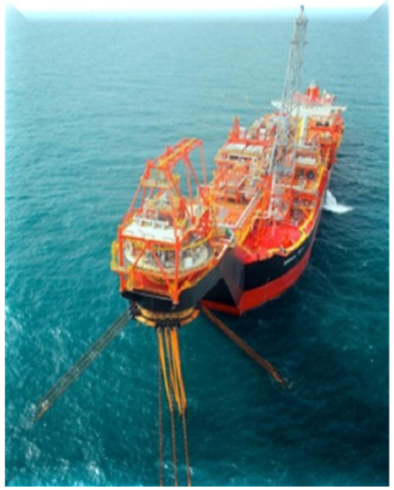
Q2 2013 Highlights

20th August 2013

BUMIARMADA

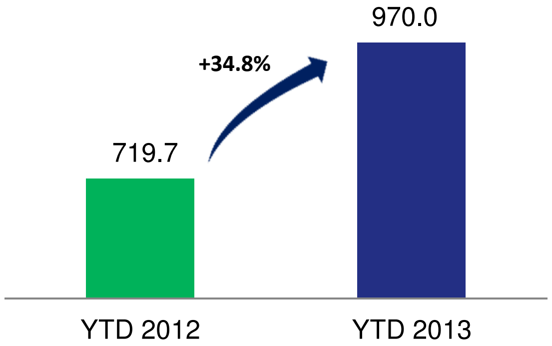


"Knots Ahead of the Rest"

Results Overview – YTD 2013 vs. YTD 2012 (in RM'mil)

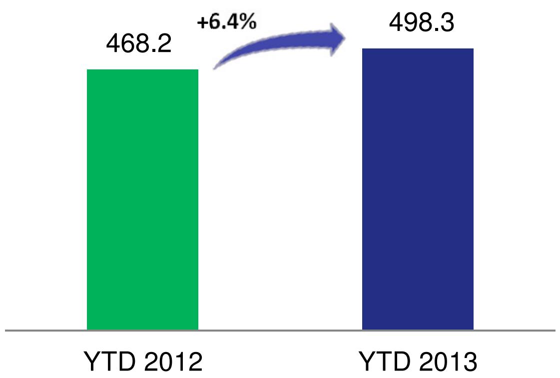
Operations on track and growth across all business segments

Revenue



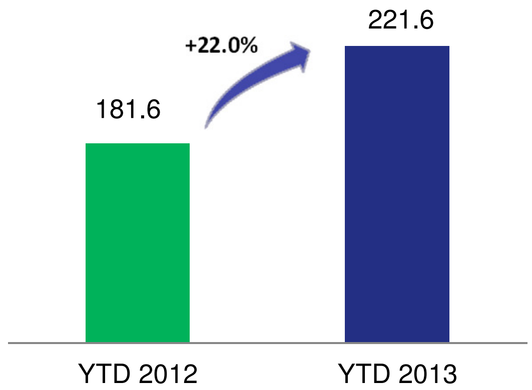
Higher revenue from:
- **FPSO client VOs & candidate vessels**
- **New OSV vessels & increase in utilisation**
- **T&I LukOil project, Hawk D1 installation and Saipem charter**

EBITDA



Higher EBITDA in line with:
- **Higher revenue from business segments**
- **Share of profit from C7 FPSO contract**

Net Profit*



In line with EBITDA increase with benefit from:
- **Lower finance costs as due to project debt repayment**
- **Lower deferred tax estimates**

****Attributable to Bumi Armada shareholders***

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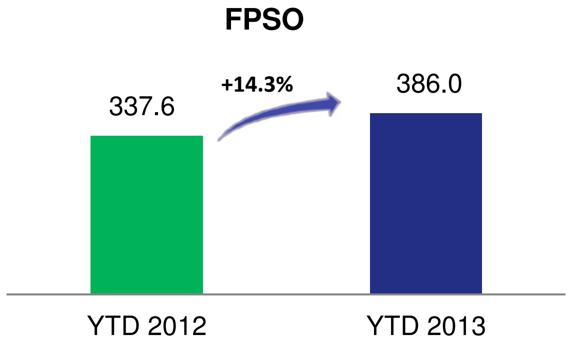
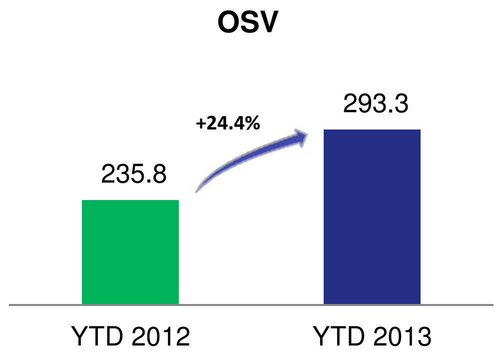
Revenue composition by business units (in RM'mil)

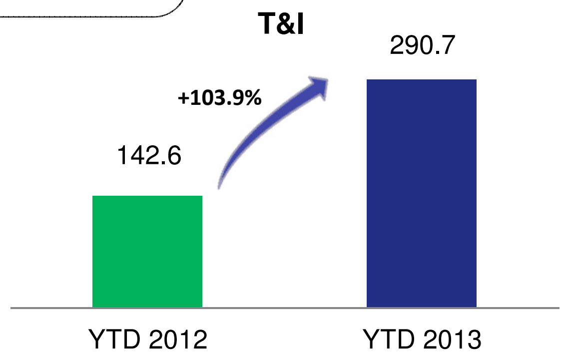
Improved performance in established sectors



Increase in FPSO client VOs, foreign exchange benefit and revenue from FPSO candidate vessels. (C7 recorded as part of share of profit of JCE)



Increase in the OSV fleet & higher vessel utilisation



Increase in revenue from LukOil project & Armada Hawk on D1 installation and Saipem charter

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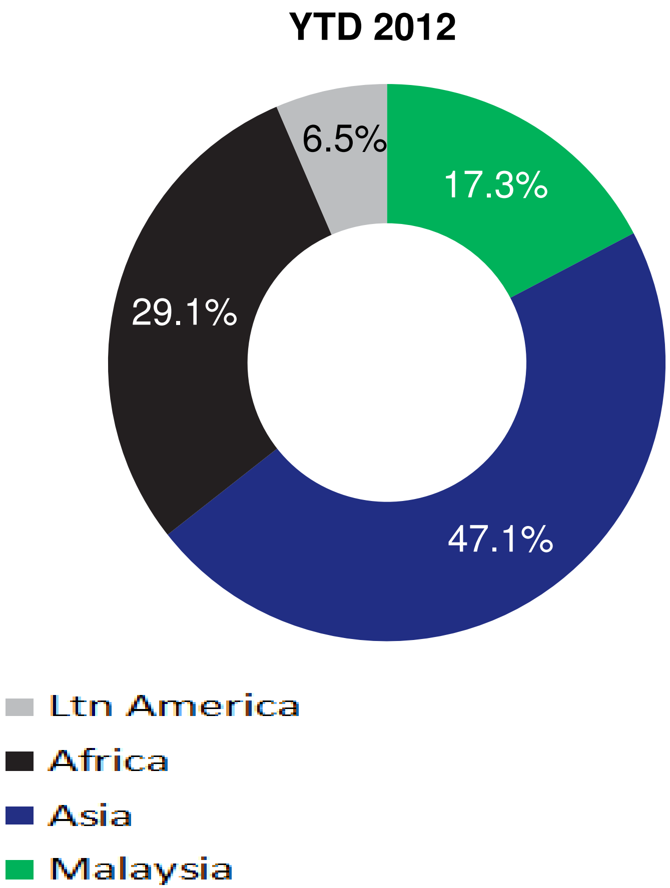
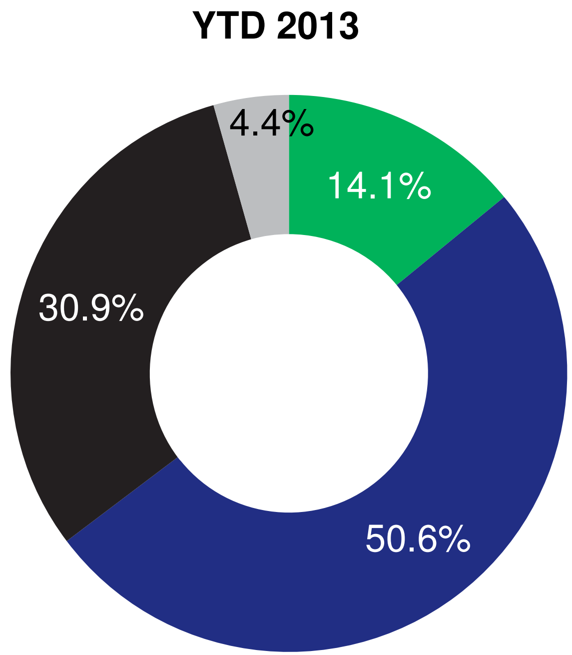
(Note: YTD 2012 revenue also include RM3.7m from OFS)
OFS remains an embryonic segment

Revenue composition by geographical %

Malaysia based international company
Continued expansion across key regions





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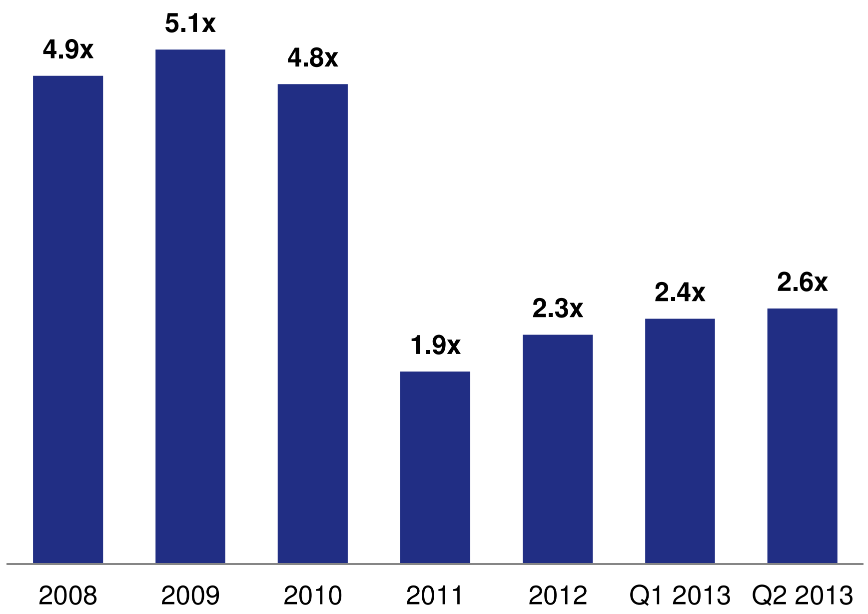
Leverage and capitalization

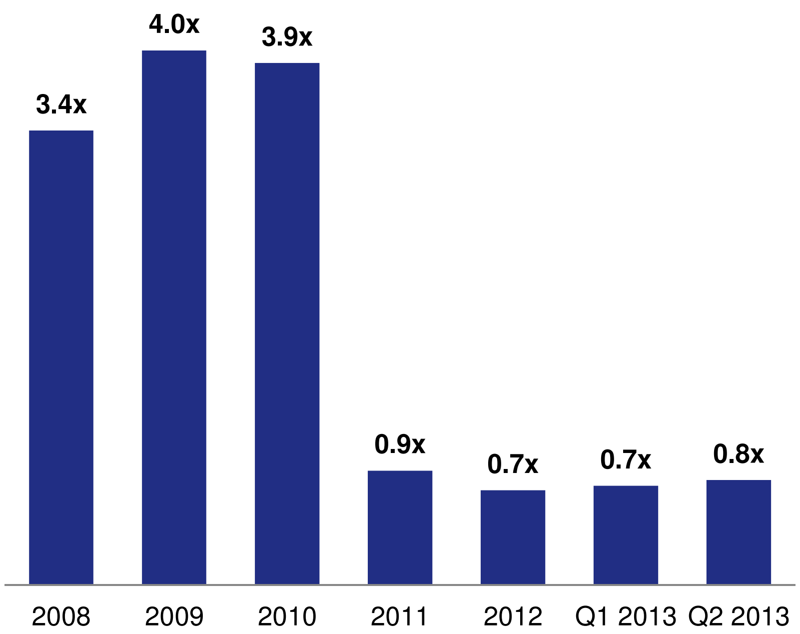
Financial capacity intact to undertake more projects

Net Debt / EBITDA(1)



(1) **Calculated based on annualised EBITDA**

Gearing ratio(2)



(2) **Gearing = Gross Debt / Shareholders Equity**

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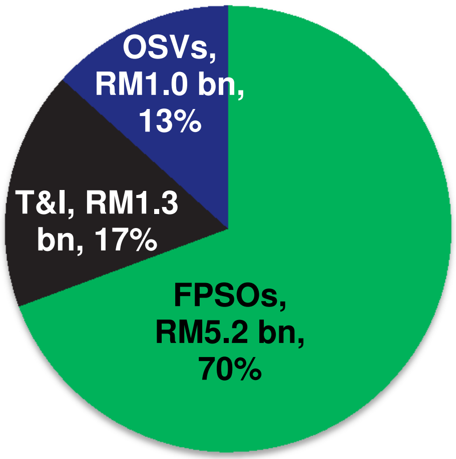
Order book as at 30 June 2013

Quality firm backlog of RM7.5b

As at 30 June 2013, the Group's order book stood at RM7.5 billion compared to RM7.9 billion as at 31 March 2013. Upon expiration of the firm contract period, certain contracts contain extension options which are renewable on annual basis with a total potential contract sum of RM4.3 billion over the entire option periods.

Firm contract period

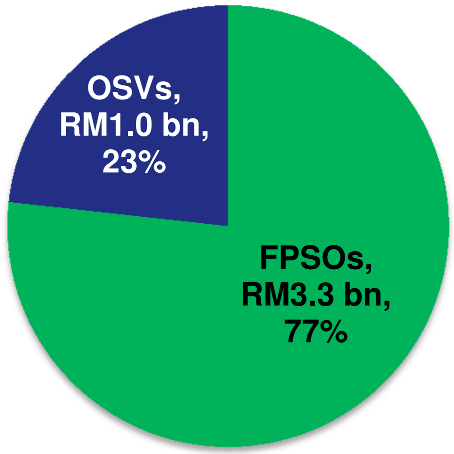
- The breakdown of order book with firm contract period by business segments (fleets) is as follows:



Firm contract period order book: RM7.5bn*

Optional extension period

- The breakdown of order book with optional contract period by business segments (fleets) is as follows:



Optional extension period order book: RM4.3bn*

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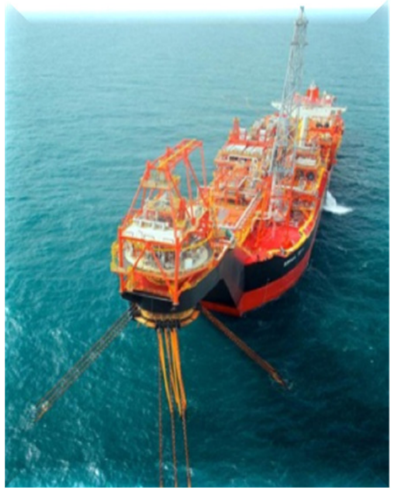
*** Excludes Lukoil supplementary contract of RM567.6m announced on 5 July 2013**

Sector Outlook



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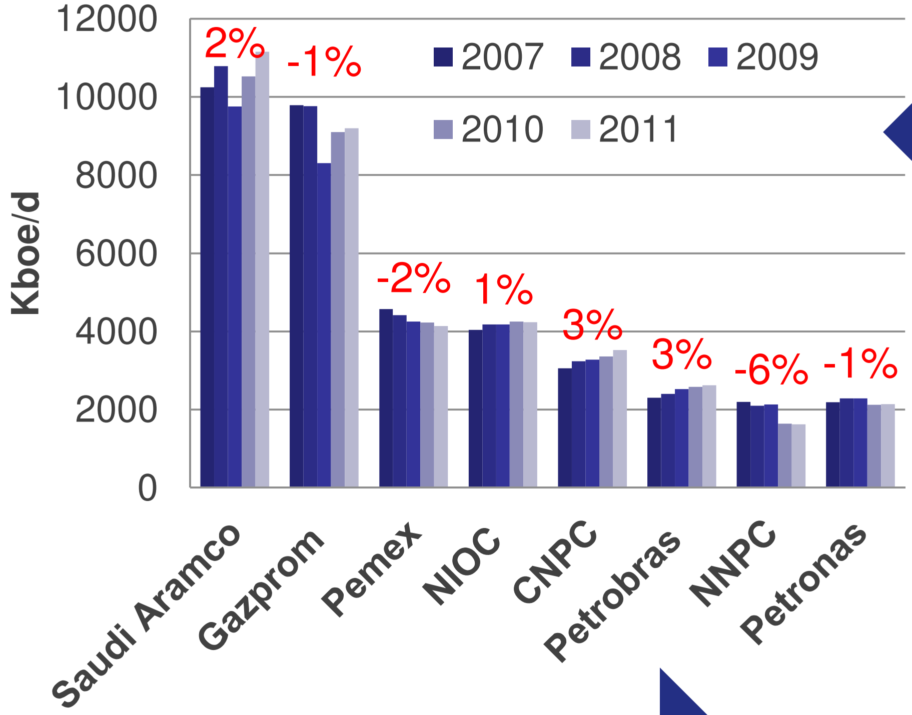
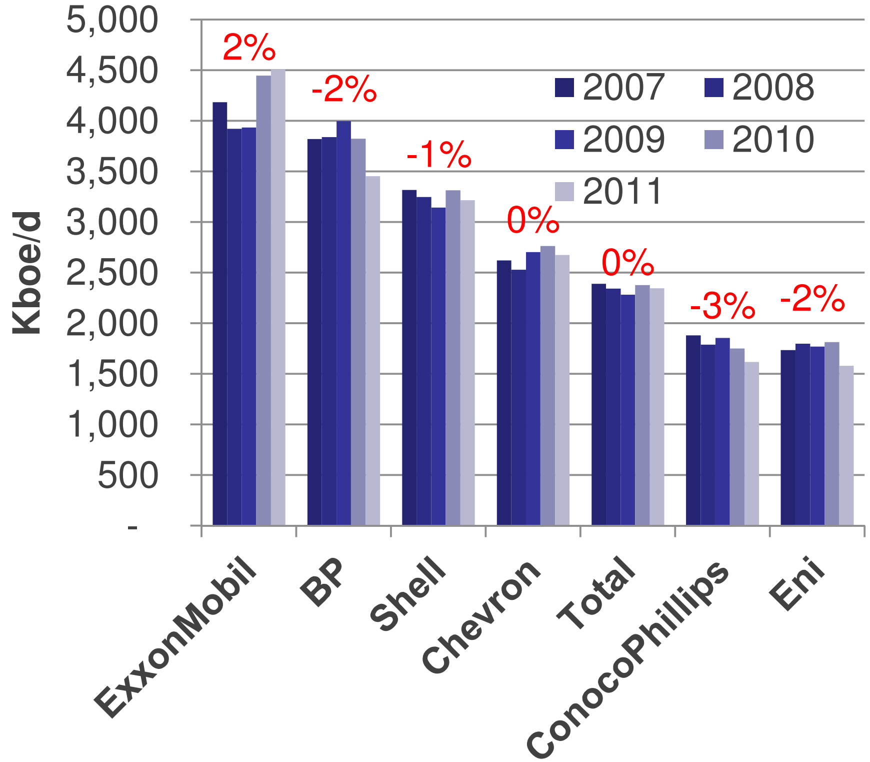
"Knots Ahead of the Rest"

Emerging Trends in the FPSO Sector – NOC's and Majors

Daily Oil & Gas Production for selected NOC's and major's from 2007-2011 (Kboe/d) and CAGR (%)



NOC's struggle to increase production



Majors face the same issues

Source: IHS Herolds; Rystad Energy; Bain

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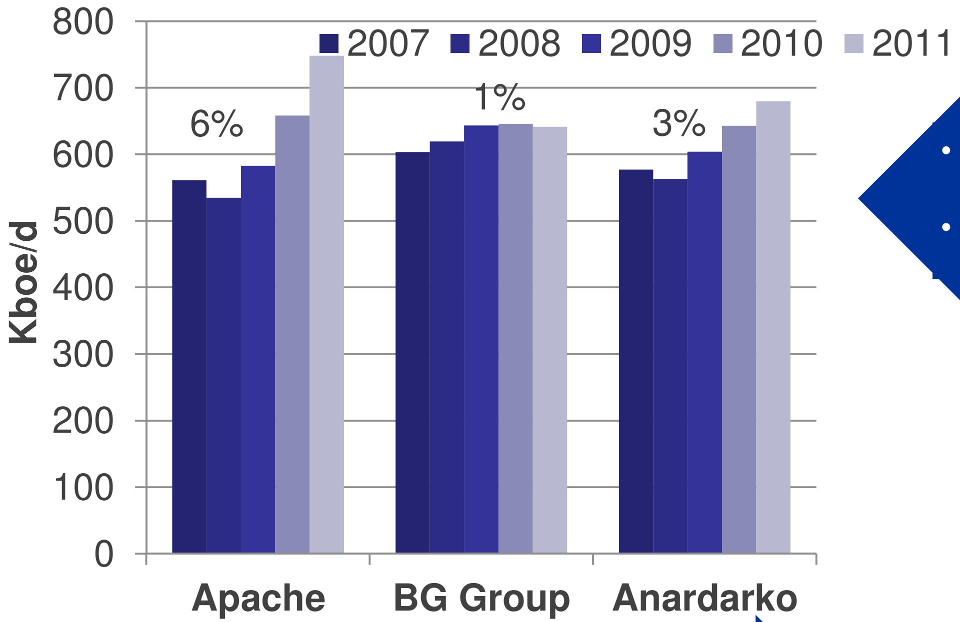
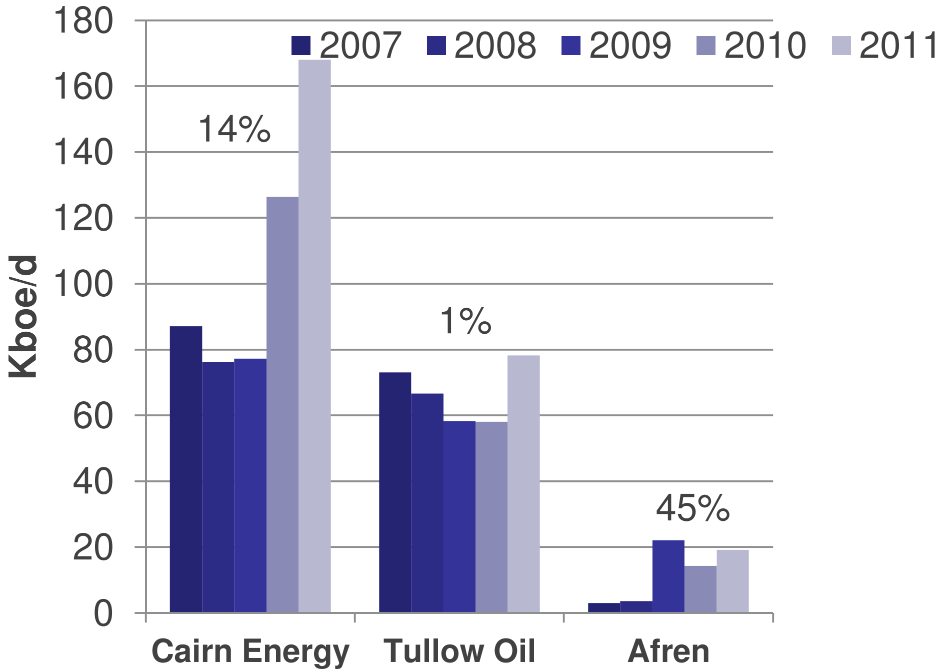
Emerging Trends in the FPSO Sector – Independent Oil Companies

Daily Oil & Gas Production for selected Independent's from 2007-2011 (Kboe/d) and CAGR (%)



- Independents on track to double scale over 10 years
- Leading independents have growth above 7%

- Small independents plan growth form a small base
- Peer average growth over 7%



Source: IHS Herolds; Rystad Energy; Bain

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Emerging Trends

Ringgit drops to three-year low

Data expected to show US recovery is gaining traction

KUALA LUMPUR: The ringgit dropped to a three-year low ahead of data that may signal the US recovery is gaining traction, bolstering the case for policymakers to pare stimulus that has fuelled inflows to emerging market assets.

Reports this week may show retail sales, manufacturing and housing starts increased last month in the world's largest economy, according to Bloomberg surveys. Four Federal Reserve officials indicated greater willingness last week to begin tapering the central bank's bond-buying programme.

Fitch Ratings cut Malaysia's credit outlook in July, citing concerns over the country's public finances.

"The general expectation is that these US numbers are going to be quite strong," said Saktiandi Supaat, head of foreign exchange research at Malayan Banking Bhd in Singapore. "The ringgit tends to move more significantly lately because of domestic factors such as the fiscal situation."

The ringgit tends to move more significantly lately because of domestic factors such as the fiscal situation, says Saktiandi Supaat of Maybank in Singapore.

The ringgit depreciated 0.3% to 3.2595 per dollar as of 4.27pm in Kuala Lumpur, according to data compiled by Bloomberg. It touched 3.2613, the weakest level since July 1, 2010.

The one-month implied volatility, a measure of expected moves in the exchange rate used to price options, climbed six basis points to 7.89%, halting an eight-day losing streak.

Malaysia's five-year government bonds were little-changed.

The yield on the 3.26% notes due March 2018 held at 3.50%, according to data compiled by Bloomberg.

The rate on 10-year securities fell by two basis points to 3.86%, the lowest level this month. – Bloomberg

Oil majors spending more to find less

OIL & GAS

News analysis

Investors ditch the big companies in favour of upbeat independents, writes **Guy Chazan**

For oil majors, quarterly results were once a ticker tape parade. Last week, they were more like a walk of shame.

ExxonMobil, Chevron, Royal Dutch Shell, BP, and Total SA all suffered a drop in earnings year on year. Oil and gas output for all, bar Total, contracted, despite big increases in capital spending.

Costs were up and returns down – even with oil prices at more than $100 a barrel.

Companies that just a few years ago bestrode the corporate world like colossuses are now in the doghouse, unloved by investors and dismissed by many as dinosaurs.

The majors seem trapped in a downward cycle of spending more and more to find and produce less and less oil.

Increasingly, investors are ditching them for smaller, more nimble rivals, especially those in the vanguard of North American shale.

"It's a real challenge for them to grow volumes, despite the strong oil price," says Dan Pickering,

ering Holt & Co.

"The independents are growing 30 per cent a year and the majors are struggling to stay flat."

> Majors should see some rise in output in coming years as their rising capex begins to pay off

That is inevitably affecting valuations. As a group, the five largest majors have underperformed the S&P 500 by 15 percentage points year to date on a total return basis.

The reasons for the majors' poor performance in the second quarter were often specific to the company.

Shell, ENI and Total were hit by oil theft and pipeline sabotage in Nigeria. A higher tax rate and foreign exchange effects took their toll on BP. Exxon was affected by weaker refining margins, Chevron by higher repair costs at its US refineries.

But through it all, there was one big common theme. Capital expenditure, or capex, was up across the sector. In some cases cash flow from operations was insufficient to cover both capex and dividends. As a result, some companies had to borrow, or sell assets, to bridge the funding gap.

"For many companies across the marketplace, balance sheets are improving, but with the majors, they're deficit spending," says Mr Pickering.

Energy groups experienced a similar squeeze in 1999 and early 2009, after sharp falls in the oil price. But this time it is different: the oil price has remained high. Instead of cash flow falling, it is capex that is rising.

That is happening because companies are pushing into ever more remote, technically challenging and more capital-intensive frontiers.

Canadian tar sands, US tight oil, Brazil's deepwater "pre-salt" discoveries and the offshore Arctic are all proving much more expensive to develop than more conventional fields in parts of the world such as the Middle East.

But there is a positive side to the capex increase.

For years, the majors were out in the cold, shut out of oil-rich countries in the Middle East and squeezed by rising resource nationalism in Russia, Venezuela and Central Asia. They compensated for this by building big positions in places such as the North Sea, Alaska and the deepwater Gulf of Mexico, but further growth was constrained.

The shale boom has changed all that. Fracking and horizontal drilling have opened up vast new unconventional plays in the US and Canada, places where western oil companies are free to operate.

For the majors, it is a feast after years of famine. Martijn Rats, an analyst at Morgan Stanley, says: "In contrast to a few years ago, CEOs are now saying they have one of the best opportunity sets they have had for a long time."

Or, as Peter Voser, Shell's chief executive, put it this month: "Today, Shell is capital-constrained rather than opportunity-constrained."

Despite that, the capex increase is unsettling shareholders. Growth investors long ago abandoned the majors, dismayed by their seeming inability to increase production.

But the sector is still popular with income investors who like the steady dividend flow. Any threat to that is a matter of acute concern for them.

Mr Rats says: "If income investors see that the dividend isn't covered by organic free cash flow they don't consider it a safe

Hence the underperformance: the oil sector has been flat or slightly down over the past 18 months while the rest of the European market is up about 27 per cent.

Some companies are getting the message. Total made it clear last month that its capex would peak in 2013 and start falling in 2014 and over the medium-term. Analysts say that should put its dividend on a much more secure footing.

Others are getting another message – that investors no longer expect, or even want, the majors to chase higher production if they end up having to pay too much to achieve it.

Charles Whall, co-portfolio manager at Investec Asset Management, says: "They are all moving away from the idea of growth at all costs towards better value management."

One important sign of this shift came this month when Shell said it was abandoning its production targets, adding that financial metrics such as cash flow and capex were a better way of measuring its performance.

It also indicated that it would be streamlining its portfolio by announcing a strategic review of its North American shale and onshore Nigeria assets.

BP did something similar last year, saying it would prioritise "value over volume". Having shed so many assets to pay for the Deepwater Horizon disaster, it did not have much choice.

Yet, despite this shift away from growth for growth's sake, the majors should still see some increase in output in the coming years as all that rising capex begins to pay off.

Wood Mackenzie, the energy consultancy, sees the majors' oil and gas production growing 3 per cent on a compounded annual growth rate out to 2020.

Norman Valentine, a corporate analyst at Wood Mackenzie, says: "The underlying potential is better than the recent quarterly results would suggest.

"The majors are investing more than they have in the past, and that should support higher production growth in the future."

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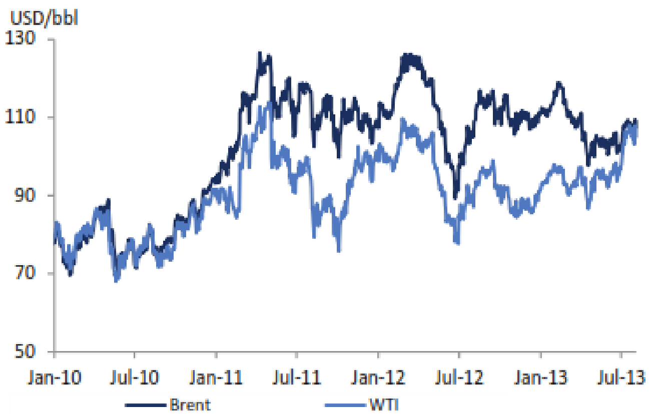
The leading indicators

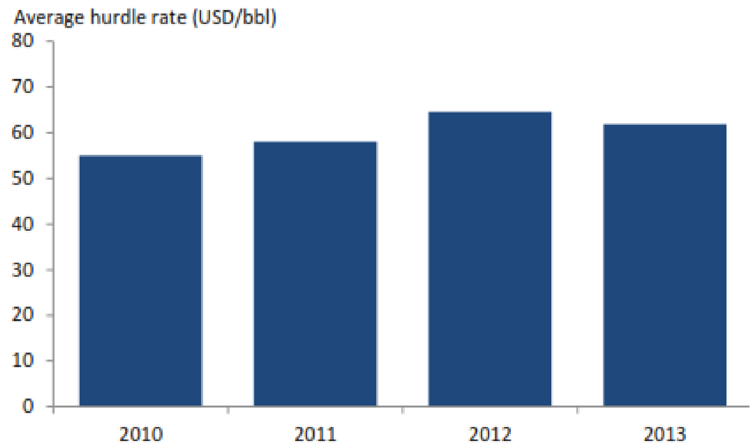
- Oil prices forecast to remain above USD100/barrel in throughout 2014.
- E&P hurdle rates remain stable at $55-60/barrel.
- World consumption set to remain strong on the back of a global recovery.

Oil prices development (Brent/WTI)

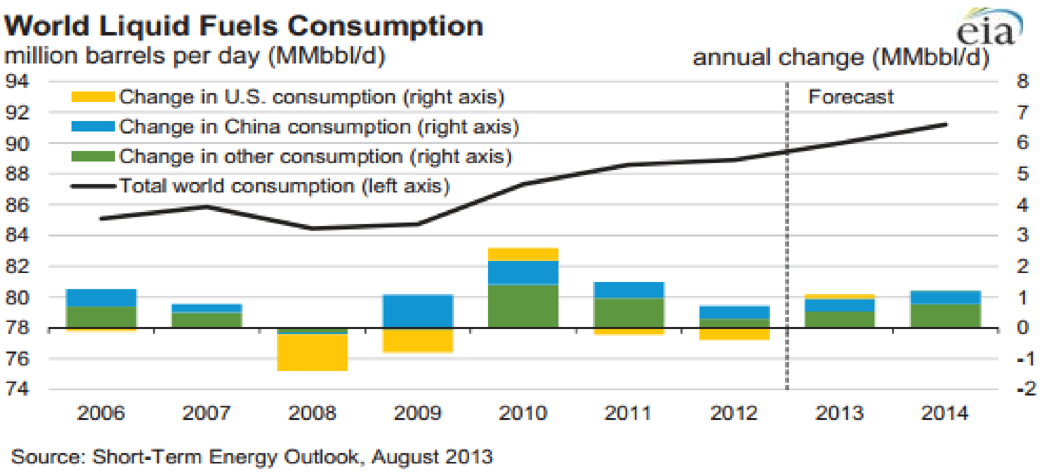


Source: Pareto; Bloomberg

Average breakeven (hurdle rate) for new investments



Source: Pareto; E&P survey 2013



Source: IEA

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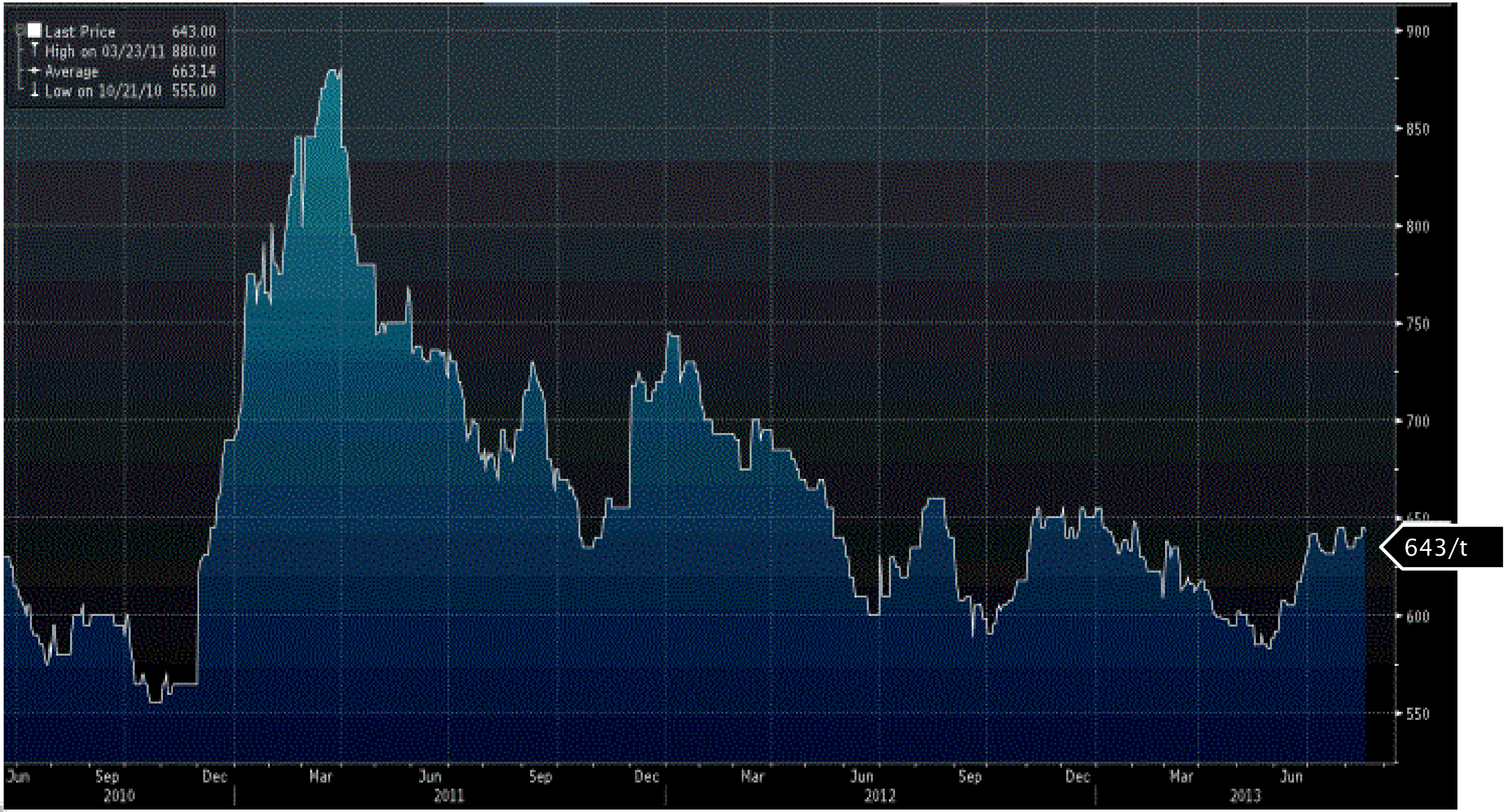
August 2014 NYMEX deliveries are firm

- Current NYMEX deliveries are trading in the USD94-96/barrel range.

Source: Bloomberg

Steel prices

- Remain low; conducive for our newbuilds and new projects.



Source: Bloomberg

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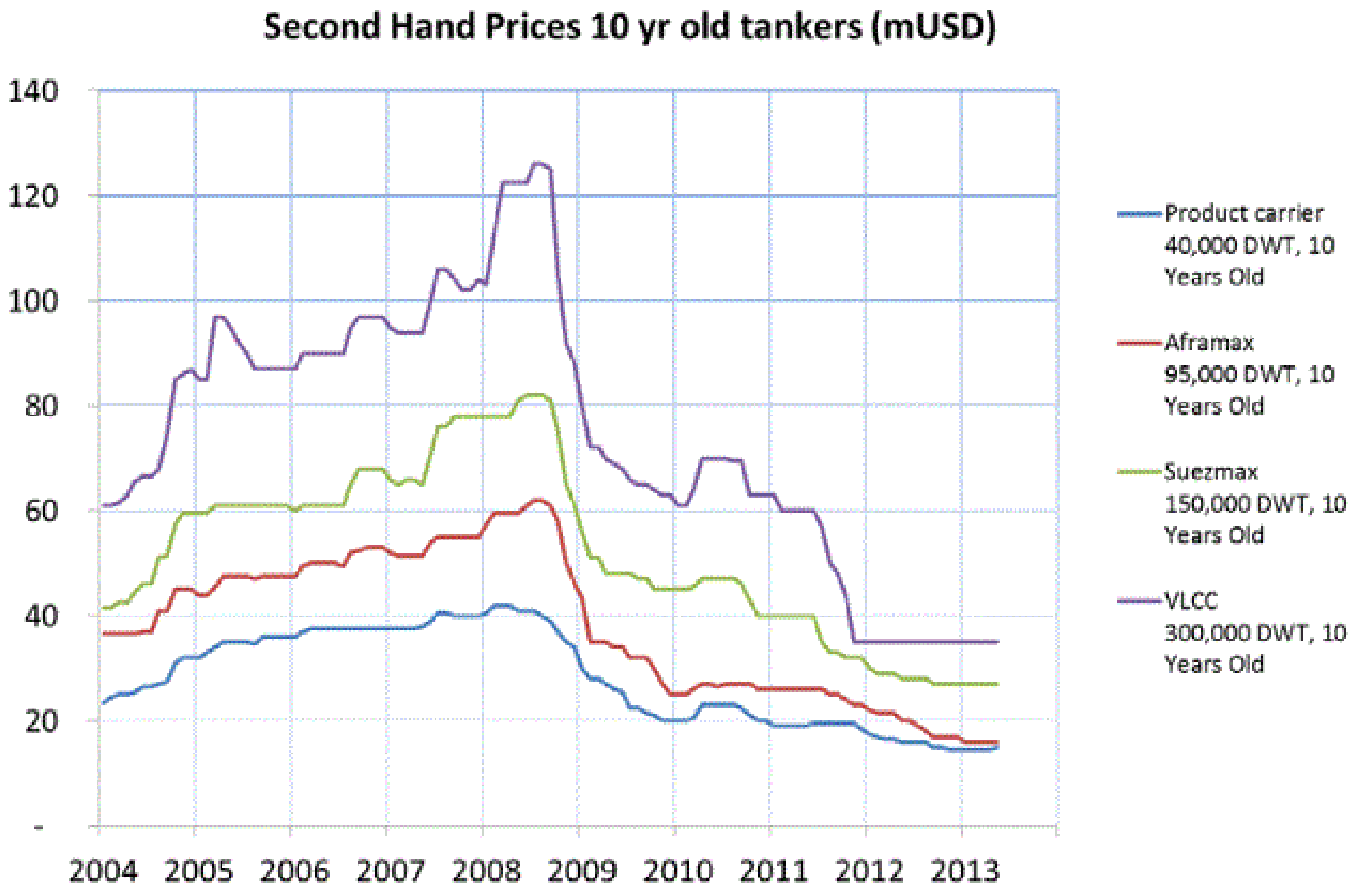
Second-hand tanker prices

- Low tanker prices as weakness in the shipping sector persists.



Source: Fearnley Offshore

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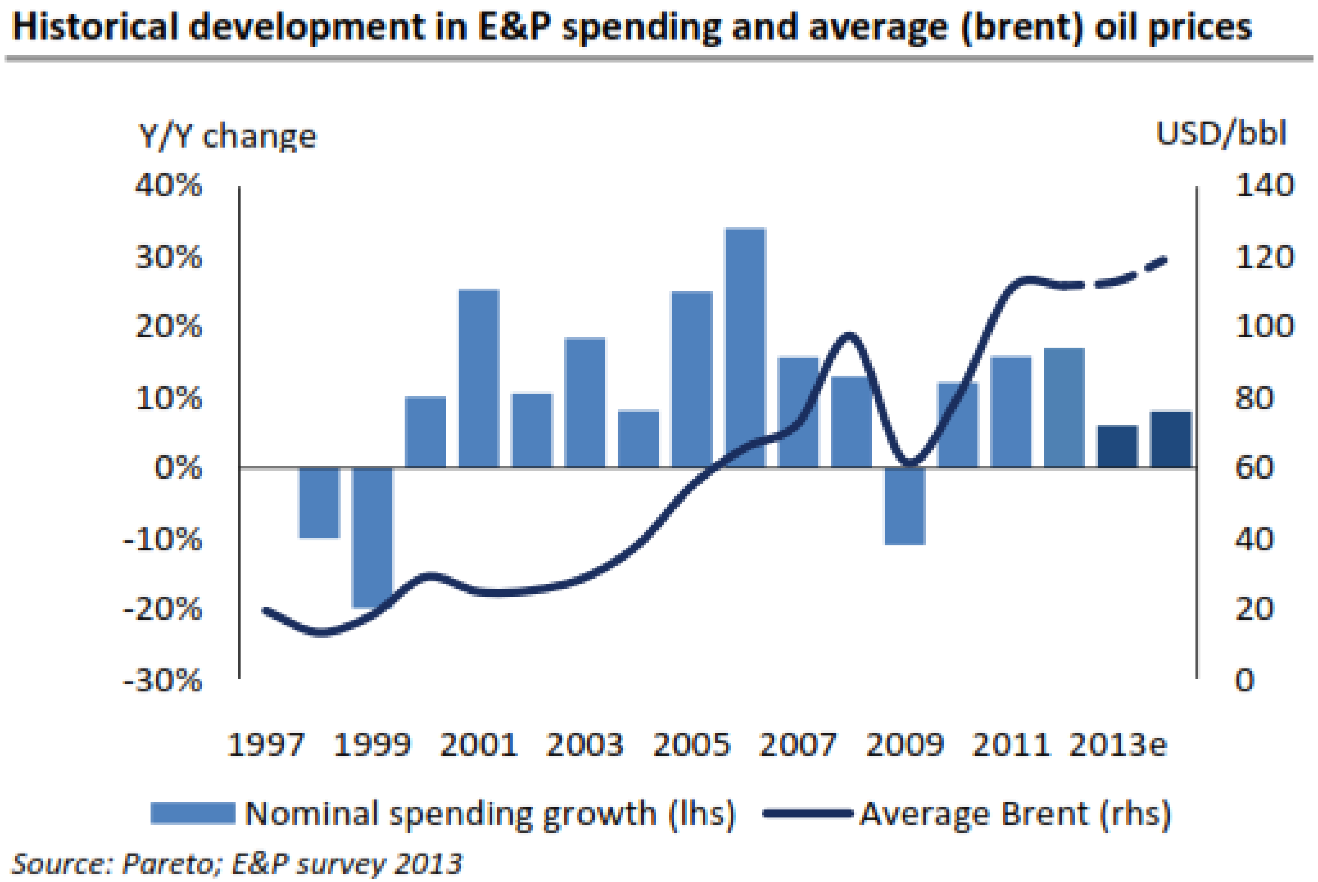
E&P capex outlook to 2014

- A sample of Majors, NOCs and independents have budgeted 6% growth in E&P spending in 2013. Spending momentum expected to level off.



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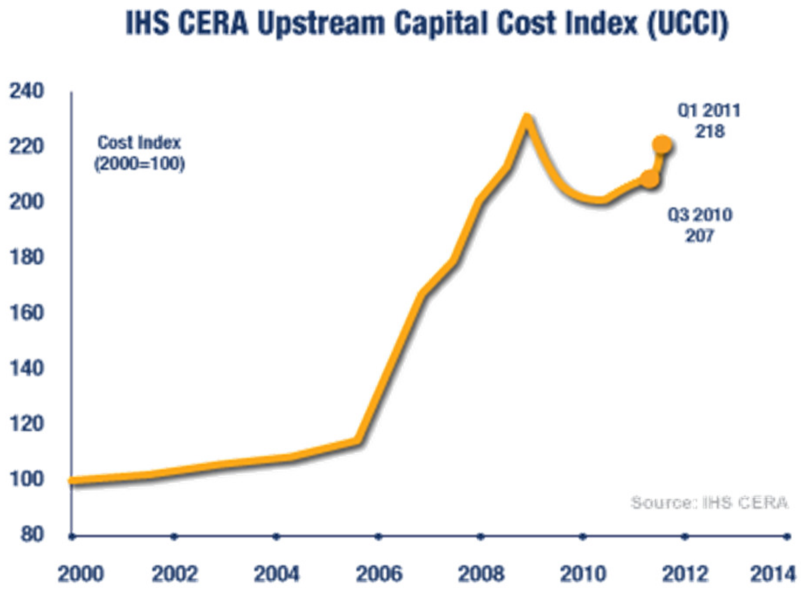
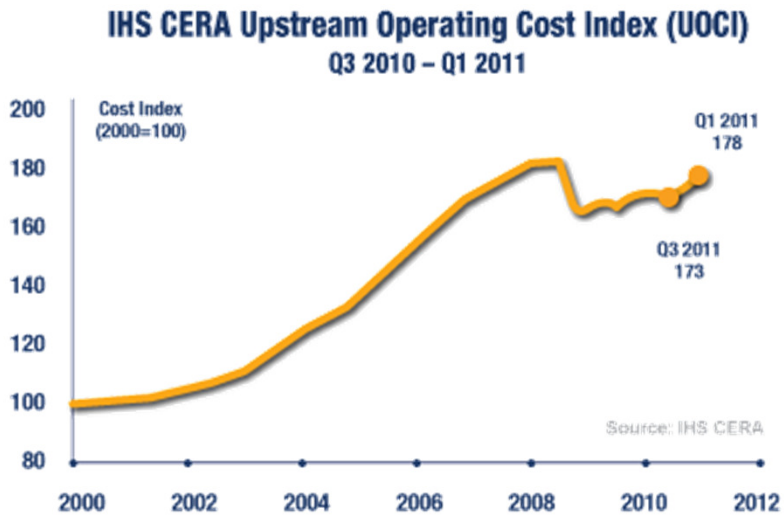
Source: Pareto Sec, Oil Companies

Costs control will be critical

- Capex and opex costs have effectively more than doubled over the last 10 years.
- Uptrend will continue.





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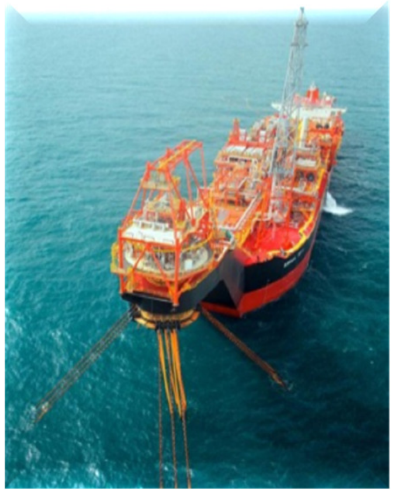
Source: IHS Cera

Q2 2013 Operational Highlights



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"Knots Ahead of the Rest"

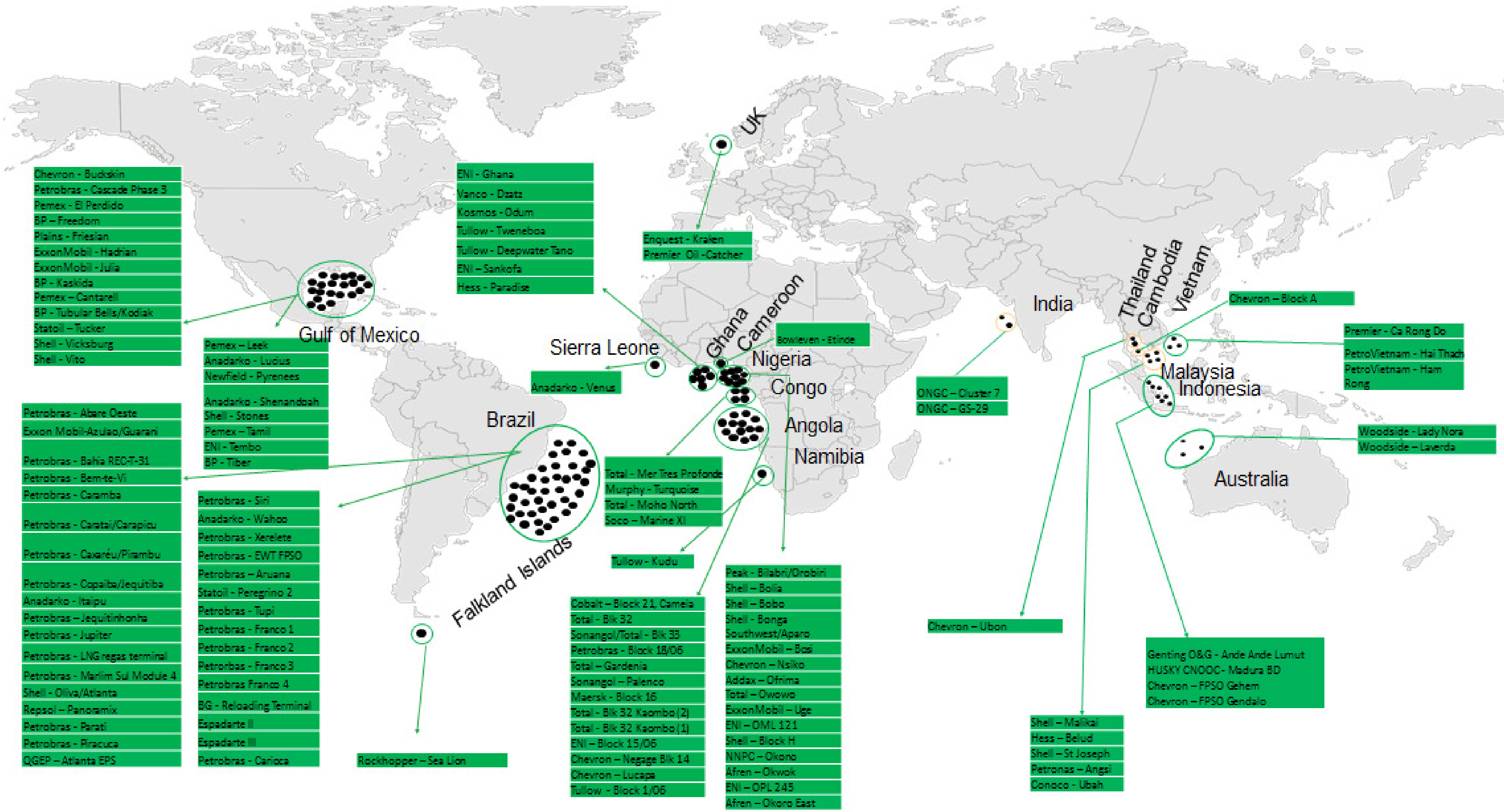
FPSO

- 2013: 6 lease FPSO contracts awarded so far

Company	Client	Field
Bumi Armada	ONGC	C7
Modec	Petrobras	Iracema Norte
Modec	Tullow	TEN
SBM	Petrobras	Lula Alto
SBM	Petrobras	Lula Central
SBM	Shell	Stones

- Bumi Armada has 12 ongoing tenders

FPSO – Global Projects



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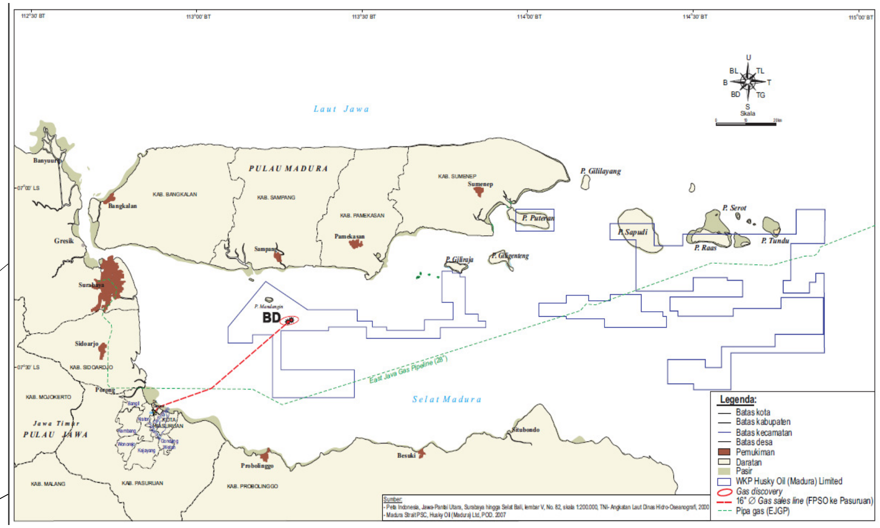
FPSO – Madura BD

Field Details

- Client/Operator: Husky-CNOOC Madura Limited (HCML)
- Country: Indonesia
- Location: Madura Strait East Java, about 65 km east of Surabaya and about 16km south of Madura Island.
- Water depth: Approximately 182 feet (~55m)



FPSO Details

- Storage: 370,000 bbls
- Gas Handling: 110 mmscfd
- Condensates: 7,500 bpd
- Produced Water: 2,500 bpd
- Sulfur recovery unit required to handle 20 tonnes of sulfur per day
- Design life: 20 years
- 12 point spread mooring

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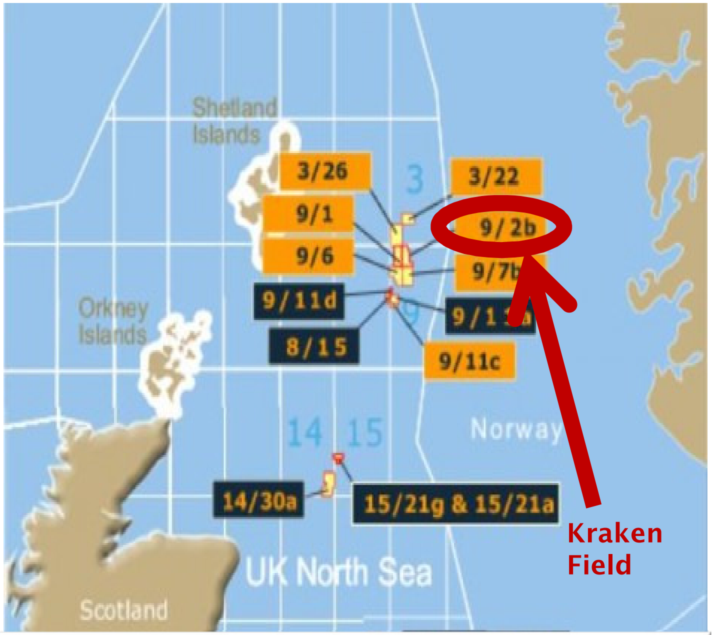
FPSO – Kraken

<u>Field & FPSO Details</u>

- Client/Operator: EnQuest Plc.
- Location: UKCS Block 9/02b, 400 km North East of Aberdeen and 40 km west of the Frigg Field
- Water Depth: 117m
- Peak Liquids Production Rate: 460,000 bpd
- Oil Production: 80,000 bpd
- Water Injection: 275,000 bpd
- Internal turret
- Heavy oil: 14˚ API



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Gas

- Focusing on small-scale FSRU/ FLNG conversion; niche market
- Conversion provides fast track solution for clients and lower CAPEX
- Currently tendering for several FSRU projects

OSV – Steel On Water 2

- Continue to build on the platform of the original "Steel on Water" fleet expansion
- Focus on adding higher specifications, "greener", cleaner, safer and fuel efficient (GCSE) vessels
- Enhanced services offering to the customers such as ROV, DSV, IMR or light installation services through MPSVs
- Plans to grow current OSV fleet from 40+ to 80+ vessels in 5 years

OSV – Continued Fleet Expansion

- Placed order for four newbuild MPSVs from Nam Cheong in February 2013 as part of the Steel on Water 2 newbuild program.
- Purchased four new PSVs from Sentinel Offshore for approx. USD80 million to be delivered over the course of Q3 and Q4 2013. BAB has taken delivery of the first vessel, renamed the *Armada Tuah 303*, which has already secured a 6-month charter.

Armada Tuah 303

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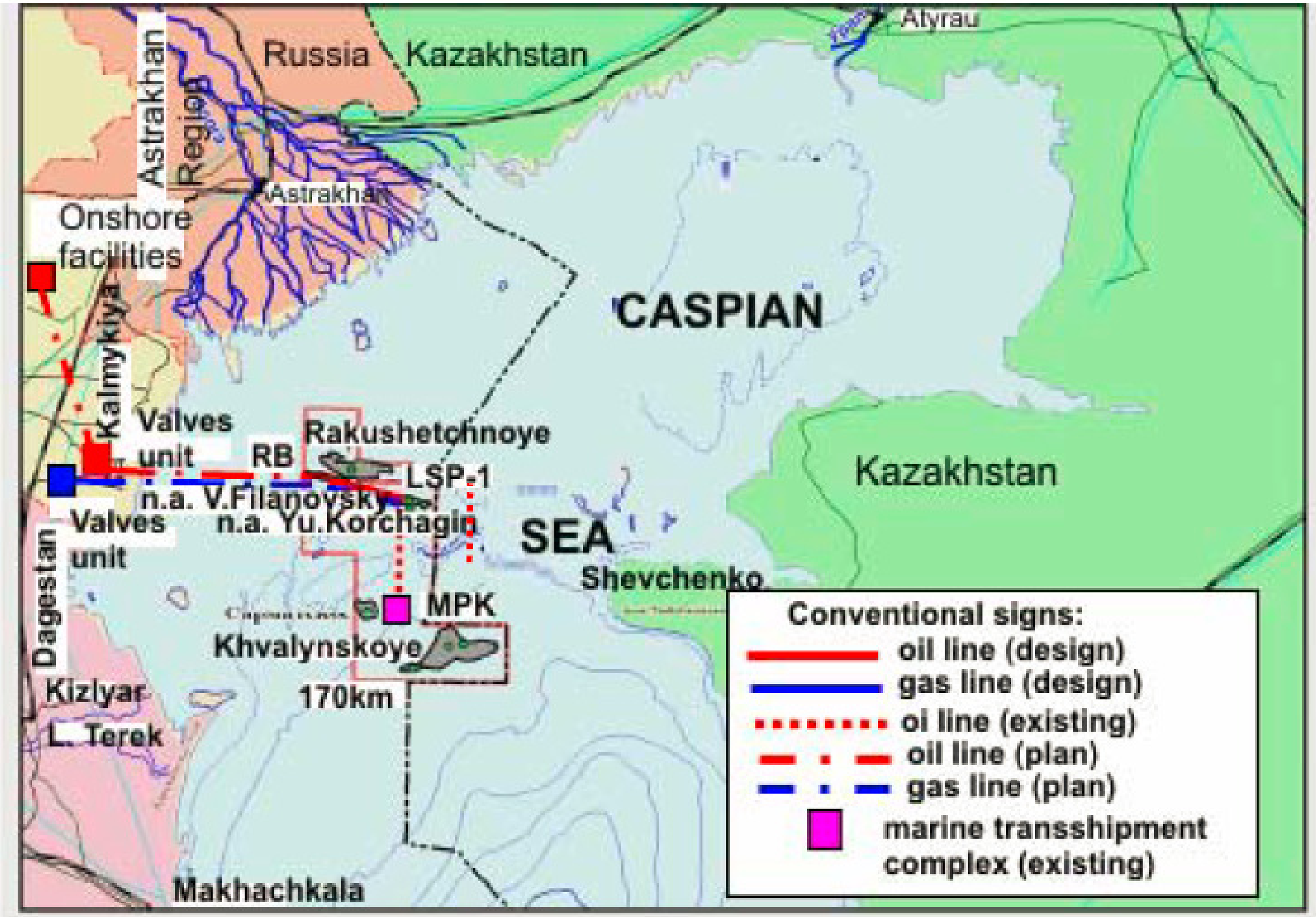
T&I – Building Track Record

- Secured its second Filanovsky EPIC contract from Lukoil worth USD178.5 million utilising the *Armada Installer*.



T&I – Building Track Record

- *Armada Hawk* is currently working in Vietnam for Saipem and has another job lined up in Vietnam upon completion of its current charter.
- *Armada Condor*, which joined the fleet in March 2013, is currently in Durban, South Africa and being marketed.
- SURF 1: Deepwater subsea & SURF installation DP3 newbuild to add to existing T&I fleet in order to execute projects in deeper water and more complex environment.

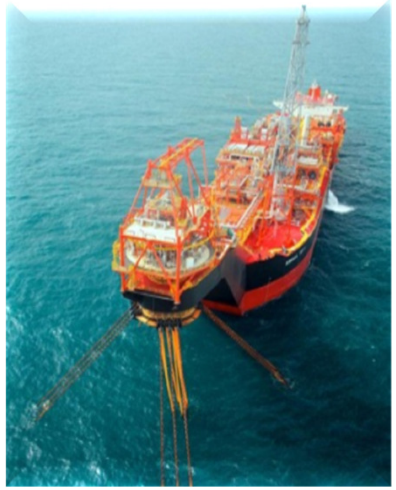
Armada Condor

OFS

- Looking for alliance/collaboration opportunities in well intervention

- Offer vessel based well intervention service to field operators

Video



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"Knots Ahead of the Rest"

Thank You

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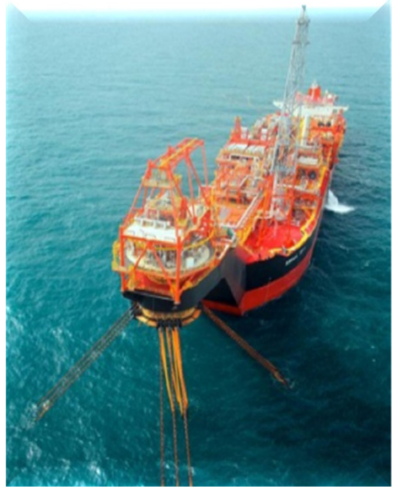

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