

UMW-OG ACHIEVES PRETAX PROFIT OF RM86M IN 4Q14



RM million	4Q14	3Q14	QoQ	FY2014	FY2013	YoY
Profit Before Taxation	86	76	13%	286	207	38%

EXECUTIVE SUMMARY

4Q14 financial highlights

- Group revenue and profit before taxation registered an increase of 28.9% and 13.2%, respectively, compared with the previous quarter.
- Correspondingly, net profit attributable to equity holders of the Company increased to RM 251 million.
- Cash and deposits as at 31 December 2014 stood at RM1.2 billion.

4Q14 highlights

- Improved revenue contributions from both the Drilling Services and the Oilfield Services segments resulted in the revenue increase in the fourth quarter of 2014.
- Overseas operations contributed approximately 66% of the Group's revenue.
- Higher profit contributions from both Drilling Services and Oilfield Services segments accounted for the profit improvement.

Prospects for 2015

- Profitability of the Company for the year 2015 is expected to be affected by the slowdown in the oil and gas industry.
- Our Drilling Services segment is expected to face challenges in securing high day rates and the rig utilisation rates are expected to be lower than the high levels seen in the previous year.
- Nevertheless, the Company has taken into account the cyclicity of the oil and gas industry in its expansion plans. Together with various cost-cutting initiatives and available reserves, the Company is expected to weather through this challenging period.

Dividend

- No final dividend has been recommended for the quarter ended 31st December 2014.

Dear fund managers and analysts,

UMW-OG registered improved revenue and profit before taxation of 37.7% and 38.4% respectively, for the financial year 2014 compared to a year ago.

Improved revenue contributions from both the Drilling Services and Oilfield Services segments resulted in the higher revenue.

Positive contributors to the revenue improvements are additional revenue contributions from UMW NAGA 5 and UMW NAGA 6 from May 2014 and October 2014, respectively, full year revenue contribution by UMW NAGA 4, higher rig utilisation and favourable time charter rates recorded by both UMW NAGA 2 and UMW NAGA 3, and higher utilisation rate from UMW GAIT 3.

Our Oilfield Services operations in Labuan and Turkmenistan performed better, contributing to the improved profit contributions.

With the decline in oil price and the slowdown in the E&P activities, we are seeing a challenging outlook with pressure on day rates and highly competitive tenders. A focused effort is required to maximize drilling rig utilization and to maintain good profitability. However, this outlook will improve as the oil price increase towards its previous levels.

Rohaizad Darus
President
UMW Oil & Gas Corporation Berhad

UMW OIL & GAS CORPORATION BERHAD

Group Income Statement

	4Q14 RM'000	3Q14 RM'000	4Q13 RM'000	FY 2014 RM'000	FY 2013 RM'000	% change (Q-o-Q)
Revenue	327,660	254,321	207,130	1,016,330	737,752	29%
Share of Profits of Associated Companies	127	117	120	481	485	9%
Profit Before Taxation	85,798	75,846	55,994	286,184	206,849	13%
Net Profit Attributable To Shareholders	71,257	66,061	51,461	251,307	189,147	8%

Prospects for 2015

Drilling Services Segment

- With the slowdown in the oil and gas industry, our Drilling Services segment is expected to face challenges in securing high day rates for its drilling rigs in 2015.
- Rig utilisation rates are also expected to be lower than the high levels seen in 2014.
- Our expansion plans which include penetrating into new markets over wider geographical areas and adding a number of new clients reduce our dependency on a single market and small client base.
- The Company is presently bidding aggressively and working closely with our enlarged clientele to enhance rig utilization.
- This mitigation measure is expected to reduce the impact of the industry slowdown on the Company.

Oilfield Services Segment

- Revenue and profit contributions from the Oilfield Services segment are projected to maintain at 2014 levels.

BUSINESS SEGMENT – DRILLING SERVICES

Segmental Reporting

	4Q14 RM'000	3Q14 RM'000	4Q13 RM'000	FY 2014 RM'000	FY 2013 RM'000	% change (Q-o-Q)
Revenue	315,537	242,325	196,926	970,175	693,720	30%
Profit Before Taxation	83,539	72,758	63,544	276,100	191,009	15%

Results

- The Drilling Services segment contributed revenue of RM315.5 million or 96.3% of the total revenue of RM327.7 million in the fourth quarter of 2014, an increase of RM118.6 million or 60.2% over the RM196.9 million recorded in the same quarter of 2013.
- The Drilling Services segment contributed RM83.5 million or 97.3% of the Group profit before taxation of RM85.8 million in the fourth quarter of 2014, an improvement of RM20.0 million or 31.5% compared to the RM63.5 million achieved in the same quarter of 2013.

Highlights

- Positive revenue variance was mainly attributable to:
 - ✓ additional revenue contributions from UMW NAGA 5 and UMW NAGA 6, which commenced operations in May and October 2014 respectively
 - ✓ improved operating efficiency recorded by UMW NAGA 2, UMW NAGA 3 and UMW NAGA 4
 - ✓ additional revenue contributions from UMW GAIT 6 as well as full-quarter utilisation of UMW GAIT 3
 - ✓ translation gains from the appreciation of USD against RM

Prospects for 2015

- The Drilling Services segment is expected to face challenges in securing favourable day rates for its drilling rigs in 2015.
- Rig utilization rates are also expected to be lower than the high levels seen in 2014.

BUSINESS SEGMENT – OILFIELD SERVICES

Segmental Reporting

	4Q14 RM'000	3Q14 RM'000	4Q13 RM'000	FY 2014 RM'000	FY 2013 RM'000	% change (Q-o-Q)
Revenue	12,123	11,996	10,336	46,155	43,622	1%
Profit Before Taxation	2,299	1,197	327	8,046	7,436	92%

Results

- In the fourth quarter of 2014, the Oilfield Services segment contributed revenue of RM12.1 million or 3.7% of the total revenue of RM327.7 million, an increase of RM1.8 million or 17.5% over the RM10.3 million registered in the same quarter of 2013.
- The Oilfield Services segment contributed profit before taxation of RM2.3 million or 2.7% of the total Group profit before taxation of RM85.8 million in the fourth quarter of 2014. This represented an increase of RM2.0 million or >100.0% over the RM0.3 million recorded in the same quarter of 2013.

Highlights

- Improved revenue from OCTG threading and pipe repair services recorded by our Labuan operations, mainly contributed to the revenue increase.
- The higher profit contributions from our operations in Labuan and Turkmenistan mainly accounted for the increase in profit.

Prospects for 2015

- Revenue and profit contributions from the Oilfield Services segment are projected to maintain at 2014 levels

UMW OIL & GAS CORPORATION BERHAD

Consolidated Statement of Financial Position

	At 31/12/2014 RM'000	At 30/09/2014 RM'000	At 31/12/2013 RM'000
TOTAL ASSETS	5,744,743	5,376,471	3,890,669
Investment in Associates	1,747	2,217	2,392
Property, Plant & Equipment	4,013,859	3,718,758	2,247,177
Deposits, Cash with Mutual Funds & Banks	1,179,171	1,197,700	1,236,529
Inventories	106,981	89,545	64,354
TOTAL EQUITY	3,209,154	3,025,835	2,839,108
Long Term Borrowings	1,010,966	979,968	548,335
Short Term Borrowings (include ODs)	1,243,883	1,151,877	311,257
Net Assets Per Share (RM)	1.4807	1.3962	1.3104

UMW-OG KEY HIGHLIGHTS FOR 4Q14

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UMW NAGA 5

- **28 December 2014:** secured a contract with PetroVietnam Drilling & Well Services Corporation (PVD) for end-client Korea National Oil Corporation (KNOC), for the Provision of Drilling Rig Services for KNOC Drilling Campaign.
- Expected to commence its operations in June 2015 for an estimated 100 days, at Block 11-2. Block 11-2 is located 320km offshore Vietnam.
- Currently working with PTTEP International Ltd in Block M3, the Gulf of Mottama, Offshore Myanmar.



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UMW NAGA 8

- Currently at 76.44% completion stage at Singapore.
- Expected delivery date: September 2015.



UMW-OG KEY HIGHLIGHTS FOR 4Q14

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UMW Drilling Academy

- **October – December 2014:** total 4 courses have been conducted .

NO	COURSES TITLE	TOTAL PARTICIPANTS
1	Drilling Well Simulation	14
2	Drilling for Non-Drillers	12
3	Fundamental of Drilling Operations	16
4	Drilling for Roughneck	14
TOTAL		56



THANK YOU



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