



# **1Q 2017 Results Briefing**

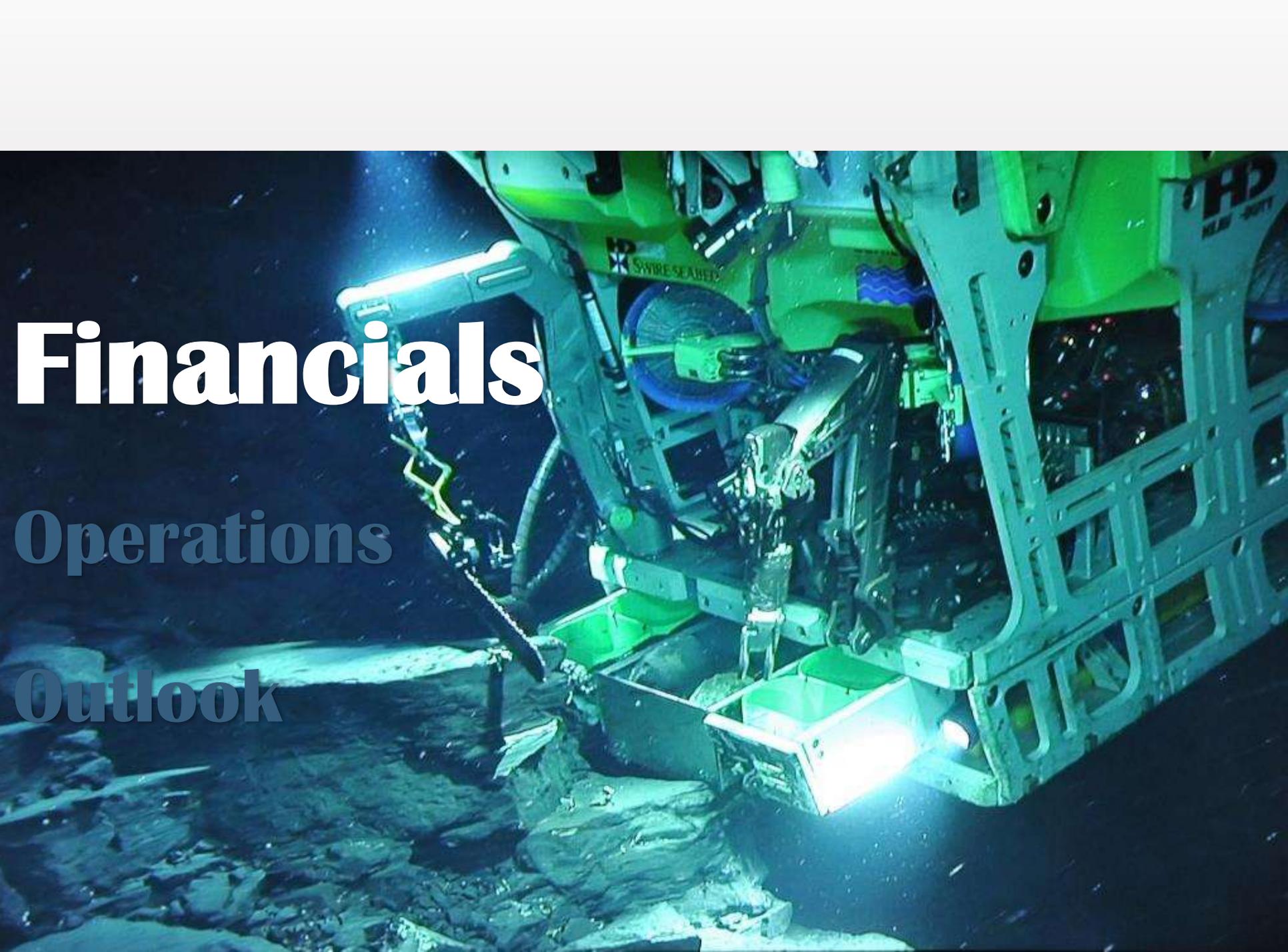
**30 May 2017**

# A Challenging FY2017

- ❑ 76% of outstanding orderbook on call-out basis, subject to CAPEX/OPEX of clients
- ❑ Work orders have been slow to-date

## Focus in FY2017

- ❑ Continue to cut costs and optimise supply chain
- ❑ Strengthen operational capabilities to improve efficiency
- ❑ Step up effort to initiate opportunities within and outside of the O&G industry



**Financials**

**Operations**

**Outlook**

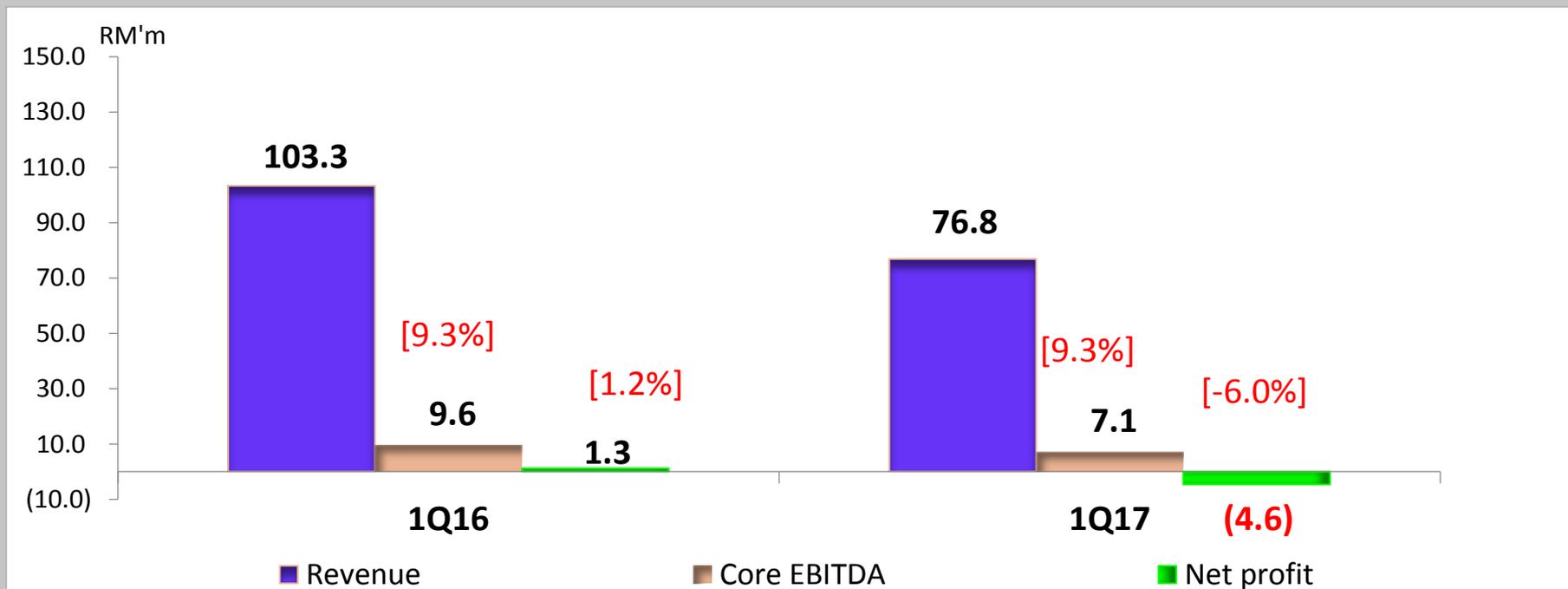
# 1Q2017 – Slow activities & high depreciation produced lower profits

FY Dec (RM'm)	1Q16	1Q17	Change (%)
Revenue	103.3	76.8	-25.6
EBITDA	9.6	7.1	-26.0
<i>EBITDA Margin (%)</i>	<i>9.3</i>	<i>9.3</i>	
Depreciation	(5.3)	(7.6)	+42.8
Net Interest Cost	(2.6)	(2.7)	+0.8
Pretax Profit <sup>1</sup>	1.7	(3.1)	- >200
<b>Net Profit<sup>1</sup></b>	<b>1.3</b>	<b>(4.6)</b>	<b>- &gt;400</b>
<i>Net Profit Margin (%)</i>	<i>1.2</i>	<i>(6.0)</i>	
Diluted net EPS (sen)	0.15	(0.53)	- >400
	@ 31/12/16	@ 31/3/17	
Net debt (RM'm)	36.1	10.2	
Net debt/Core EBITDA (x)	0.59	0.17	

<sup>1</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 loss for 1Q17: RM0.2m (1Q16 loss: RM9.5m).

# 1Q2017 – A slow start

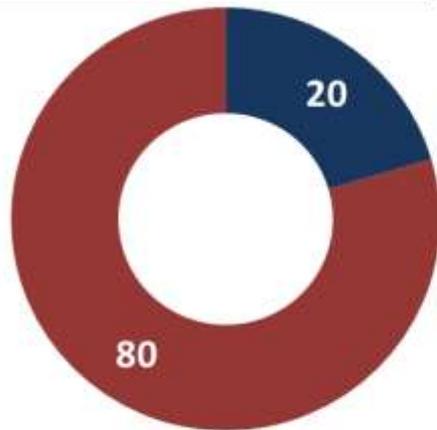
- New projects secured in 2016 contributed 12.1% to 1Q17 revenues: UIO Firewater Network and Labuan Crude Oil Terminal (LCOT) Pipeline Replacement.
- Revenue from Pan Malaysia Transportation & Installation (T&I) Package A came from completed jobs in 2016. Yet to receive work orders from the new project cycle (Dec 2016-2018).
- Slow jobflow to-date from Underwater Services Package 2



# Revenue Breakdown

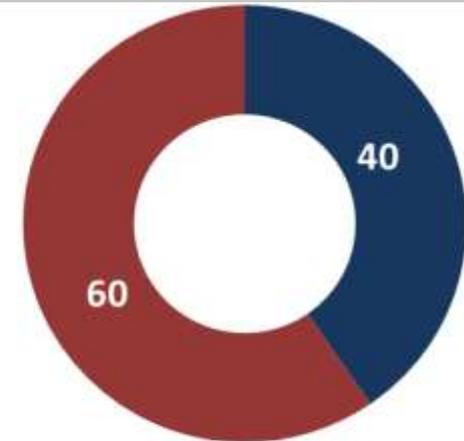
- Installation & Construction (I&C) accounts for 60% of revenue in 1Q2017 (lower than 80% clocked in 1Q16) given the absence of jobs for the new cycle of Pan Malaysia T&I. UIO Firewater Network and LCOT Pipeline Replacement filled the gap but insufficient to offset the decline in revenue from the latter project.
- Pipeline & Commissioning revenues mainly from Pan Malaysia HUC project and HUC of Petronas FLNG

1Q16



■ Pipeline & Commissioning

1Q17

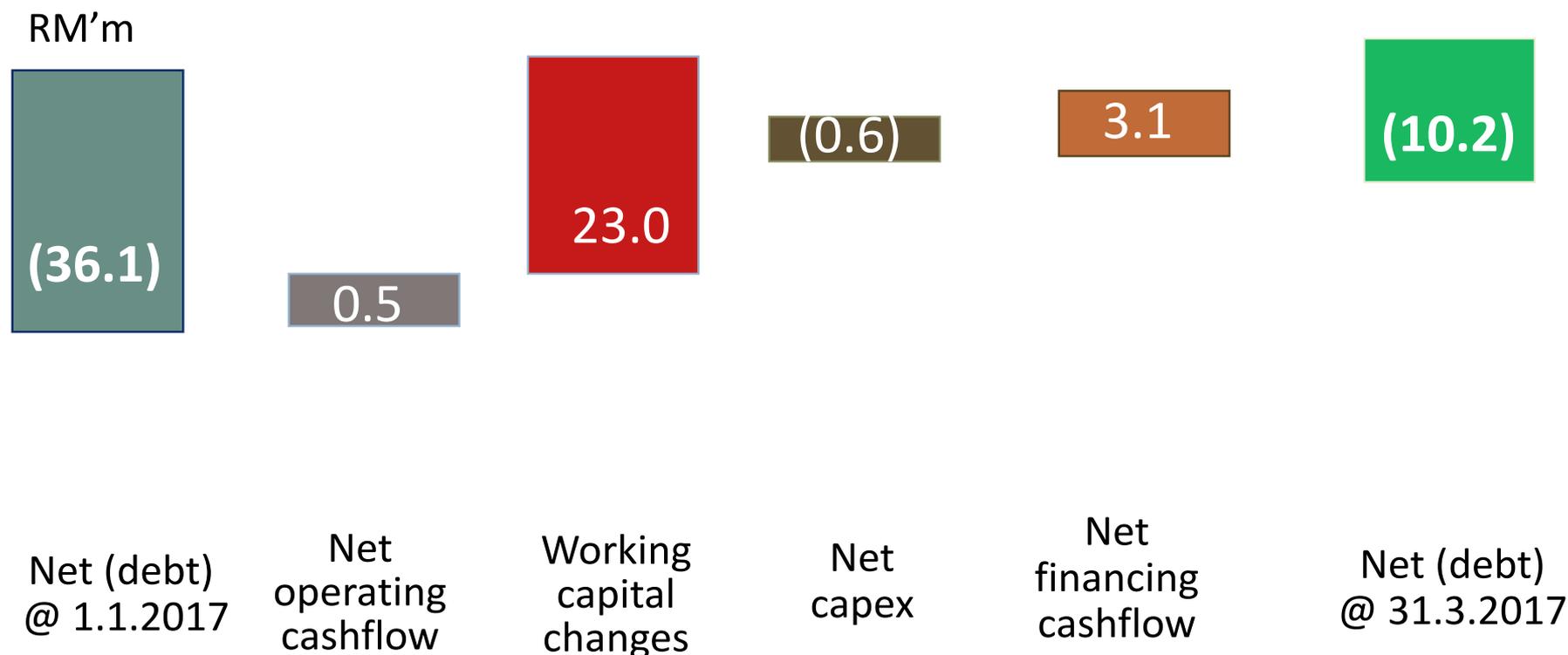


■ Installation & Construction

# Cashflow – Working capital management helped cashflow

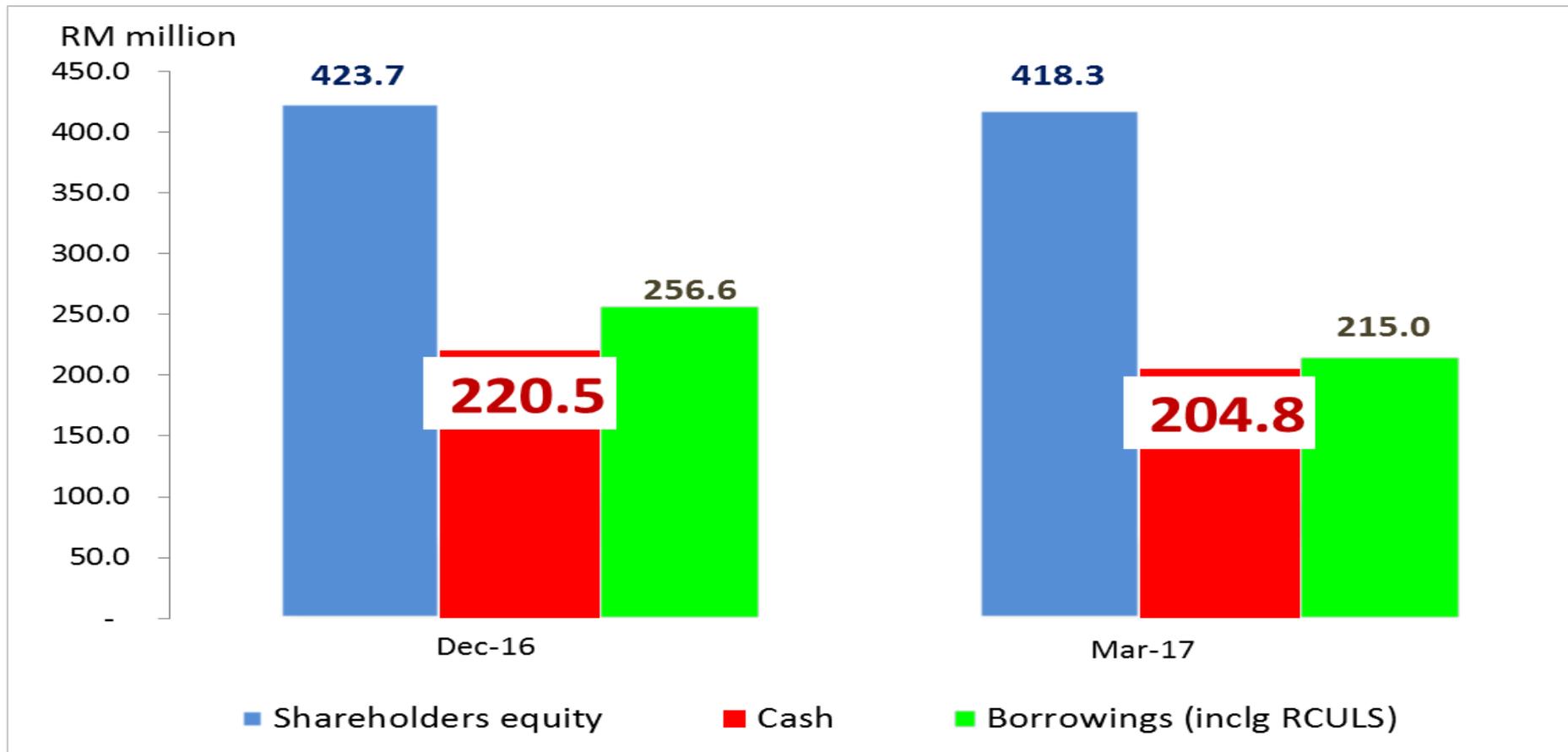
## Funding breakdown:

RM198.3m term loans (KL101), RM1.0m hire purchase, RM4.9m trust receipts & RM9.0m bank overdraft



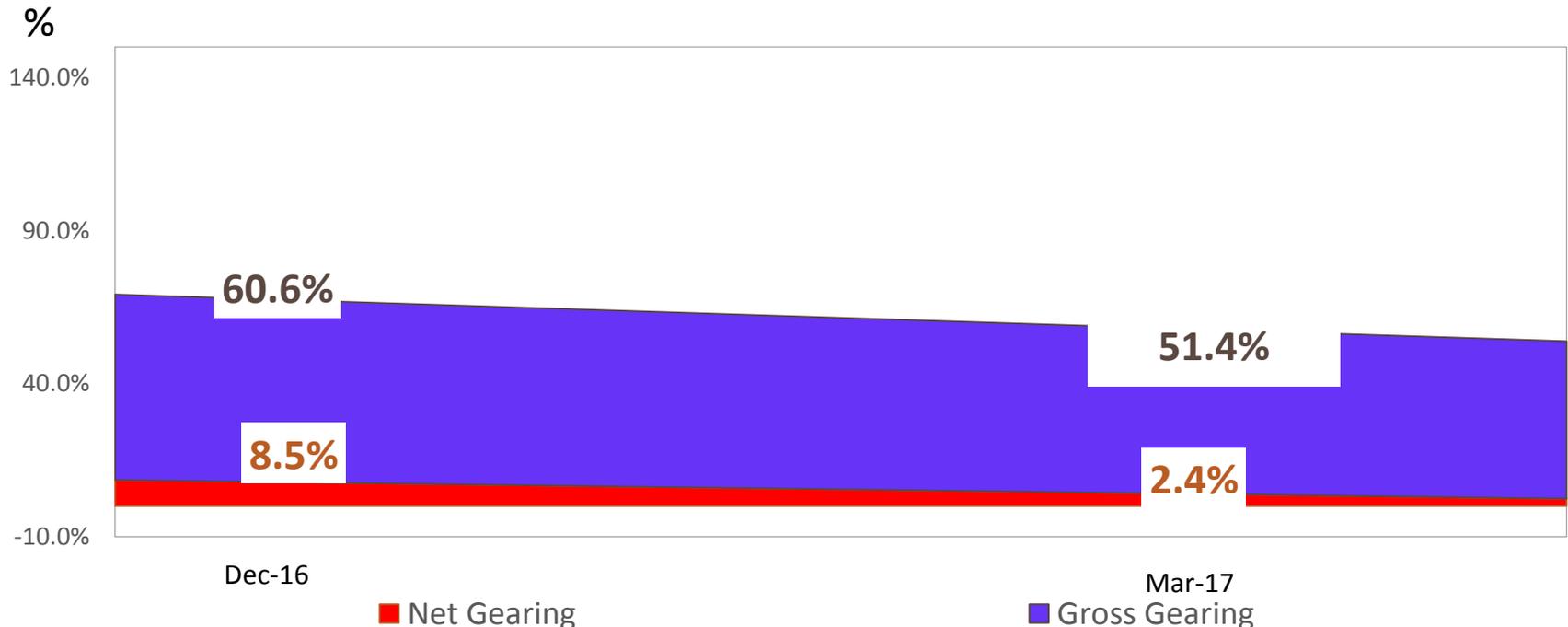
# Balance Sheet- Net debt at RM10.2 million at 31 March 2017

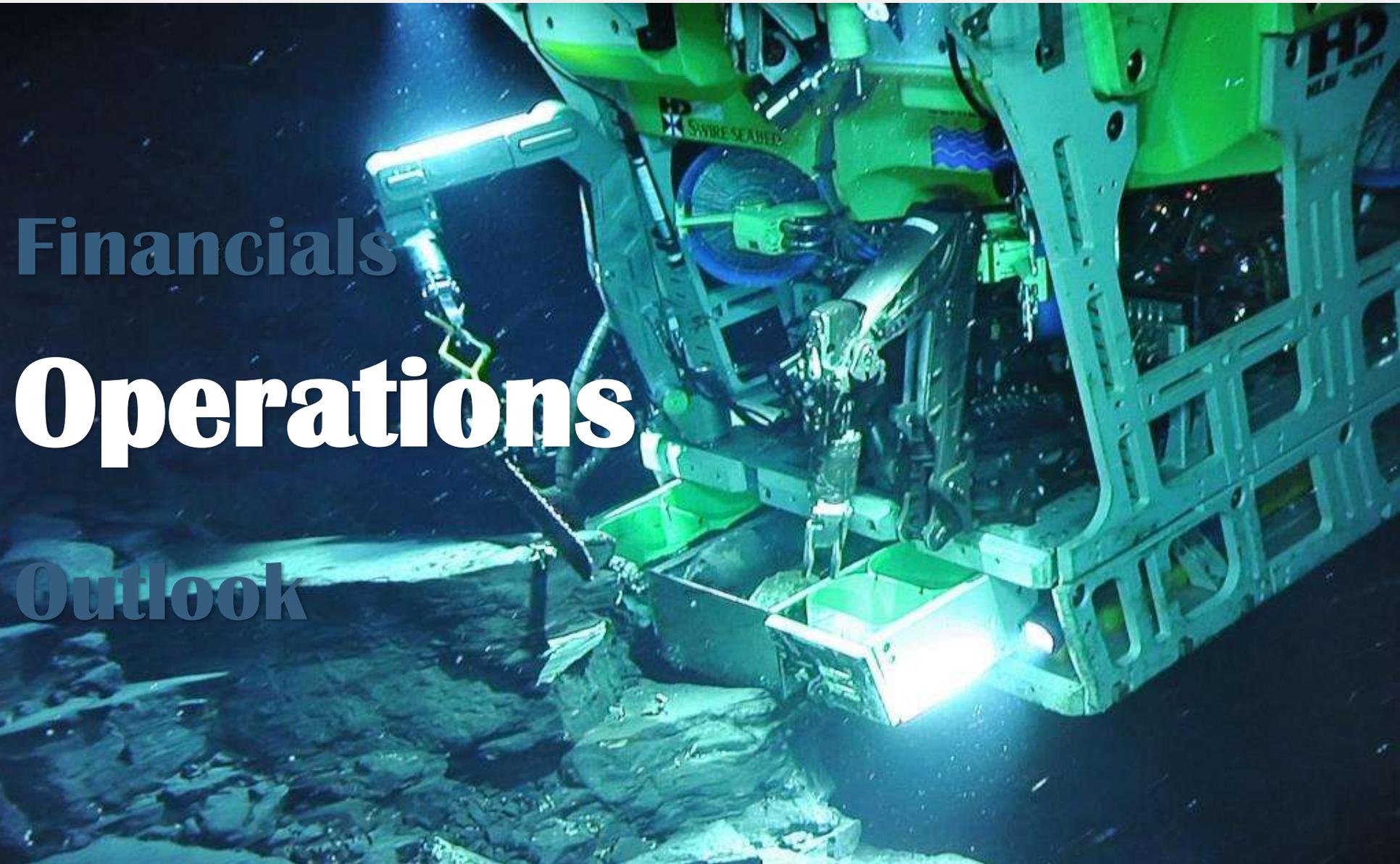
Net debt reduced at end-1Q2017 mainly from the repayment of working capital debts



# Net Gearing at 2.4% @ 31 March 2017

- Lower net debt gearing in 1Q2017 due to lower net debt level at RM10.2 million and higher shareholders' equity.
- Shareholders' equity is on a higher-base since 4Q2016 as 2015 figures were re-stated for net book value of KL101 in USD\* (vs. MYR) and concurrent adjustment to its USD-loan as reflected in forex translation reserve.





Financials

**Operations**

Outlook

# Unbilled Orderbook of RM0.9bn @ 11/5/17

Projects	Client(s)	Value (RM'm)	Unbilled @ 11/5	Balance (Year)
Pan M'sia Hook-Up & Commissioning	Petrofac, Repsol & SKEI	377 (revised from 511)	147	0.75
Other Pipeline Services	Various	80	60 (est)	0.5+1
PIG Trap System, W. & E Malaysia	Petronas Carigali	110	65 (est)	0.25+1

■ Pipeline & Commissioning

■ Installation & Construction

# Unbilled Orderbook of RM0.9bn @ 11/5/17

Projects	Client(s)	Value (RM'm)	Unbilled @ 11/5	Balance (Year)
Pengerang Pipeline	Petronas Gas	260	17	0.25
New Export Terminal Scraper Station	Petronas Gas	13	3	1 (option)
Firewater Network for UIO, RAPID	PRPC Utilities & Facilities	84	69	0.75
Underwater Services, Package 2	Petronas Carigali	500 (est)	458 (est)	1.25+1
Effluent Discharge Pipeline Replacement for Labuan Crude Oil Terminal (LCOT)	Sabah Shell	26	23	1.50
Production Riser Tensioner Overhaul, Maintenance and Upgrade (PRT)	Murphy Sabah & Sarawak	20	20	1.72 +1

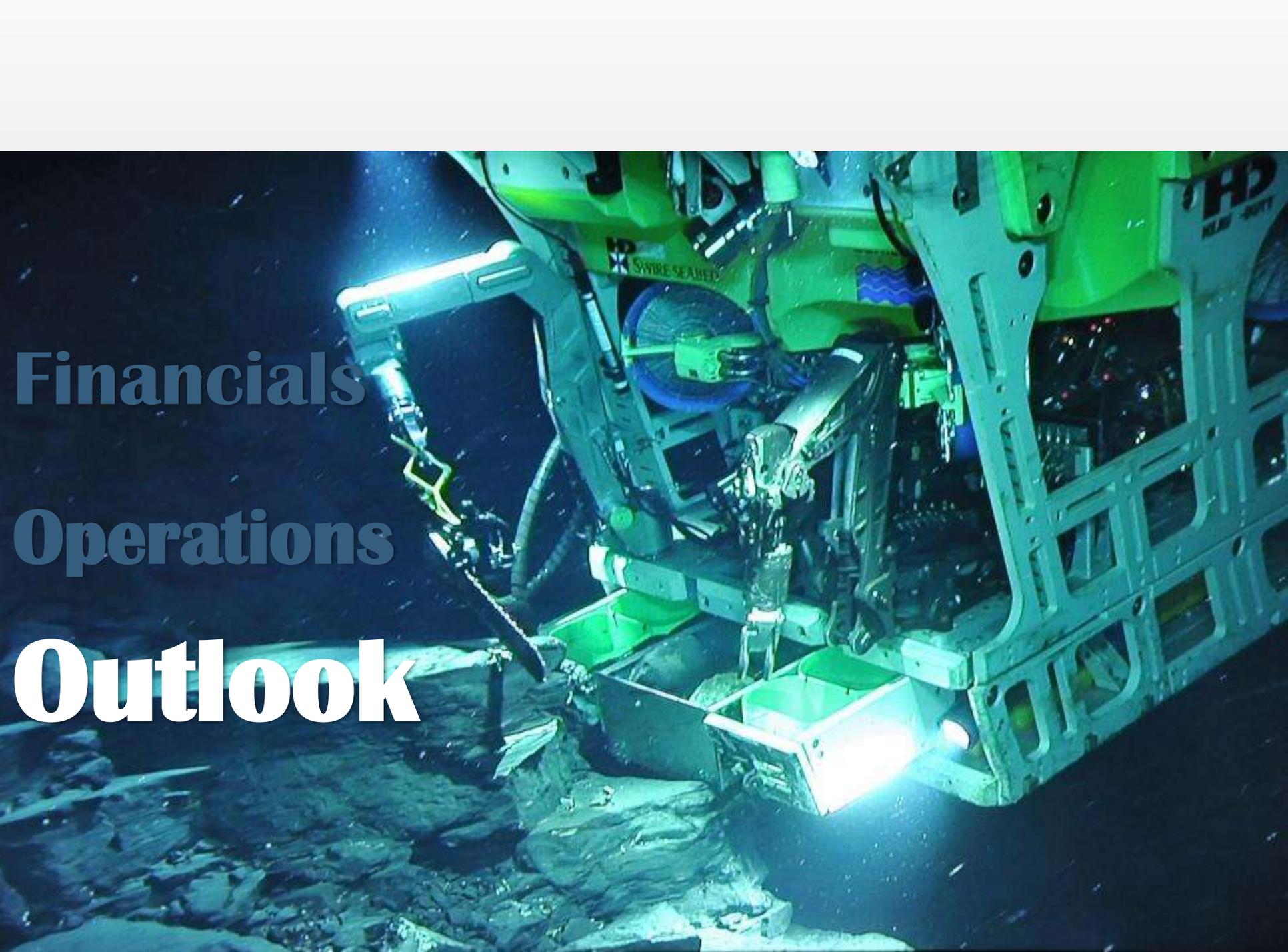
 Pipeline & Commissioning

 Installation & Construction

# Project Progress

Projects	Notes:	2016				2017				2018				2019			
		1Q	2Q	3Q	4Q												
Pan Malaysia HUC	Ongoing until 2018. Still facing slow activity	█	█	█	█	█	█	█	█	█	█	█	█				
PIG Trap System, W. & E Malaysia	Activity level similar to 2016	█	█	█	█	█	█	█	█	█	█	█	█				
Pengerang Pipeline	Target completion in 2Q2017	█	█	█	█	█	█	█	█								
Underwater Services, Pkg 2 (IRM)	Workflow has been slow in 2017 , project to last until 2018 (with 1 year extension option)		█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
RAPID UIO- Firewater Network	Trenching and lowering of GRE pipes in progress	█	█	█	█	█	█	█	█								
Pipeline replacement, LCOT	Mobilisation in mid-July 2017		█	█	█	█	█	█	█	█	█	█	█				
Production Riser Tensioner Overhaul, Maintenance & Upgrade (PRT)	Team mobilised in May 2017		█	█	█	█	█	█	█	█	█	█	█	█	█	█	█

Option for extension

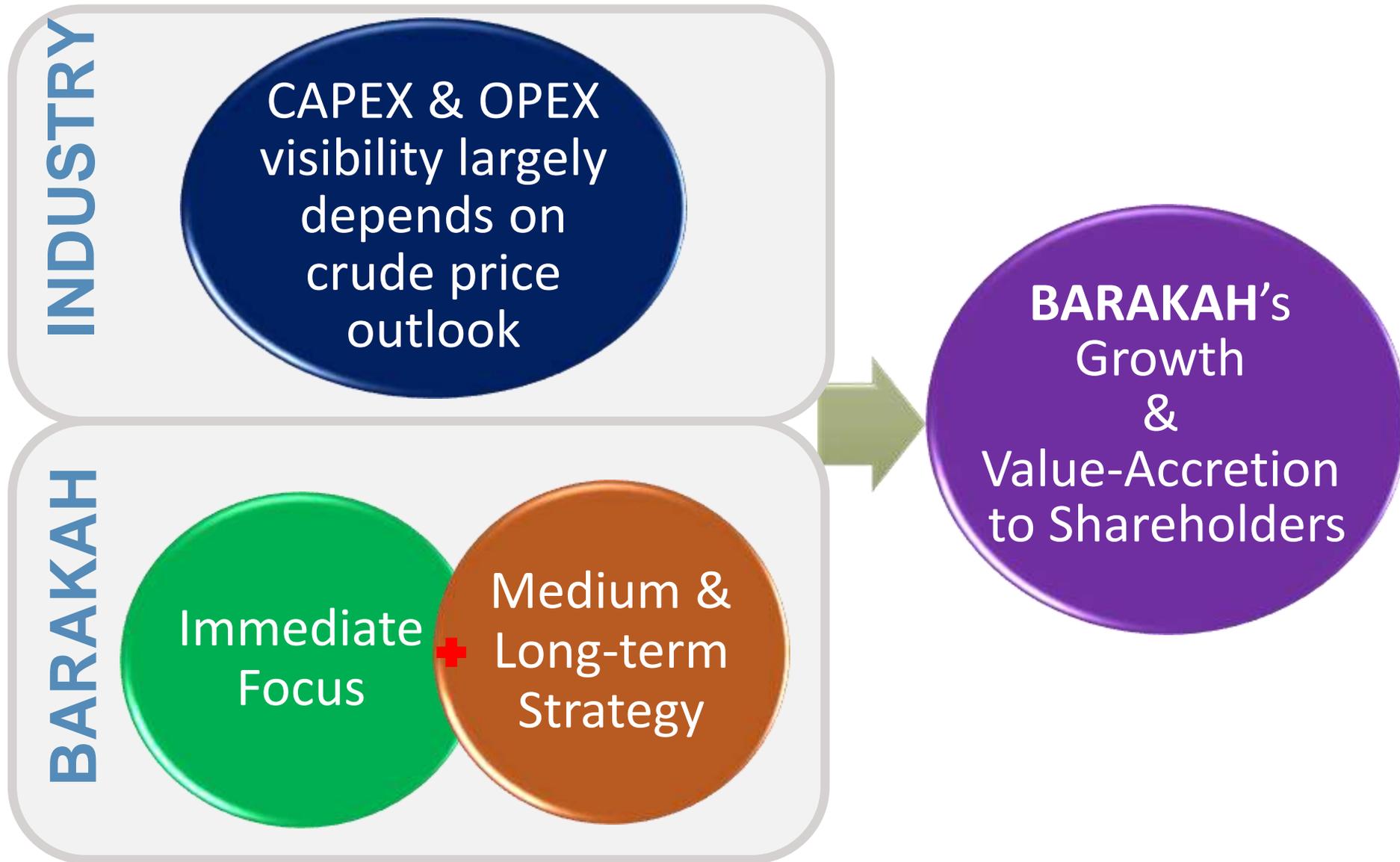


**Financials**

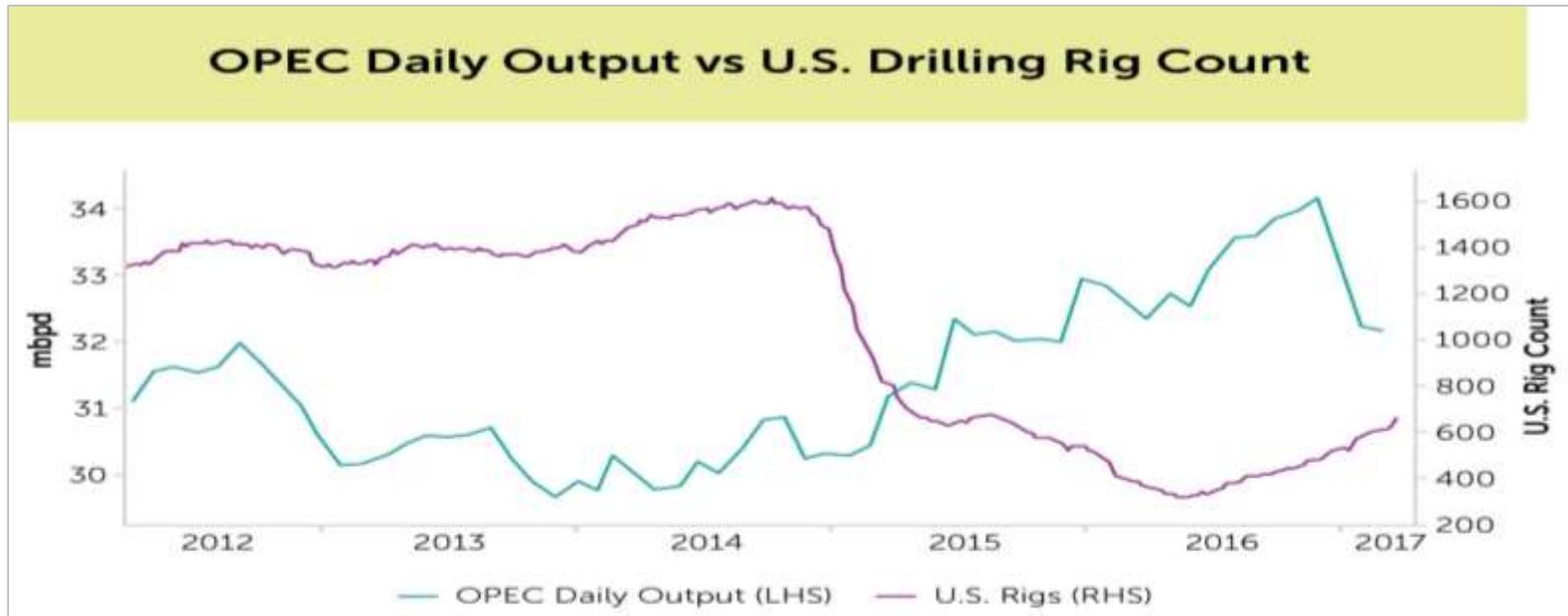
**Operations**

**Outlook**

# Industry Outlook & Our Prospect



# Industry – Crude Price Outlook



- 2 opposing forces:
  - + Good compliance to OPEC production cuts
  - Surging production/inventory from the U.S.
- Average price estimates\*: US\$54/bbl for 2017 and US\$57/bbl for 2018

\* Source: U.S. EIA; Charts- Bloomberg & Baker Hughes

# Industry Visibility

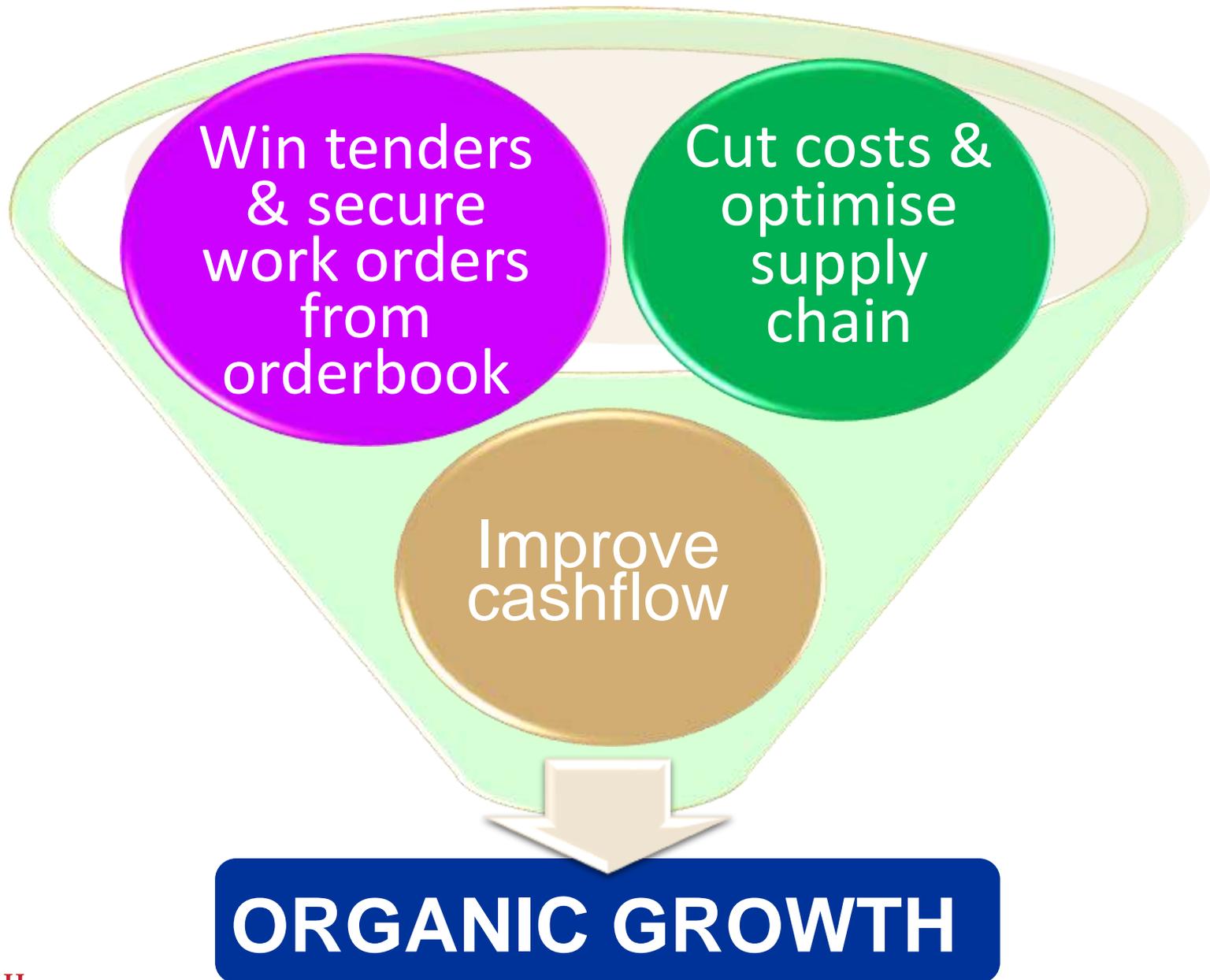
More  
opportunity in  
domestic  
market

Upstream to  
remain subdued,  
selective CAPEX  
& OPEX

Downstream  
mainly in  
Pengerang  
RAPID Project

Opportunities in  
operation &  
maintenance of  
facilities

# Barakah - Immediate Focus



# Barakah - Medium & Long-Term Strategy

**Strengthen our technical capability and move up the value chain in the O&G industry**

**Focus on technology-driven business**

**Smart partnership with technology provider and asset owners**

**Additional focus on growth area in East Malaysia and its future project developments**

**Broaden our engineering base capability and services to also include business outside the O&G industry**

# Thank You



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