



# **3Q 2016 Results Briefing**

**28 November 2016**





# **The headlines**

**Operations**

**Outlook**

# 9M16 – Better than 9M15

FY Dec (RM'm)	9M16	9M15	Change (%)
Revenue	407.5	425.7	-4.3
Core EBITDA	40.9 <sup>1</sup>	35.0 <sup>2</sup>	+16.9
<i>Margin (%)</i>	<i>10.0</i>	<i>8.2</i>	
Reported Pretax Profit <sup>3</sup>	13.6	7.1	+91.6
Reported Net Profit <sup>3</sup>	10.5	4.3	+142.1
Core Net Profit	12.2 <sup>1</sup>	9.2 <sup>2</sup>	+33.0
<i>Margin (%)</i>	<i>3.0</i>	<i>2.2</i>	
Dil net EPS (sen)	1.23	0.52	+134.9
	@ 30/9/16	@ 31/12/15	
Net debt (RM'm)	101.9	75.8	

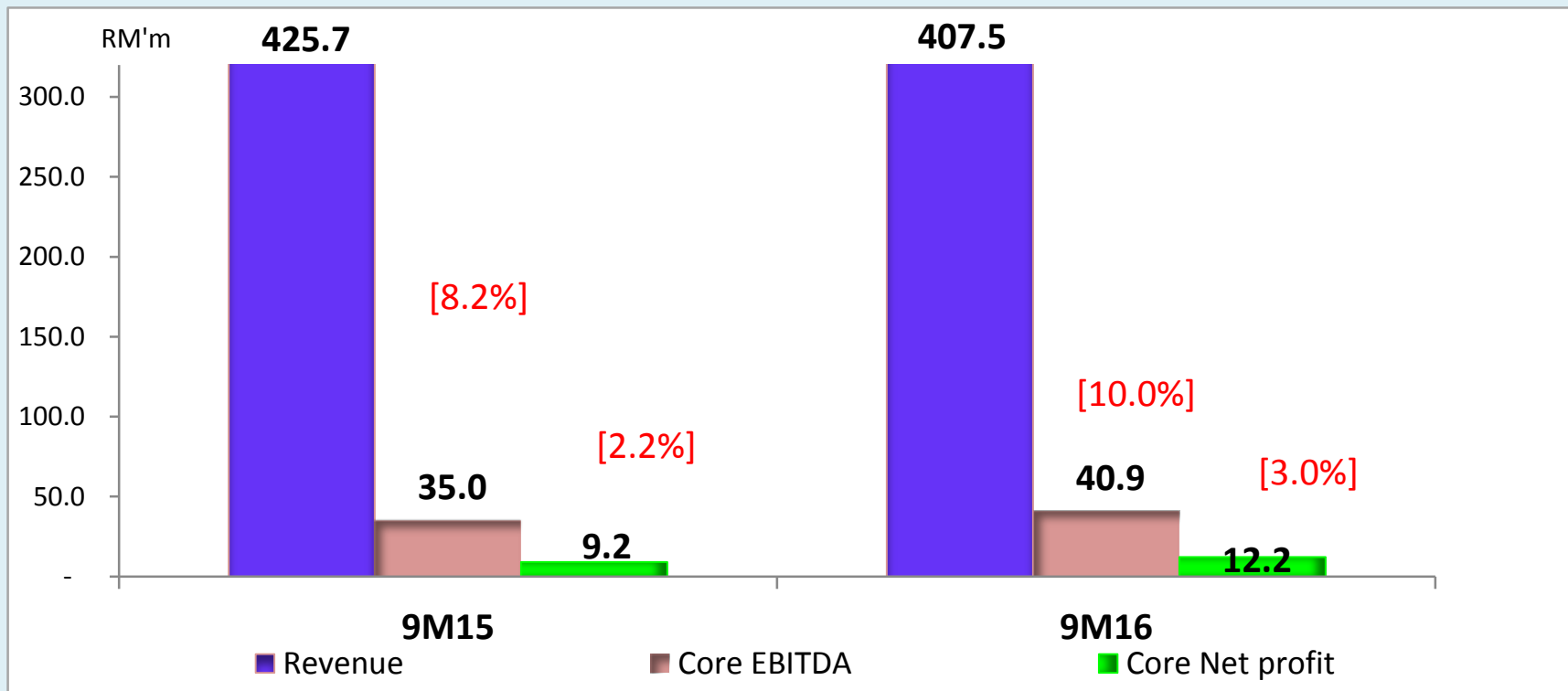
<sup>1</sup> Add back share-based payments of RM1.7m arising from fair valuation of ESOS, charged out in 2Q16

<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 gain/loss from USD-based revenue/cost and also unrealised loss of almost RM1m (9M15 gain: RM17.4m) from foreign exchange relating to accounting of KL101 ownership and charter income of KL101

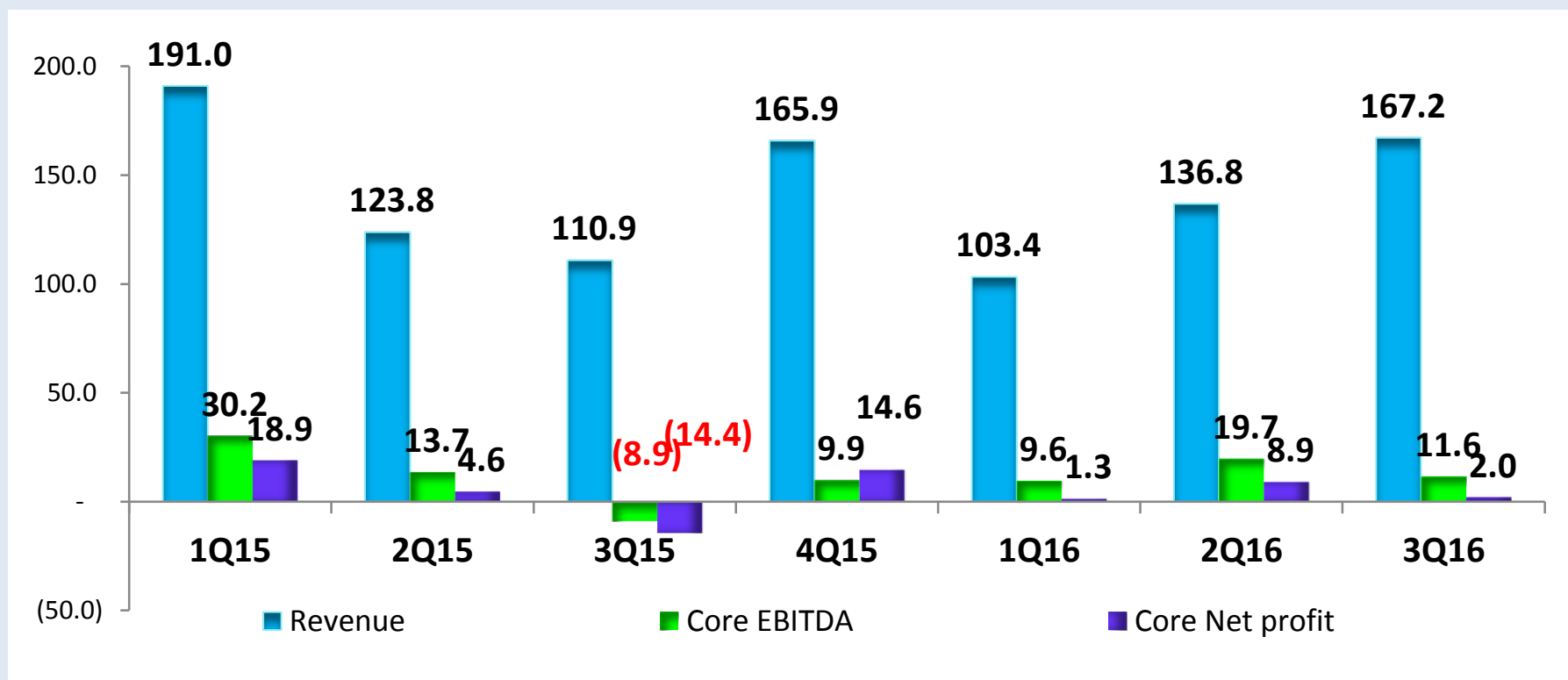
# 9M16 vs 9M15

- 9M16 revenue mainly from T&I (Dalak rectification work completed in 2015, P1 and P2) and Pengerang Pipeline
- Higher margins with better utilization of KL101 and the impact from costs reduction



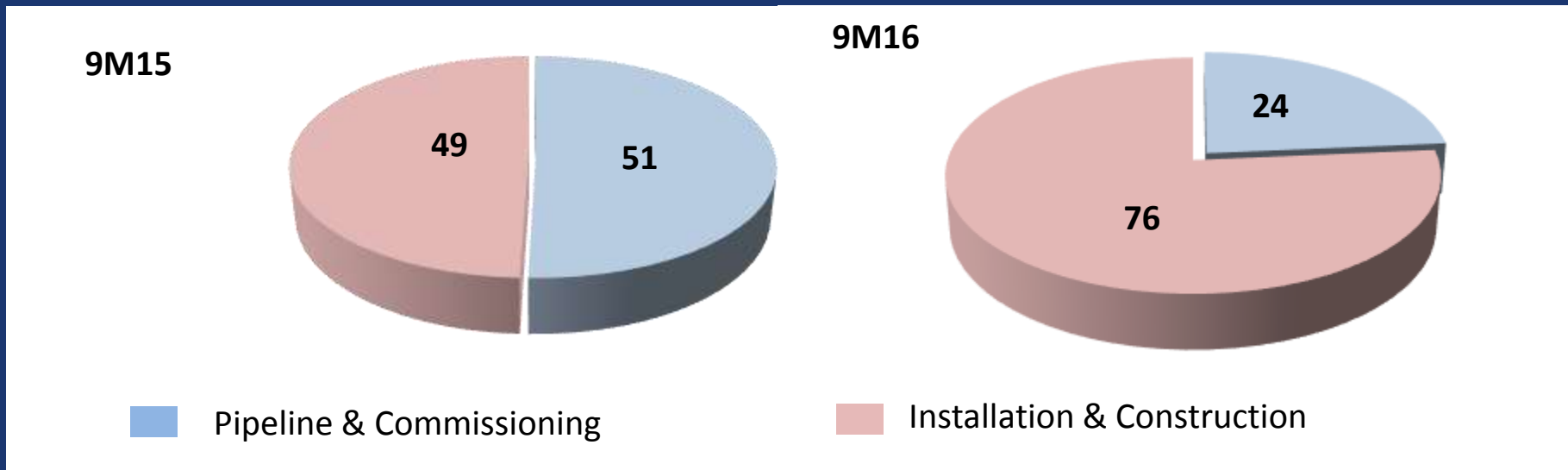
# Quarterly Trend

- Billings for Dalak rectification work (completed in 2015), P2 and Pengerang Pipeline are main revenue churners for 3Q16.
- Profits offset by front-loaded costs from UIO project and cost-related to delay in completion of P2 (October vs September).



# Revenue Breakdown

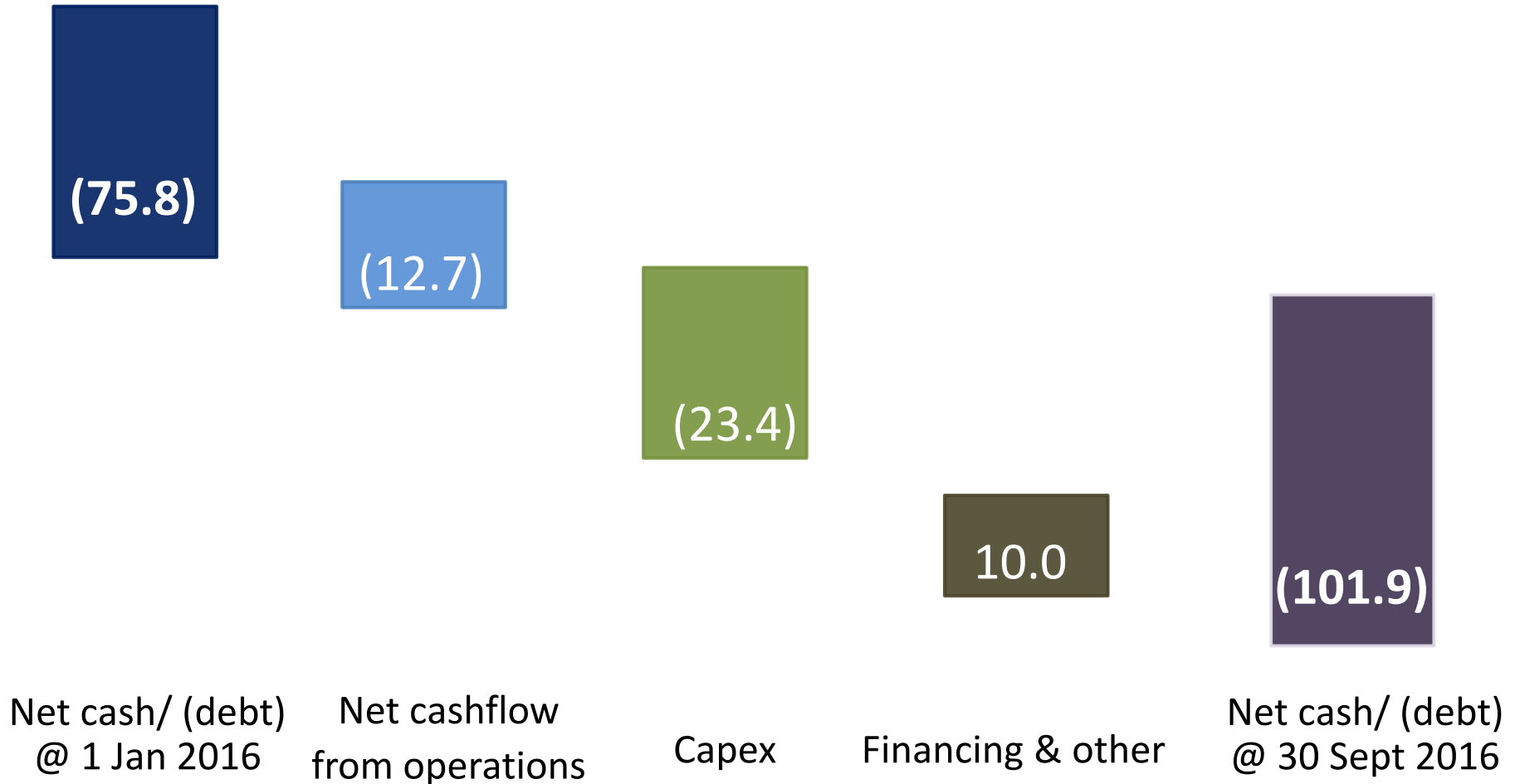
- Installation & Construction (I&C) accounts for 76% in 9M16 (vs 49% in 9M15) with Pan Malaysia T&I work packages generated 2.1x more revenue in 2016 at RM227.7m
- Hook-Up Commissioning & Pipeline Services seeing much lower work flow (9M16 revenue down 37% and 67% yoy respectively)



# Cashflow

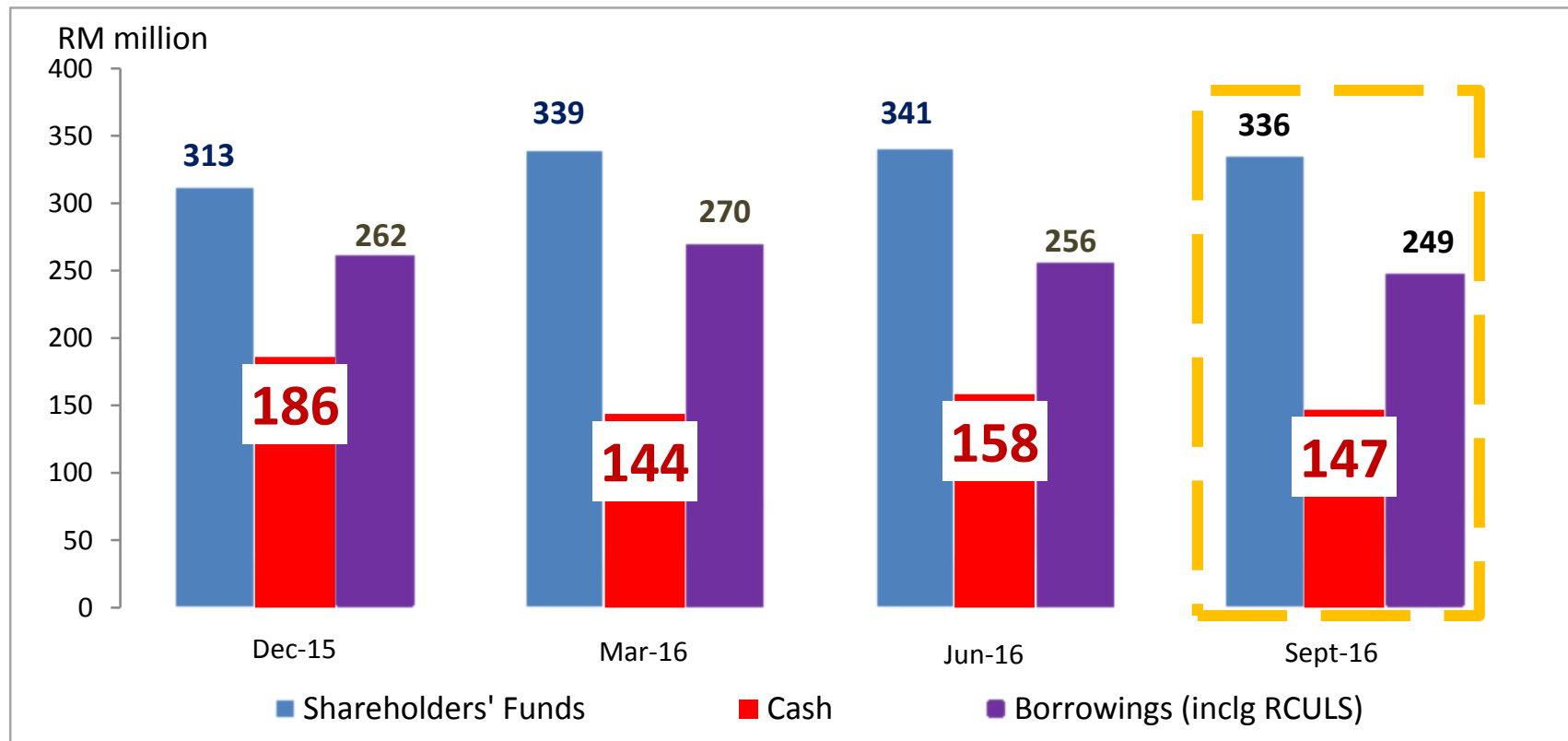
RM'm

Funding breakdown: RM196.7m term loans (KL101), RM1.2m hire purchase, RM33.9m trust receipts & RM15.2m (working capital)



# Balance Sheet

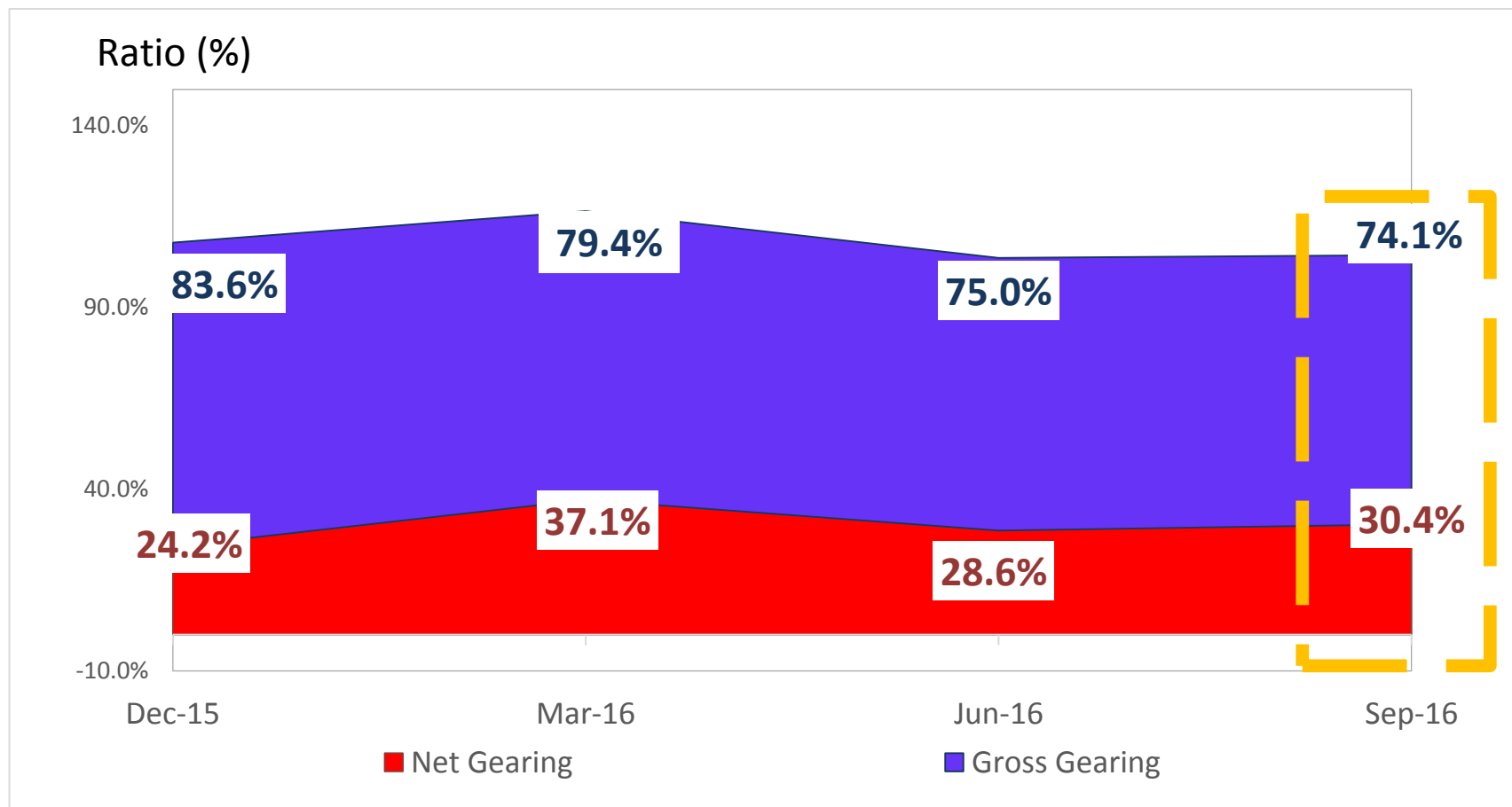
- RM10.5m forex translation gain @ 30 Sep 2016, lower than RM18.0m gain @ 30 June 2016 as RM weakened against USD qoq. Coupled with lower retained profits, shareholders' funds declined marginally as at 30 Sept 2016.
- Slower cash conversion results in lower cash balance of RM146.7m @ 30 September 2016





# Net Gearing at 30.4% @ 30 September 2016

Working capital repayment (trust receipts) and slower cash conversion reduced cash holdings, hence slightly higher net gearing (vs 30 June 2016)



Core Net Profit  
RM12.2m

- Revenue declined marginally yoy offset by lower costs.
- Cost savings lower than our target owing to resources requirement for new EPCC projects secured

Asset-light  
business: low  
net gearing at  
30.4%

- Seasonal repayment of working capital and slower cash conversion

Sustaining  
revenue and  
profits into  
4Q16

- Front-loaded costs from new project commencing in 3Q16. Recovery expected in 4Q16



**The headlines**

**Operations**

**Outlook**

# Unbilled Orderbook of RM1.22bn @ 11/11/16

Projects	Client(s)	Value (RM'm)	Unbilled @11/11	Balance (Year)
Pan M'sia Hook-Up & Commissioning	Petrofac, Repsol & SKEI	461 (revised from 511)	173	1.25
Other Pipeline Services	Various	68	68 (est)	0.75+1
PFLNG Post-Installation, On-board HUC & start-up activities	Technip	19 (est)	11 (est)	0.25
PIG Trap System, W. & E Malaysia	Petronas Carigali	110	72 (est)	0.75+1

■ Pipeline & Commissioning

■ Installation & Construction

# Unbilled Orderbook of RM1.22bn @ 11/11/16

Projects	Client(s)	Value (RM'm)	Unbilled @11/11	Balance (Year)
Pan Malaysia Transportation & Installation Facilities Package A	11 PSCs	892 (revised from 1500)	185 (est)	0.25
Pengerang Pipeline	Petronas Gas	260	58	0.25
New Export Terminal Scraper Station	Petronas Gas	13	7	0.25+1
Firewater Network for UIO, RAPID	PRPC Utilities & Facilities	84	84	1.25
Underwater Services, Package 2	Petronas Carigali	500 (est)	500 (est)	1.75+1
Mechanical Equipment Installation and Electrical and Instrumentation Works for UIO, Rapid	PRPC Utilities & Facilities	39	39	1.75
Effluent Discharge Pipeline Replacement for Labuan Crude Oil Terminal	Sabah Shell	26	26	2.00s

■ Pipeline & Commissioning

■ Installation & Construction

# Project Progress

Projects	Notes:	2016				2017				2018			
		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	Much lower work order	█	█	█	█	█	█	█	█	█	█	█	█
Pan Malaysia T&I Package A	P2 completed in October, SKO riser guards installation in mid-November 16	█	█	█	█								
Pengerang Pipeline	Target completion in 4Q16	█	█	█	█	█							
Underwater Services, Pkg 2 (IRM)	Completed work for 2016, engaging client for work for 2017			█	█	█	█	█	█	█	█	█	█
RAPID UIO- Firewater Network	Qualifying binders for GRE pipes, to start work in Dec 16	█	█	█	█	█	█	█	█				
RAPID UIO- Mechanical Equipment Installation	To start work in January 2017		█	█	█	█	█	█	█	█	█	█	█
Pipeline replacement at LCOT	At engineering stage. Mobilisation in January 2017			█	█	█	█	█	█	█	█	█	█

Option for extension



**The headlines**

**Operations**

**Outlook**

RM1.23bn  
existing  
orderbook

- Most contracts on call-out basis
- Bigger projects: Underwater Services (RM100-150m p.a.) and the lump sum UIO projects in RAPID, Pipeline Replacement at Labuan Crude Oil Terminal

RM3.3bn  
bidbook

- 65% local comprising 26 packages, the balance 35% from overseas.
- Projects mainly on call-out basis
- Opportunity in offshore and onshore EPCC projects

Manageable  
profitability and  
cashflow

- Further cost optimization by enhancing the utilization of assets and human capital
- Minimal new capex requirement for existing business, to maintain low gearing



## Still Profitable

- Target replenishment of RM500-600m p.a
- Continuing with RM10-15m cost savings for 2017 through manpower and procurement optimisation

## Cashflow management

- Improve cash conversion
- Build recurring business to mitigate the subdue industry condition



Contact us:

**Firdauz Edmin Mokhtar**

Chief Financial Officer

Email : firdauzedmin@barakah.my

**Abdul Rahim Awang**

Chief Corporate Officer

Email : abdulrahim@barakah.my

**Barakah Offshore Petroleum Berhad**

No. 28, Jln PJU 5/4, Dataran Sunway,  
Kota Damansara, 47810 Petaling Jaya,  
Selangor Darul Ehsan.

<http://www.barakahpetroleum.com>

Tel : +603-6141 8820

Fax : +603-6141 8857

