

BUMI ARMADA Q1 2019 ANALYST BRIEFING

27 May 2019



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Agenda

- Operational Updates
- Q1 2019 Financials
- Outlook
- Q&A

Operational Updates



Q1 2019 Operational Updates

Corporate

- Safe operations in Q1 with no LTIs recorded
- Cost reduction exercise has started to yield results

FPO

- Challenges continue on Armada Kraken
- Other FPO units continue stable operations

OMS

- No new work for SC in the Caspian Sea
- Sold four (4) OSV in Q1 2019 – OSV fleet at 39 vessels

Since Q1 2019

Closed the refinancing of corporate debt

- USD260 million over two years
- USD 400 million over five years

Indian JV secured FPSO contract for ONGC's Kakindada 98/2

- BAB holds 30% in the JV
- Firm charter period is for nine years with seven annual extensions
- Firm contract value is USD2.1 billion (RM8.8 billion) and options are valued at up to USD655 million (RM2.7 billion)

Q1 2019 Financials



Key takeaways

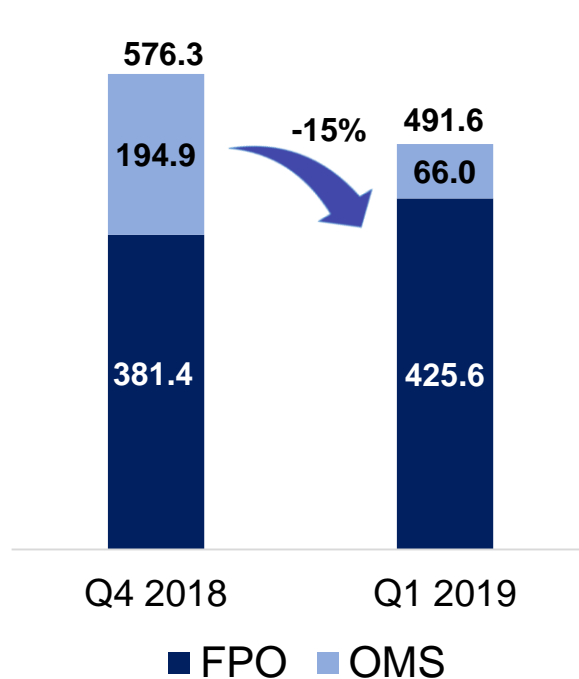
- Revenue in Q1 2019 decreased by 14.7% to RM491.6 million compared to Q4 2018
- Q1 2019 versus Q4 2018
 - FPO revenue increased by 11.6% to RM425.6 million
 - OMS revenue decreased by 66.1% to RM66.0 million
 - FPO segment results increased by 65.4% to RM253.7 million
 - OMS segment results decreased by 84.6% to RM9.0 million
 - Net profit⁽²⁾ increased by >100% to RM62.2 million
 - Net profit before impairment⁽¹⁾⁽²⁾ increased by 97.4% from RM34.3 million to RM67.7 million due to higher contribution from Armada Kraken FPSO in Q1 2019
 - The Group's total order book as at 31 Mar 2019 was RM29.1 billion (RM19.3 billion of firm contracts and RM9.8 billion of optional extensions)

⁽¹⁾ Impairment on vessels and net allowance for impairment losses

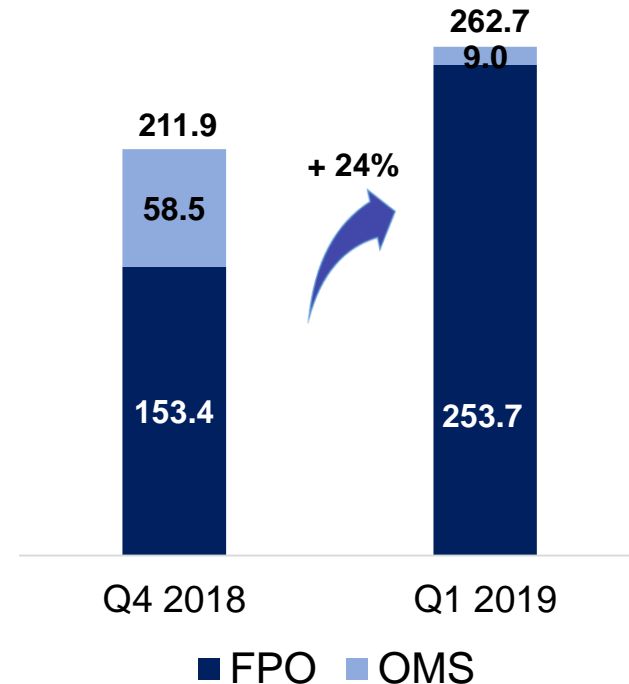
⁽²⁾ Attributable to Owners of the Company

Results Overview – Q1 2019 vs. Q4 2018 (RM m)

Revenue

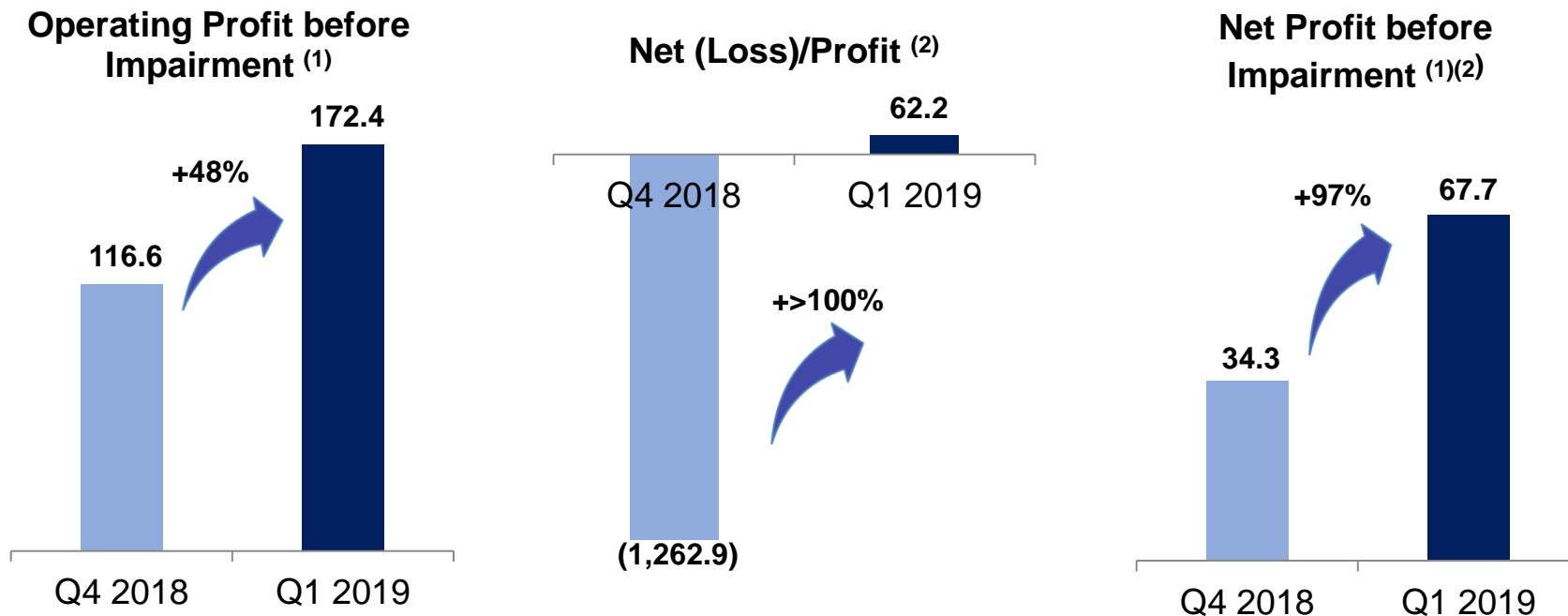


Segment Results



- **FPO revenue and results increased** mainly due to higher contribution from Armada Kraken FPSO
- **OMS revenue and results decreased** due to the completion of LukOil project in the Caspian Sea in December 2018

Results Overview – Q1 2019 vs. Q4 2018 (RM m)

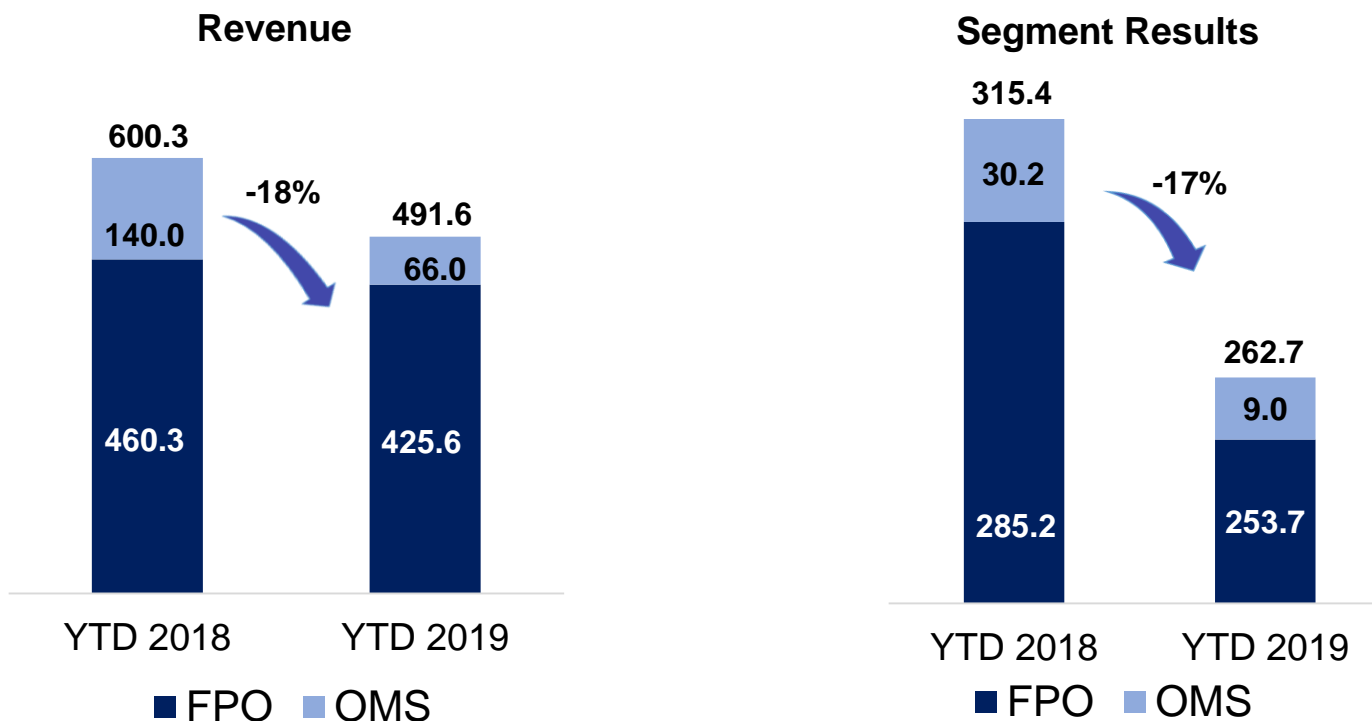


- **Operating profit before impairment increased** due to higher contribution from Armada Kraken FPSO
- **Net profit attributable to owners of the Company** in Q1 2019 due to impairment recognised for Armada Kraken FPSO and certain OSV vessels, and additional allowance for impairment losses in Q4 2018
- Excluding the allowance for impairment losses, the Group would have reported a net profit of RM67.7 million in Q1 2019

(1) Impairment on vessels and net allowance for impairment losses

(2) Attributable to Owners of the Company

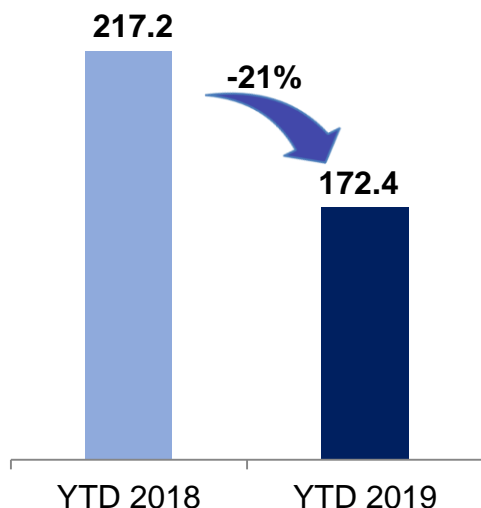
Results Overview – YTD 2019 vs. YTD 2018 (RM m)



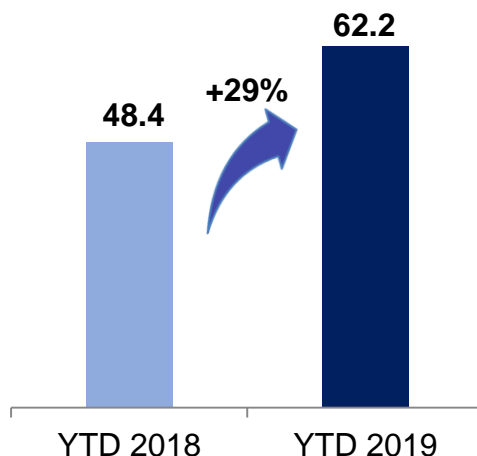
- **FPO revenue and results decreased** due to lower revenue from Armada TGT FPSO subsequent to the signing of the extension agreement in August 2018
- **OMS revenue and results decreased** due to completion of the LukOil project in the Caspian Sea in December 2018

Results Overview – YTD 2019 vs. YTD 2018 (RM m)

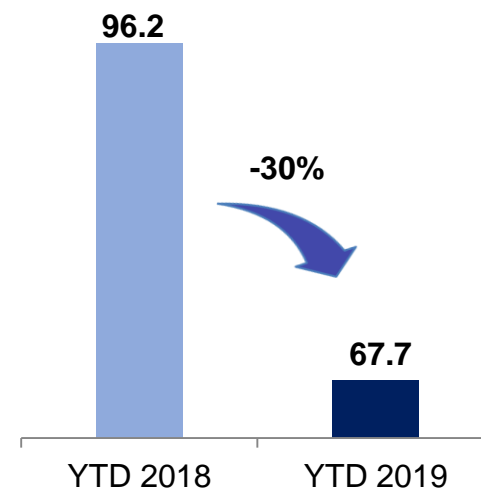
Operating Profit before Impairment ⁽¹⁾



Net Profit ⁽²⁾



Net Profit before Impairment ⁽¹⁾⁽²⁾



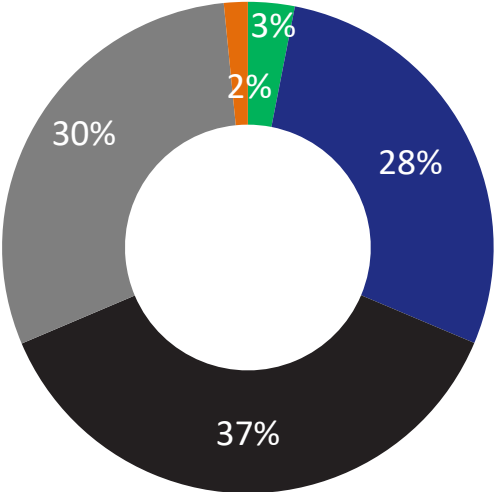
- **Operating profit before impairment decreased** due to completion of the LukOil project in the Caspian Sea in December 2018 and lower contribution from Armada TGT FPSO subsequent to the signing of the extension agreement in August 2018
- **Higher net profit attributable to owners of the Company** due to lower depreciation as a result of impairment losses recognised on the Armada Kraken FPSO and certain OSV vessels during the financial year ended 31 December 2018. The increase is also contributed by higher share of results from Karapan Armada Sterling III in YTD 2019 arising from lower tax expense due to recognition of deferred tax assets and lower management fees recognised in YTD 2019. The increase is partially negated by the lower revenue in YTD 2019

⁽¹⁾ Impairment on vessels and net allowance for impairment losses

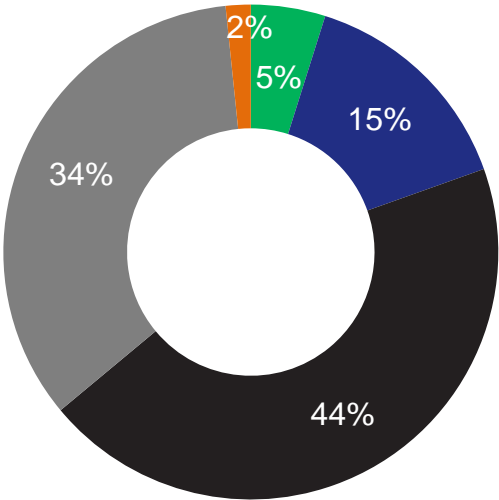
⁽²⁾ Attributable to Owners of the Company

Revenue composition by geographical %

YTD 2018



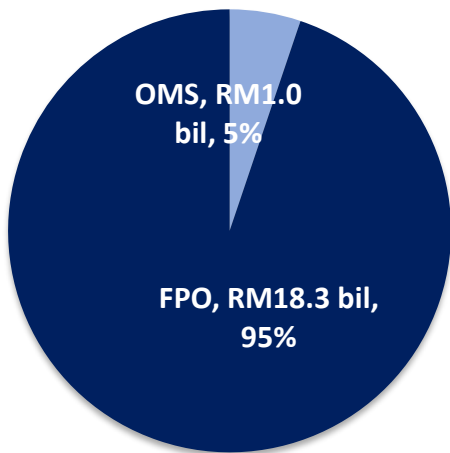
YTD 2019



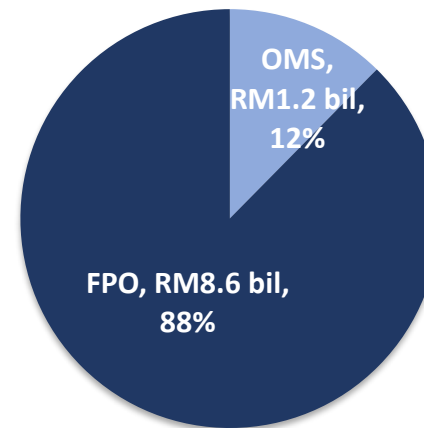
- Malaysia
- Asia (excluding Malaysia) and Australia
- Middle East & Africa
- Europe
- Latin America

Order book as at 31 March 2019

As at 31 March 2019, the Group's firm order book stood at RM19.3 bil compared to RM20.2 bil as at 31 December 2018. Upon expiration of the firm contract period, certain contracts contain extension options which are renewable on annual basis with a total potential value of RM9.8 bil over the entire optional extension period.



Firm contract period order book: RM19.3bil



Optional extension period order book: RM9.8 bil

Outlook



Forward strategy

- Maintain focus on HSSEQ
- Reduce costs and debt
- Improve Armada Kraken performance
- Monetise unutilised assets
- Secure charters for the OMS vessels
- Selected growth in FPO sector

Q&A



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