

UMW-OG ACHIEVES PRETAX PROFIT OF RM42.5M IN 1Q15



RM million	1Q15	4Q14 (restated)	Change (%)
Profit Before Taxation	42,461	83,770	-49%

EXECUTIVE SUMMARY

1Q15 financial highlights

- Group revenue and profit before taxation registered a decrease of 4.2% and 49.3% respectively, compared with the previous quarter.
- Correspondingly, net profit attributable to equity holders of the Company was lower at RM32 million.
- Cash and deposits stood at RM1.2 billion.

1Q15 highlights

- Group revenue of RM312.5 million for the first quarter ended 31 March 2015 exceeded the RM195.6 million registered in the same quarter of 2014 by RM116.9 million or 59.8%.
- Overseas operations contributed approximately 63.5% of the Group revenue in the first quarter of 2015.

Prospects for 2015

- For the remaining period of 2015, the Drilling Services segment is expected to brace for difficult times from margins squeeze as well as the lack of revenue and earnings visibility for some of our assets.
- Profitability of the Group for the year 2015 will be affected by the slowdown in the oil and gas industry.

Dividend

- An interim single-tier dividend of 2% or 1 sen (2013 – Nil) per share of RM0.50 each, amounting to a net dividend of RM21.62 million (2013 – Nil) was paid on 15 January 2015.

Dear fund managers and analysts,

Revenue of RM312.5 million for the first quarter of 2015 was lower than the RM326.2 million registered in the fourth quarter of 2014 by RM13.7 million or 4.2%.

The revenue decrease was attributable to the lower time charter rates for most of the rigs and UMW NAGA 5 recorded a lower utilisation rate in the first quarter of 2015 compared to the full-quarter revenue contribution in the fourth quarter of 2014.

The above revenue reduction was however, mitigated by the additional revenue contributions by our new asset, UMW NAGA 6 which commenced operations in October 2014.

With the slowdown in the E&P activities, we are seeing a challenging outlook for 2015 with pressure on time charter rates and highly competitive tenders. Our focus is to maximize drilling rig utilisation and to maintain good profitability.

Rohaizad Darus
President
UMW Oil & Gas Corporation Berhad

UMW OIL & GAS CORPORATION BERHAD

Group Income Statement

	1Q15 RM'000	4Q14 RM'000 (restated)	1Q14 RM'000	FY 2014 RM'000 (restated)	FY 2013 RM'000	% change (Q-o-Q)
Revenue	312,496	326,233	195,573	1,014,903	737,752	60%
Share of Profits of Associated Companies	130	196	112	550	485	16%
Profit Before Taxation	42,461	83,770	58,303	284,156	206,849	-27%
Net Profit Attributable To Shareholders	32,150	71,946	53,684	251,996	189,147	-40%

Prospects for 2015

Drilling Services Segment

- For the remaining period of 2015, the Drilling Services segment is expected to brace for difficult times from margins squeeze as well as the lack of revenue and earnings visibility for some of our assets in view of the following factors:
 - ✓ lower time charter rates from discounts given to existing clients
 - ✓ early completion of some of the existing contracts as options are not exercised
 - ✓ downward pressure on time charter rates and potentially lower level of rig utilisation due to stiff competitions for fewer new contracts in view of the current market outlook for the oil and gas industry.
- The segment is participating in various stages of eighteen tenders with a total bid value of RM3 billion. The financial performance of the Drilling Services segment will be dependent upon the success of these tenders.

Oilfield Services Segment

- Performance of the Oilfield Services segment will be impacted by the softening in oil and gas activities in view that its customers are mainly operating in the oil and gas industry.

BUSINESS SEGMENT – DRILLING SERVICES

Segmental Reporting

	1Q15 RM'000	4Q14 RM'000 (restated)	1Q14 RM'000	FY 2014 RM'000 (restated)	FY 2013 RM'000	% change (Q-o-Q)
Revenue	300,045	313,981	185,085	968,619	693,720	62%
Profit Before Taxation	38,562	80,277	56,379	272,838	191,009	-32%

Results

- The Drilling Services segment contributed revenue of RM300.0 million or 96.0% of the total revenue of RM312.5 million in the first quarter of 2015, an increase of RM114.9 million or 62.1% over the RM185.1 million recorded in the same quarter of 2014.
- The Drilling Services segment contributed RM38.6 million or 90.8% of the Group profit before tax of RM42.5 million in the first quarter of 2015, a reduction of RM17.8 million or 31.6% compared to the RM56.4 million achieved in the same quarter of 2014.

Highlights

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

Prospects for 2015

- For the remaining period of 2015, the Drilling Services segment is expected to brace for difficult times from margins squeeze as well as the lack of revenue and earnings visibility for some of our assets in view of the following factors:
 - ✓ lower time charter rates from discounts given to existing clients
 - ✓ early completion of some of the existing contracts as options are not exercised
 - ✓ downward pressure on time charter rates and potentially lower level of rig utilisation due to stiff competitions for fewer new contracts in view of the current market outlook for the oil and gas industry.
- The segment is participating in various stages of eighteen tenders with a total bid value of RM3 billion. The financial performance of the Drilling Services segment will be dependent upon the success of these tenders.

BUSINESS SEGMENT – OILFIELD SERVICES

Segmental Reporting

	1Q15 RM'000	4Q14 RM'000 (restated)	1Q14 RM'000	FY 2014 RM'000 (restated)	FY 2013 RM'000	% change (Q-o-Q)
Revenue	12,451	12,252	10,488	46,284	43,622	19%
Profit Before Taxation	2,663	3,043	1,849	8,790	7,436	44%

Results

- In the first quarter of 2015, the Oilfield Services segment contributed revenue of RM12.5 million or 4.0% of the total revenue of RM312.5 million, an increase of RM2.0 million or 19.0% over the RM10.5 million registered in the same quarter of 2014.
- The Oilfield Services segment contributed profit before tax of RM2.7 million or 6.4% of the total Group profit before tax of RM42.5 million in the first quarter of 2015. This represented an increase of RM0.9 million or 50.0% over the RM1.8 million recorded in the same quarter of 2014.

Highlights

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

Prospects for 2015

- Performance of the Oilfield Services segment will be impacted by the softening in oil and gas activities in view that its customers are mainly operating in the oil and gas industry.

UMW OIL & GAS CORPORATION BERHAD

Consolidated Statement of Financial Position

	At 31/03/2015 RM'000	At 31/12/2014 RM'000 (restated)
TOTAL ASSETS	6,668,509	5,755,964
Investment in Associates	2,080	1,950
Property, Plant & Equipment	4,908,265	4,021,981
Deposits, Cash with Mutual Funds & Banks	1,160,326	1,178,046
Inventories	134,871	116,584
TOTAL EQUITY	3,370,973	3,207,826
Long Term Borrowings	1,023,297	1,010,978
Short Term Borrowings (include ODs)	1,983,751	1,243,871
Net Assets Per Share (RM)	1.5551	1.4800

UMW-OG KEY HIGHLIGHTS FOR 1Q15

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UMW NAGA 7

- **27 January 2015:** Delivery of UMW NAGA 7.
On 10 April 2015, a notice of arbitration was served on Frontier Oil Corporation (Frontier), to seek amongst others, an award for damages and/or compensation for all losses arising from Frontier's breach of contract but not limited to the early termination fee amounting to US\$19.2 million.



2

UMW NAGA 8

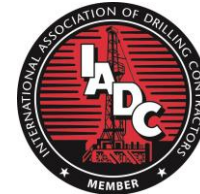
- Currently at 83.62% completion stage at Singapore.
- Expected delivery date: September 2015.



UMW-OG KEY HIGHLIGHTS FOR 1Q15

- ### 3 UMW Drilling Academy
- January – March 2015: total 2 courses have been conducted .

NO	COURSES TITLE	TOTAL PARTICIPANTS
1	Fundamental of Drilling Operations (Cyber)	20
2	Land Rig Simulation	21
TOTAL		41



UMW-OG KEY HIGHLIGHTS FOR 1Q15

4 Integrated QHSE Management System Certification

- **26 February 2015:** Obtained certifications for its Integrated QHSE Management System:
 - ✓ ISO 9001: 2008 Quality Management System
 - ✓ ISO 14001: 2004 Environmental Management System
 - ✓ OHSAS 18001: 2007 Occupational Health & Safety Management System
 - ✓ ISO/TS 29001: 2010 Quality Management System for Petroleum, Petrochemical and Natural Gas Industries

Awarded to:

UMW Oil & Gas Corporation Berhad



UMW Offshore Drilling Sdn. Bhd.



UMW Workover Sdn. Bhd.



THANK YOU



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