



# **4Q 2016 Results Briefing**

**27 February 2017**

# Stability in FY2016

- ❑ New projects secured and work orders totaled RM1 bn in FY2016; the largest being 2013-16 Pan Malaysia T&I and Underwater Services projects
- ❑ Cost-cutting measures yielding results
- ❑ Net gearing at 8.5% with prudent cashflow management

## Focus in FY2017

Continue with costs reduction, strengthen operational capabilities to improve efficiency and step up effort to initiate O&G opportunities



**Financials**

**Operations**

**Outlook**

# FY2016 – Better than FY2015

FY Dec (RM'm)	2016	2015 Re-stated (note A4)	Change (%)
Revenue	622.6	592.6	+5.1
Core EBITDA	61.4 <sup>1</sup>	44.9 <sup>2</sup>	+36.7
<i>Core EBITDA Margin (%)</i>	<i>9.9</i>	<i>7.6</i>	
Reported Pretax Profit <sup>3</sup>	16.4	5.6	+>100
Reported Net Profit <sup>3</sup>	14.5	18.8	-22.9
Adjusted Net Profit <sup>4</sup>	14.6	7.5	+95.9
<i>Margin (%)</i>	<i>2.3</i>	<i>1.3</i>	
<b>Adjusted Core Net Profit<sup>5</sup></b>	<b>16.3</b>	<b>12.3</b>	<b>+32.9</b>
<i>Margin (%)</i>	<i>2.6</i>	<i>2.1</i>	
Reported Dil net EPS (sen)	1.71	2.29	-25.3
	@ 31/12/16	@ 31/12/15	
Net debt (RM'm)	36.1	75.8	
Net debt/Core EBITDA (x)	0.59	1.69	

<sup>1</sup> Add back share-based payments of RM1.7m arising from fair valuation of ESOS, charged out in 2Q16

<sup>2</sup> Add back share-based payments of RM4.8m arising from fair valuation of ESOS, charged out in 1Q15 and 3Q15

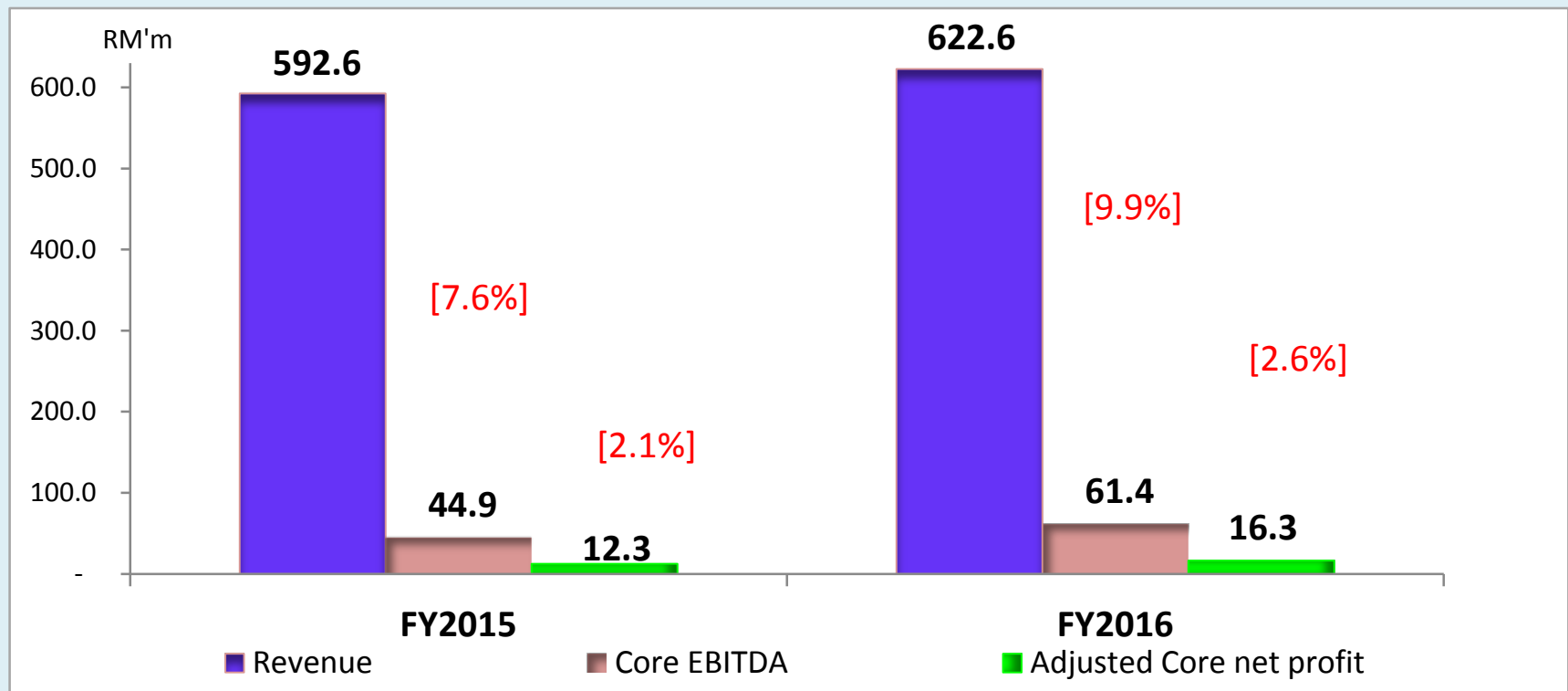
<sup>3</sup> Reported pretax profits and net profits take into account of realised loss from USD-based revenue/cost and unrealised forex gain relating to accounting of KL101 ownership and charter income of KL10. Net gain for 2016: RM6.9m (2015 gain: RM12.4m).

<sup>4</sup> Reported profit deduct tax credits due to over-provision in the previous FY

<sup>5</sup> Adjusted net profit add back share-based payments detailed in note <sup>1</sup> and <sup>2</sup>

# FY2016 – Positive impact from KL101 utilisation & cost-cutting measures

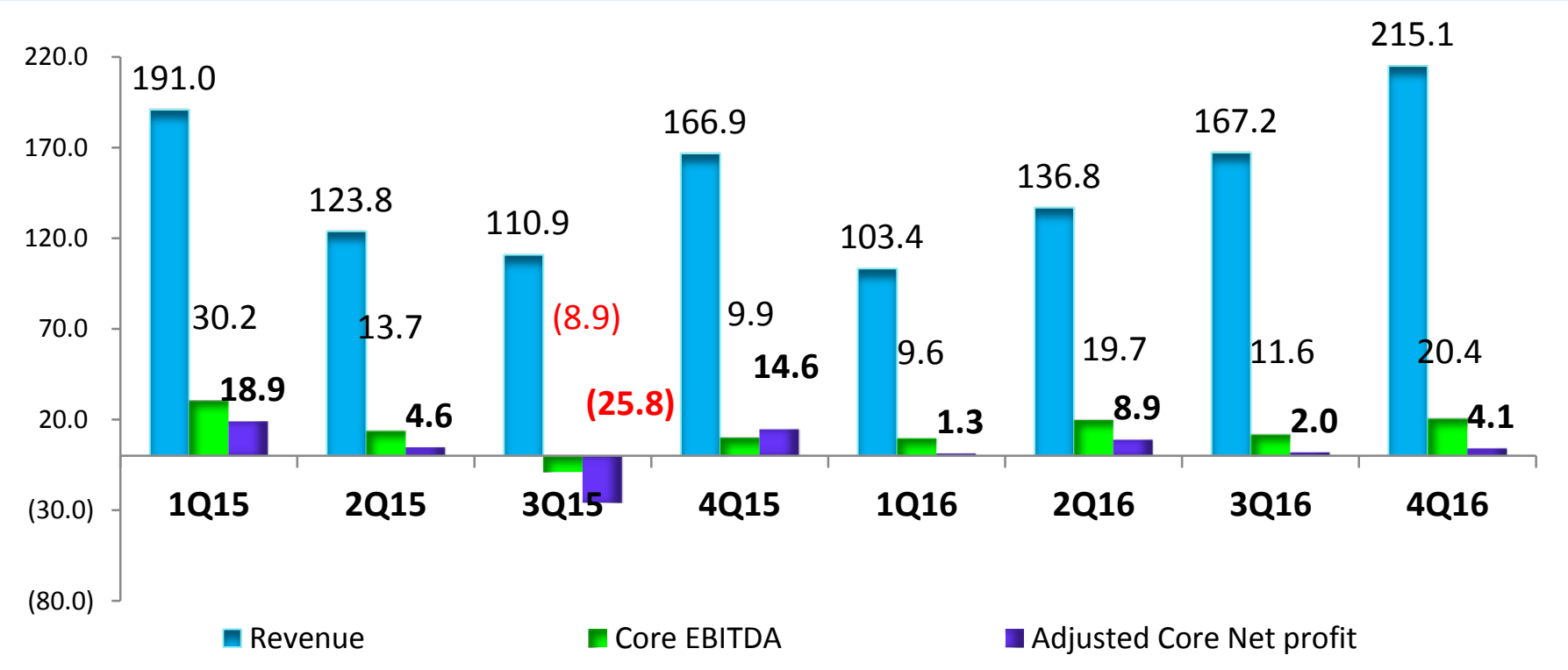
- Est. RM690 million new projects secured and RM315 million work orders executed in 2016
- Revenue contribution mainly from Pan Malaysia T&I (P1, P2 and SKO riser guards installation), Underwater Services and Pengerang Pipeline
- Impact from costs reduction lifted EBITDA margins



\* Adjusted core net profit deducts tax credits arising from tax over-provision in current tax and add back non-recurring charges from ESOS fair valuation

# Quarterly Trend – Improvement from the high base in 1Q-2Q15

- Stronger revenue growth in 2016 partially offset by lower margins from new projects secured
- New projects commencing from 3Q16 started contributing in 4Q16
- 4Q16 adjusted core net profit\* doubled from 3Q16 to RM4.1 million

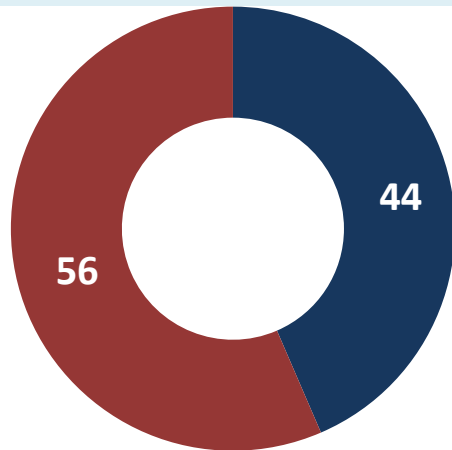


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# Revenue Breakdown

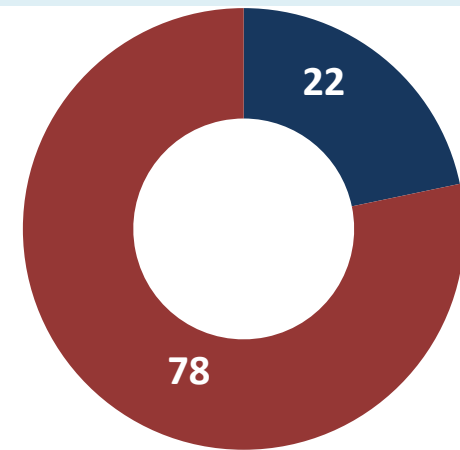
- Installation & Construction (I&C) accounts for 78% of revenue in FY2016 (FY2015: 56%) with Pan Malaysia T&I and Underwater Services generated 1.8x more revenue at RM361.4 million (FY2015: RM201.1 million)
- Hook-Up & Commissioning and Pipeline Services' combined revenue at RM135.3 million in FY2016, due to sharp yoy declines of 68.3% and 77.0% respectively

FY2015



■ Pipeline & Commissioning

FY2016

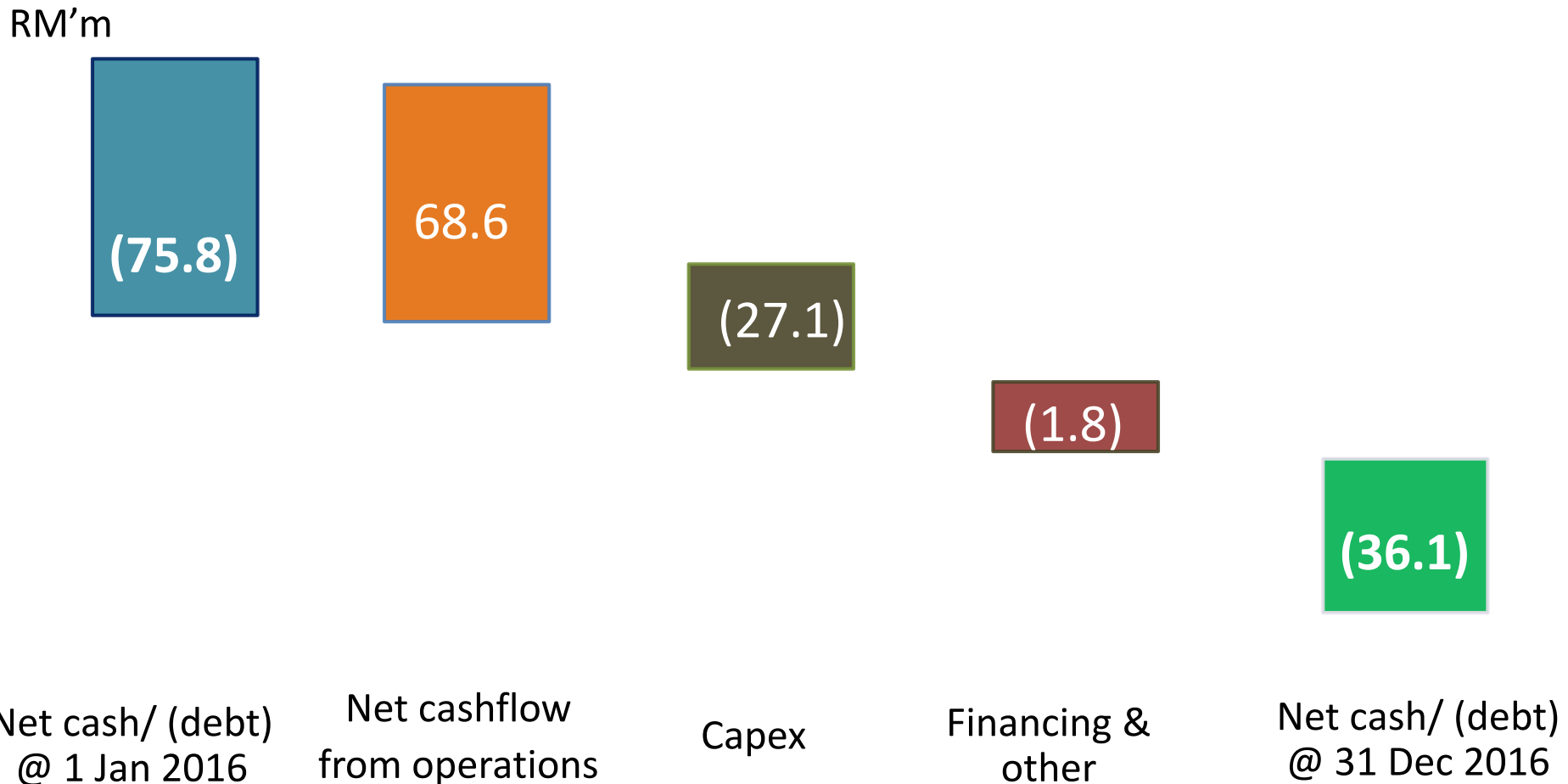


■ Installation & Construction

# Cashflow – Minimal net cash outflow due to higher EBITDA and minimal capex

## Funding breakdown:

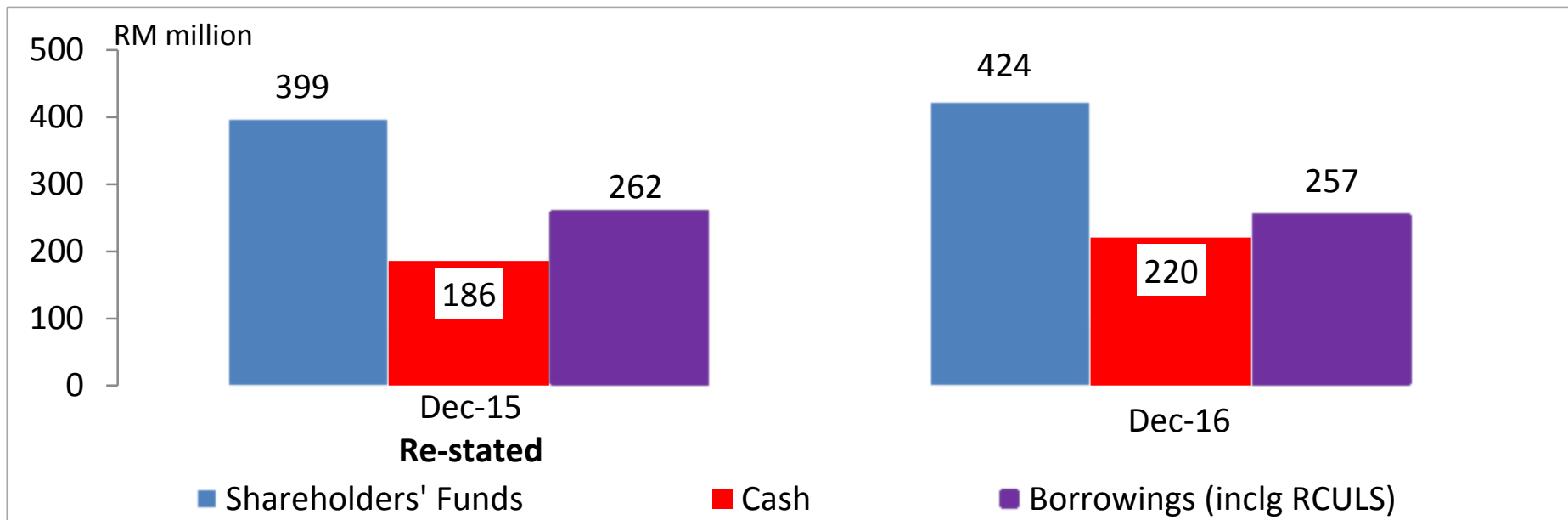
RM206.8m term loans (KL101), RM1.1m hire purchase,  
RM45.9m trust receipts & RM1.2m overdraft (working capital)





# Balance Sheet- Net debt at RM36.1 million at 31 Dec 2016

- FY2015 shareholders' fund re-stated for net book value of KL101 in USD\* (vs. MYR) and concurrent adjustment to its USD-loan as reflected in forex transaction reserve.
- Higher EBITDA and longer payable days raised cash balance to RM220.5 million as at 31 Dec 2016
- RM8.3m translation loss @ 31 Dec 2016, due to depreciation of MYR against USD for KL101 USD-loan valuation. Note that the loss is much smaller against previous years' due to re-statement above



1. [Note A4 of Results Release](#): FY2015 values for Property, Plant & Equipment and Forex translation reserve in accordance to MFRS 121.

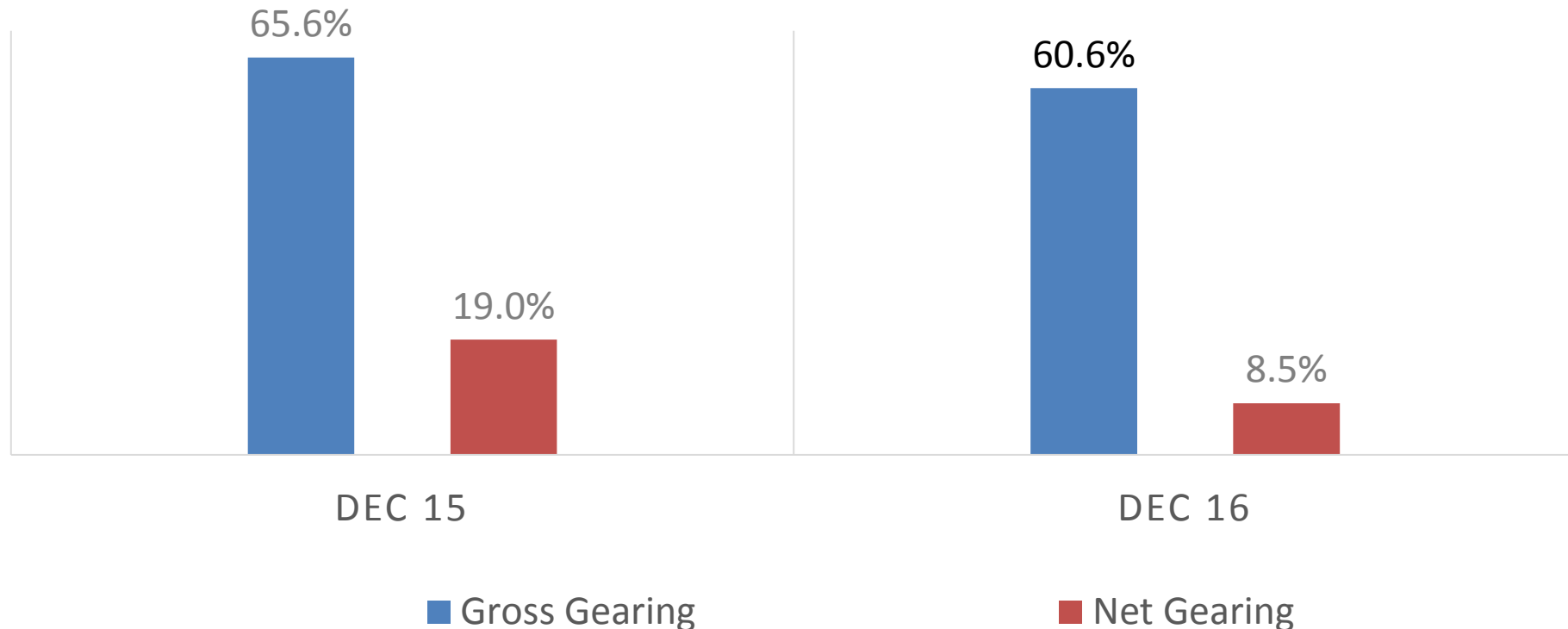
2. \* Re-stated 2015 NBV of KL101 in USD resulted in higher NBV in MYR. This results in higher depreciation costs in FY2016.

Depreciation of KL101 is expected to fluctuate with forex in future

# Net Gearing at 8.5% @ 31 December 2016

Lower net debt gearing in FY2016 due to lower net debt level at RM36.1 million and higher shareholders' funds from higher retained earnings and re-stated forex translation reserves.

Ratios (%)





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# Unbilled Orderbook of RM0.9bn @ 22/2/17

Projects	Client(s)	Value (RM'm)	Unbilled @ 22/2	Balance (Year)
Pan M'sia Hook-Up & Commissioning	Petrofac, Repsol & SKEI	377 (revised from 511)	94	1.00
Other Pipeline Services	Various	80	63 (est)	0.5+1
PFLNG Post-Installation, On-board HUC & start-up activities	Technip	49 (est)	20 (est)	0.25
PIG Trap System, W. & E Malaysia	Petronas Carigali	110	65 (est)	0.5+1


■ Pipeline & Commissioning

■ Installation & Construction

# Unbilled Orderbook of RM0.9bn @ 22/2/17

Projects	Client(s)	Value (RM'm)	Unbilled @ 22/2	Balance (Year)
Pan Malaysia Transportation & Installation Facilities Package A	11 PSCs	892 (revised from 1500)	29	-
Pengerang Pipeline	Petronas Gas	260	29	0.25
New Export Terminal Scraper Station	Petronas Gas	13	3	0.25+1
Firewater Network for UIO, RAPID	PRPC Utilities & Facilities	84	75	1.00
Underwater Services, Package 2	Petronas Carigali	500 (est)	458 (est)	1.5+1
Effluent Discharge Pipeline Replacement for Labuan Crude Oil Terminal (LCOT)	Sabah Shell	26	26	1.75
Production Riser Tensioner Overhaul, Maintenance and Upgrade (PRT)	Murphy Sabah & Sarawak	20	20	1.75 +1

 Pipeline & Commissioning

 Installation & Construction

# Project Progress

Projects	Notes:	2016				2017				2018				2019			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Pan Malaysia HUC	Ongoing until 2018. Seeing slower activity																
PIG Trap System, W. & E Malaysia	Activity level similar to 2016																
Pengerang Pipeline	Civil works completed. Pre-commissioning in preparation for gas transmission. Punchlist work at transmission plant in April 2017																
Underwater Services, Pkg 2 (IRM)	Engaging with client for work programme in 2017																
RAPID UIO- Firewater Network	Trenching in progress. 10km of 37km-length GRE pipes delivered.																
Pipeline replacement, LCOT	Full mob by end-Mar 2017																
Production Riser Tensioner Overhaul, Maintenance & Upgrade (PRT)	To replace 24 PRT in 2 yrs. Yards identified in Labuan for storage. Mob in May 2017																

Option for extension



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# 2017-2019 Visibility

RM0.9bn  
existing  
orderbook

- Lump sum contracts: Firewater Network UIO, LCOT and PRT and others on call-out basis: Underwater Services
- A panel contractor for the new cycle of the Dec 2016-2018 Pan Malaysia T&I Project

RM1.6bn  
bidbook

- 50% local: 50% overseas.
- Projects mainly on call-out basis
- Opportunity in offshore EPCC projects

Manageable  
profitability and  
cashflow

- Continuing with cost reduction, optimisation of manpower and operational efficiency
- Minimal new capex requirement for existing business, to sustain low gearing



## Profitability

- Long-term recurring and sustainable income
- Expand our services within O&G value chain
- Add new capabilities and know-how with high value to set us apart from competition

## Cashflow management

- Net debt to EBITDA ratio @ 31/12/16 at 0.59x, cashflow manageable
- Initiate O&G opportunities that bring recurring profits and cashflow in the long-term

# Thank You



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