



BUMIARMADA

MEDIA RELEASE

BUMI ARMADA SIGNS REVISED AGREEMENT WITH KRAKEN FPSO CHARTERERS AND REPORTS SECOND QUARTER 2018 REVENUE OF RM654.0 MILLION

- A wholly-owned subsidiary of Bumi Armada has signed Amendment Agreement Number Two with the Kraken Charterers, in relation to the Kraken FPSO.
- Bumi Armada posted revenue of RM654.0 million for the second quarter of 2018, an 8.9% increase compared to the first quarter of 2018, but a 5.8% decline from the revenue recorded in the second quarter of 2017.
- FPO revenue of RM446.5 million in the second quarter of 2018 was 3.0% lower than the revenue in the first quarter of 2018 but was 32.3% higher than in the second quarter of 2017.
- OMS revenue of RM207.6 million was 48.3% higher than the first quarter of 2018 but declined by 41.8% against the second quarter of 2017.
- The Group recognised a non-cash impairment of RM478.9 million on certain FPO assets, and net allowances for impairments losses of RM117.4 million for the OMS business, in the second quarter of 2018
- The Group registered a net loss¹ in the second quarter of 2018 of RM585.5 million, from a net profit of RM48.4 million and RM116.6 million when compared to the first quarter of 2018 and second quarter of 2017, respectively.
- Firm orderbook at the end of the second quarter of 2018 was approximately RM20.2 billion, with additional optional extensions of up to RM11.8 billion.

RM million	Individual Quarter Ended		Year to Date Ended	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
Revenue	654.0	694.4	1,254.4	1,098.6
- FPO	446.5	337.6	906.8	577.3
- OMS	207.6	356.8	347.6	521.3
Operating Profit / (Loss) before Impairment	(2.1)	280.8	167.4	363.8
Profit / (Loss) before Tax	(584.8)	175.9	(519.2)	244.4
Profit / (Loss) after Tax	(592.2)	117.7	(543.5)	174.1
Net Profit / (Loss)	(585.5)	116.6	(537.1)	164.7
EPS (sen)	(9.97)	1.99	(9.15)	2.81

RM million	Q2 2018 30/06/2018	Q1 2018 31/03/2018
Revenue	654.0	600.3
- FPO	446.5	460.3
- OMS	207.6	140.0
Operating Profit / (Loss) before Impairment	(2.1)	169.4
Profit / (Loss) before Tax	(584.8)	65.5
Profit / (Loss) after Tax	(592.2)	48.7
Net Profit / (Loss)	(585.5)	48.4
EPS (sen)	(9.97)	0.83

Kuala Lumpur, 29 August 2018 - Malaysia-based international offshore energy facilities and services provider Bumi Armada Berhad ("Bumi Armada" or "the Group") made two announcements today. The first

¹ Net profit/loss refers to profit/loss for the financial period attributable to Owners of the Company.

relates to the Group's wholly-owned subsidiary Armada Kraken Pte Ltd ("AKPL"), which has entered into Amendment Agreement Number Two ("AA2") with EnQuest Heather Limited, EnQuest ENS Limited and Nautical Petroleum Limited ("Kraken Charterers") in relation to the Armada Kraken FPSO, while the second was to announce the Group's second quarter ("Q2") 2018 financial results.

AA2 relates to the bareboat charter contract for the Armada Kraken FPSO, dated 20 December 2013 (as supplemented by Amendment Agreement Number One, dated 10 August 2016), which is currently producing in the UK sector of the North Sea. The signing of AA2 allows AKPL and the Kraken Charterers to progress the project towards the final acceptance certificate ("Final Acceptance") of the FPSO, in a mutually beneficial manner, and without being encumbered by historical events. AA2 also sets out the agreed technical criteria to complete and rectify certain claims and events that occurred prior to the signing of the agreement. Additionally, AA2 covers certain outstanding items which remain to be completed to achieve Final Acceptance, as well as outstanding punch list items which remain to be completed post Final Acceptance, and the parties agreed on the basis for the calculation of compensation which shall be payable by APKL to the Charterers, with effect from 1 August 2018, until such time when the aforementioned outstanding items are completed.

For the Q2 2018 financial results, the Group reported revenue of RM654.0 million, which is 5.8% lower than the RM694.4 million reported in Q2 2017. The FPO business segment revenues in Q2 2018 increased by 32.3% to RM446.5 million compared to Q2 2017. This increase was due to higher revenue from the Armada Olombendo FPSO, despite recognising compensation payable to the Kraken Charterers under AA2, and lower contribution from the Armada LNG Mediterrana FSU.

OMS revenue in Q2 2018 however, saw a 41.8% decline compared to Q2 2017, due to low activity in the OSV segment as well as higher revenue reported for the SC segment in Q2 2017 from the recognition of the supplemental agreement with LukOil. OSV fleet utilisation in Q2 2018 remained flat at 38%, as demand remained soft. The SC segment continued to produce stable contributions during the quarter, due to ongoing work in the Caspian Sea.

During the quarter, the Group recognised an impairment charge of RM477.2 million and RM1.7 million for the Armada Kraken FPSO and Armada Gema respectively, as well as net allowances for impairment losses of RM117.4 million.

As a result of these impairments, the Group recorded a net loss of RM585.5 million during Q2 2018, as compared to a net profit of RM116.6 million in Q2 2017. Excluding the non-cash impairment charges, the Group would have posted a net profit of RM10.8 million.

Commenting on the AA2 signing and Q2 2018 financial results, Mr. Leon Harland, Executive Director and Chief Executive Officer of Bumi Armada said, "The signing of AA2 is an important step forward as it finally provides an objective roadmap to establish the Final Acceptance of the Armada Kraken FPSO and it mitigates some critical exposures under the original contract. Nonetheless we have taken substantial provisions in view of the long term financial exposures that remain under the contract.

In the OMS business, the SC segment, results were stronger during the quarter on the back of work in the Caspian Sea for LukOil and new work secured for the Armada KP1 in Indonesia.

On 3 August 2018, the Group signed a six-year and three-month extension for the Armada TGT 1 in Vietnam, securing work for the FPSO until November 2024.

Our primary focus for the rest of 2018 will remain on managing our costs and strengthening our balance sheet, while selectively pursuing new opportunities."

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Please refer to the Unaudited Financial Statement for the full details of the Q2 2018 financial results of Bumi Armada Berhad.

Notes:

FPO	Floating Production & Operation
FPSO	Floating Production Storage & Offloading
FSU	Floating Storage Unit
OMS	Offshore Marine Services
OSV	Offshore Support Vessels
SC	Subsea Construction

About Bumi Armada

Bumi Armada Berhad is a Malaysia-based international offshore energy facilities and services provider with a presence in over 17 countries spread across five continents, underpinned by its access to over 2,000 people from over 35 nationalities.

Bumi Armada provides offshore services via two business units- Floating Production and Operation ("FPO") of oil and gas solutions and Offshore Marine Services ("OMS").

Bumi Armada is the fifth largest FPSO player in the world and an established OSV owner and operator, with extensive experience across Asia, Africa and Latin America. For more information, please refer to www.bumiarmada.com

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