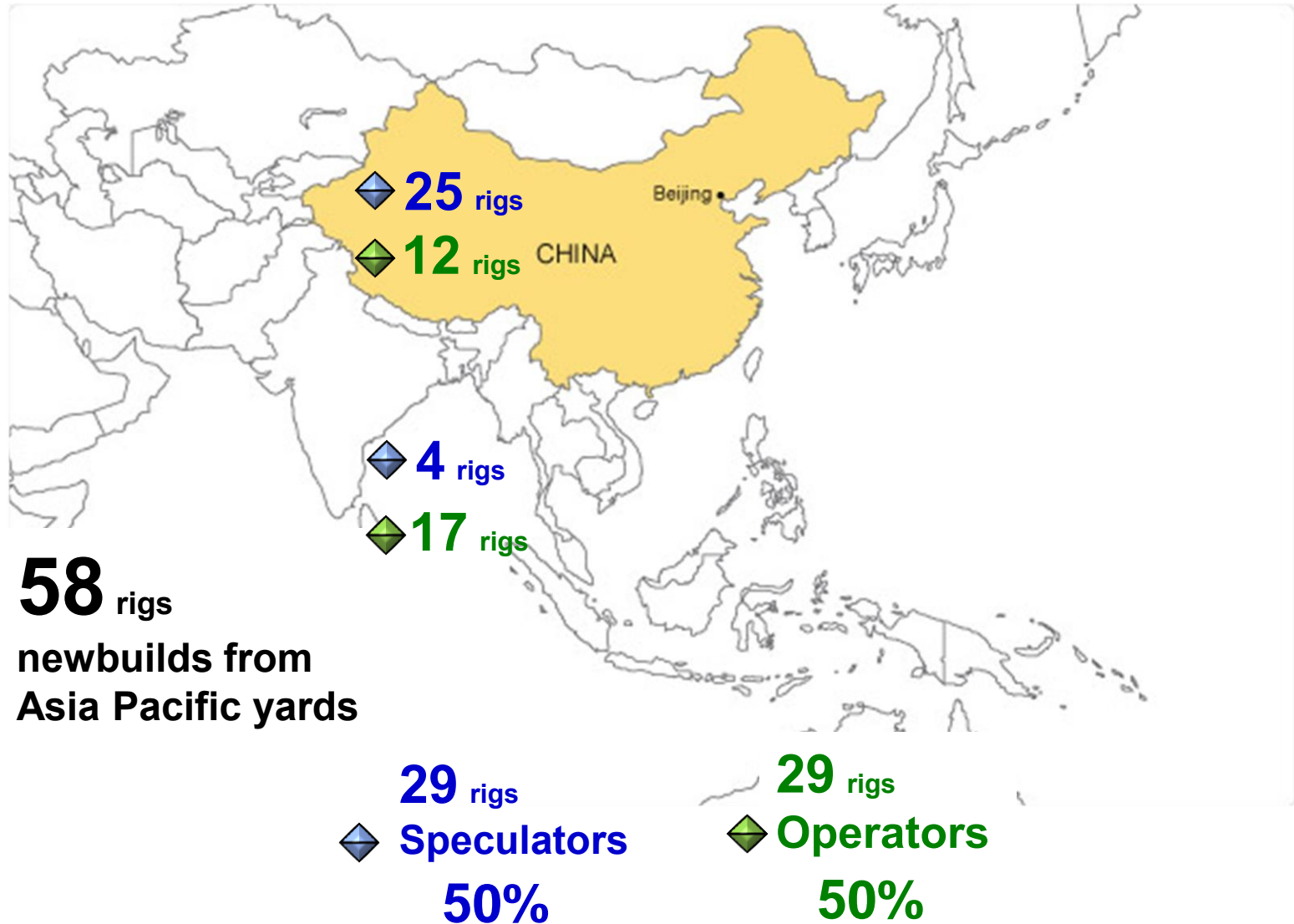
Oil & Gas Market Outlook

Newbuild jack-up rigs for 2015



Oil & Gas Market Outlook

Newbuild jack-up rigs for 2015



Updates




Staff Strength

959

as at December 2014

719

as at December 2013

 **33%**



People Development

UMW-Instep Drilling Academy

Drilling for
Roughneck
Drilling Well
simulation

14 trainees

14 trainees

Fundamentals
of Drilling Ops.

16 trainees

Drillers for Non
drillers.

12 trainees



QHSE

Total Recordable Case Frequency

0.22

as at December 2014

1.00

Industry average



Our Shareholders

Top 3



55.2% Direct



Permodalan Nasional Berhad
+ managed funds

13.4% Direct
28.7% Indirect

42.1% Total



+ managed funds

6.1% Direct
8.4% Indirect

14.5% Total

Nationality

98.1% Malaysian

1.9% Foreign

78.9% Body corporate

16.1% Nominees

4.3% Individual

0.7% Government

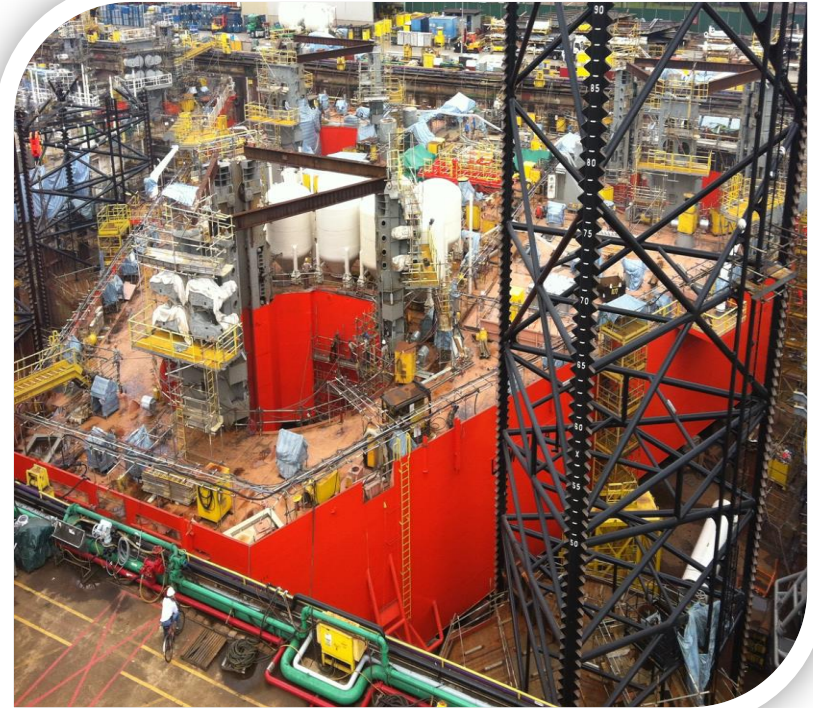
Updates

Status of rig construction

UMW NAGA 7



Delivered
January 2015



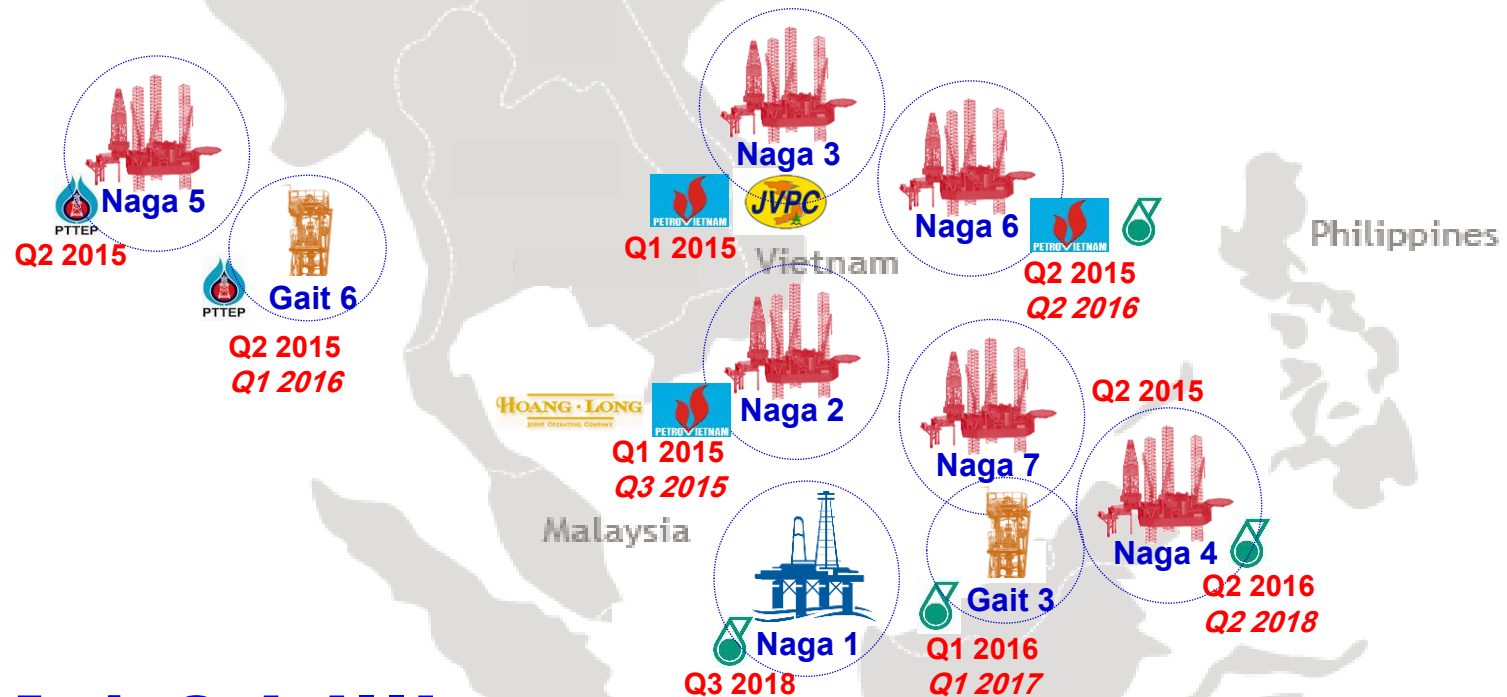
UMW NAGA 8

Expected Delivery :
September 2015

76.44% completed

Updates

Rigs in operation



RM 1.8 billion

Orderbook @ December 2014

Updates

Participation in tendering process

(as at 24 February 2015)

8

Malaysia



14

International



22

Total Bid Value:

RM 5.4 billion

US\$ 1.5 billion

36% Long term

64% Short term



Strategy & direction

Strategy & direction

Develop New Market & Establish foothold

Strengthen: SEA presence



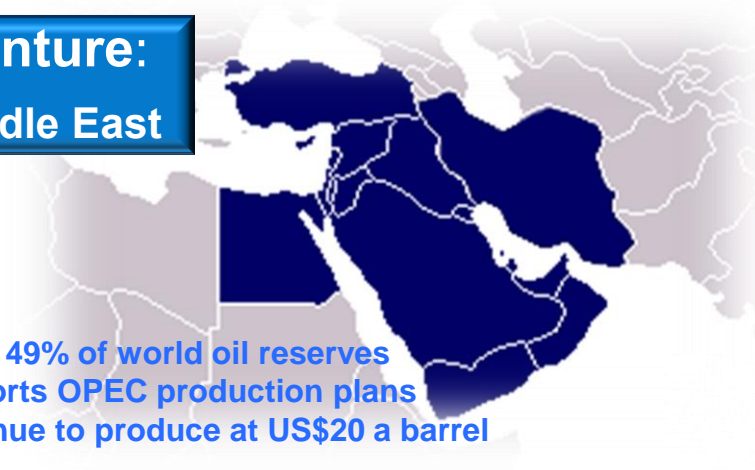
- Resource hungry growth economies
- Fulfil NOCs oil production plans
- Feasible at breakeven cost of US\$45-US\$50 a barrel

Increase: International Clients



- Growth Strategy
- Strengthen track record
- Risk Mitigation

Venture: Middle East



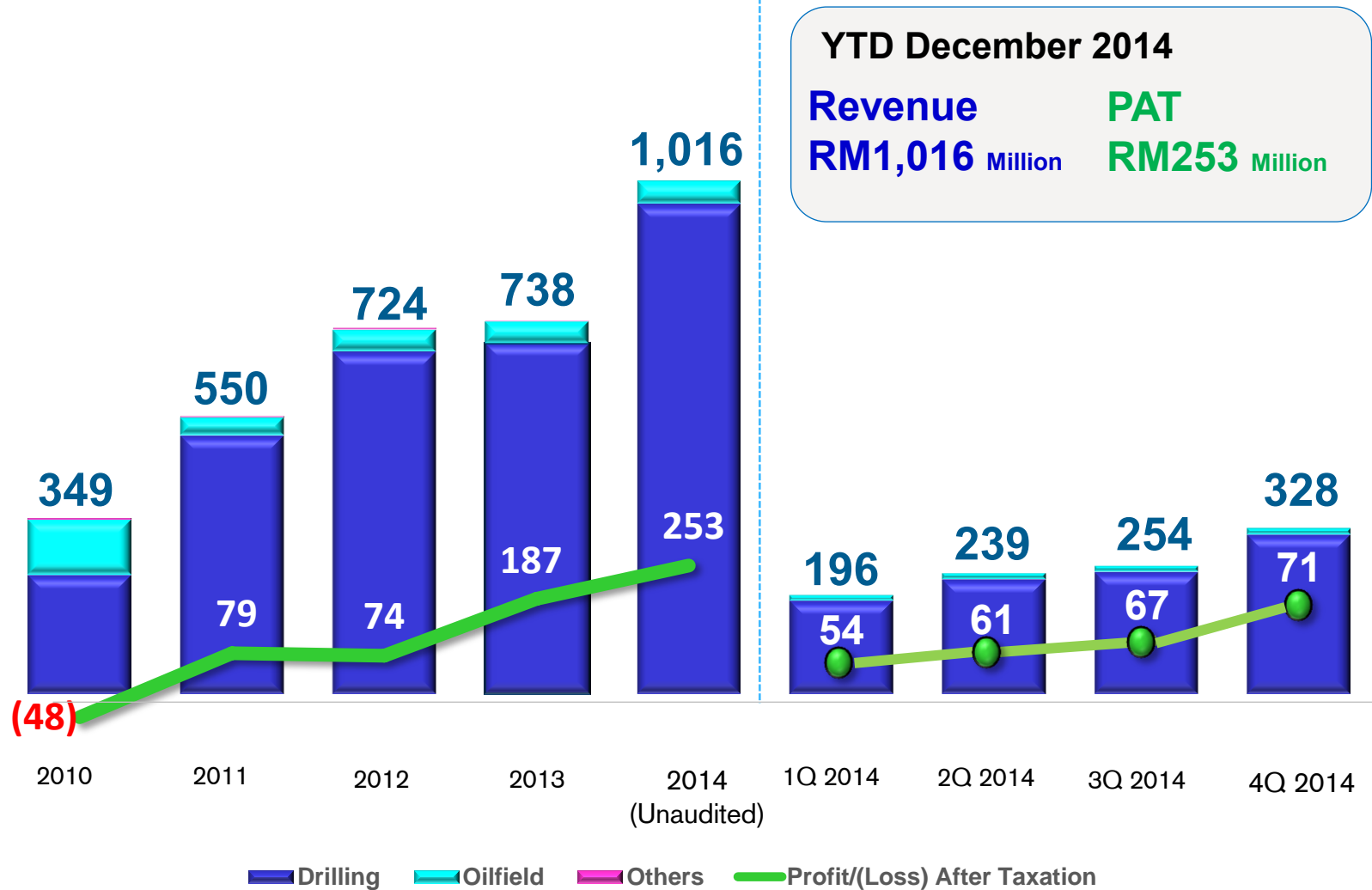
- Holds 49% of world oil reserves
- Supports OPEC production plans
- Continue to produce at US\$20 a barrel



Financial overview

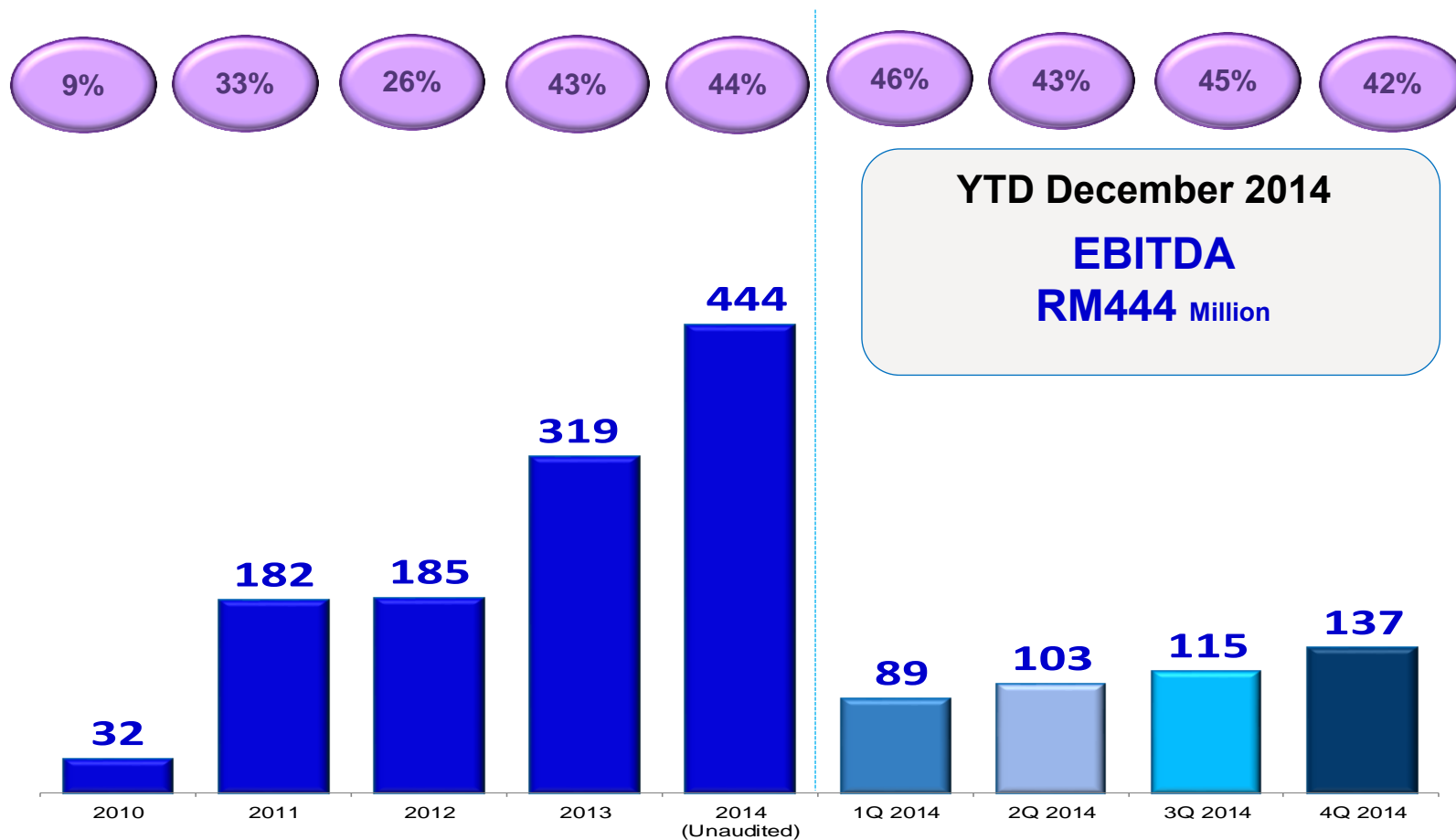
Financial Performance

Revenue & PAT (RM Million)



Earnings development

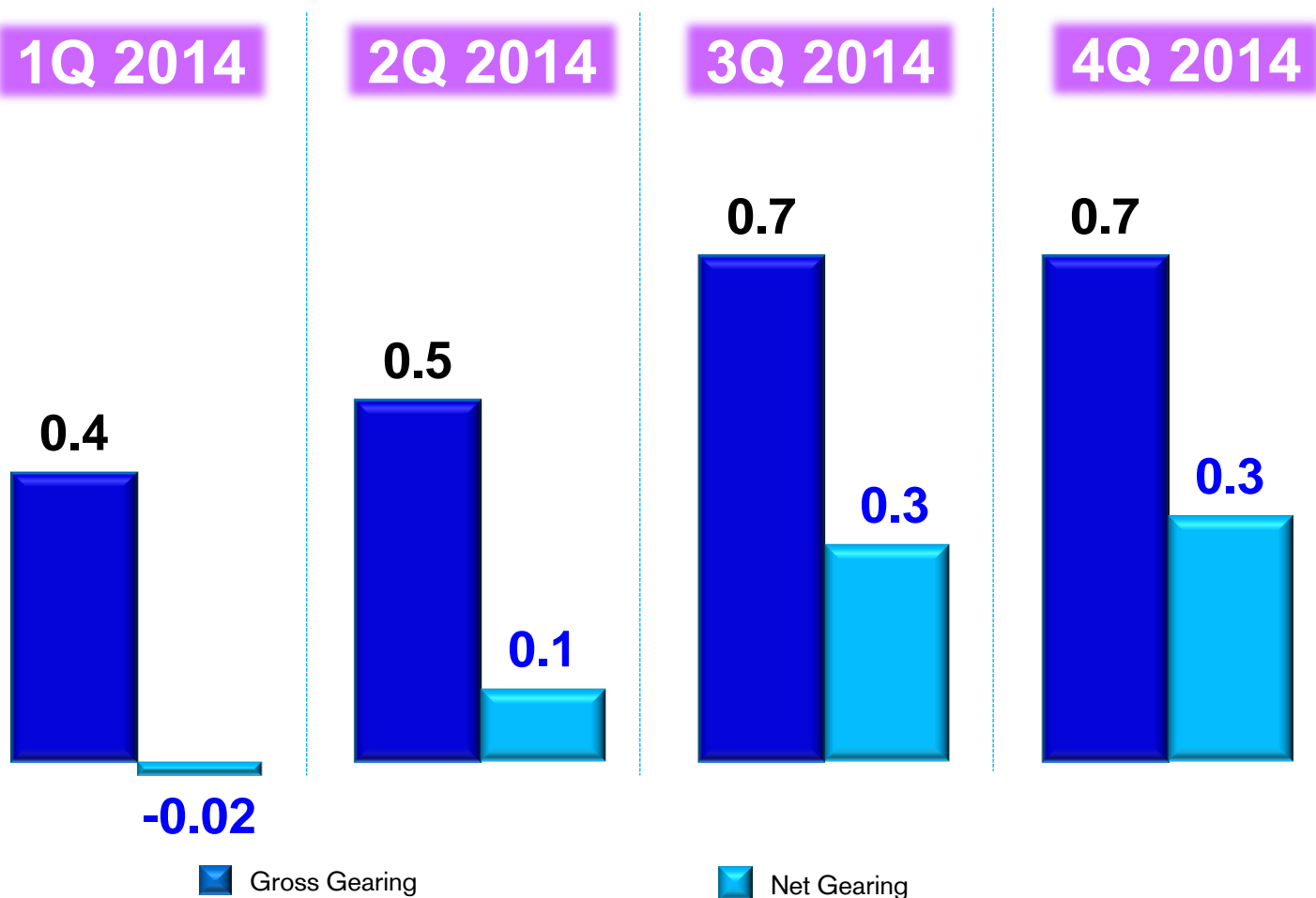
EBITDA (RM Million)



■ EBITDA ■ EBITDA Margin

Gearing ratio

Figures in times





THANK YOU