

BUMI ARMADA Q4 2016 ANALYST BRIEFING

28th February 2017



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Agenda

1. Q4 2016 Financials
2. Operational & Project Updates
3. Outlook
4. Q&A

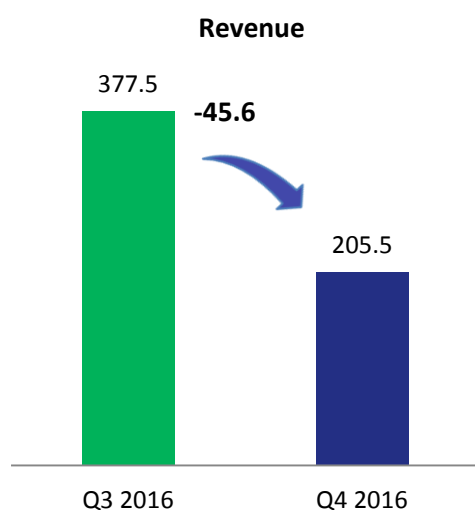
Q4 2016 Financials



Key takeaways

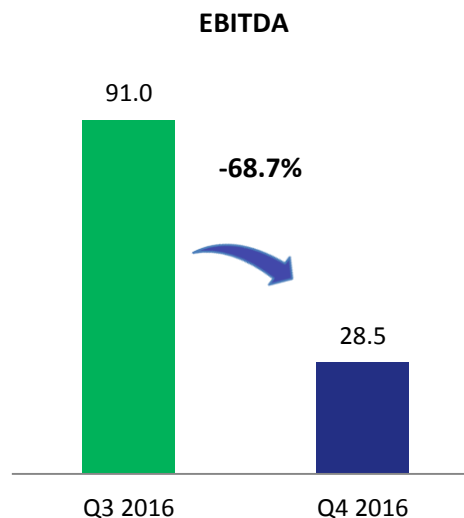
- The Group posted a loss attributable to owners, for YTD 2016 of RM1,887.2 mil (after impairment expense) and RM144.0 mil (before impairment expense).
- EBITDA for YTD 2016 stands at RM569.6 mil, and EBITDA for Q4 2016 stands at RM28.5 mil.
- The Group generated net cash flows from operating activities for YTD 2016 of RM1,080.2 mil.
- The Group's total order book as at end-December 2016 was RM39.5 bil (RM25.6 bil of firm contracts and RM13.9 bil of optional extensions).

Results Overview – Q4 2016 vs. Q3 2016 (in RM'mil)



Lower revenue due to:

- Lower conversion activities and recognition of supplementary payments for the Kraken FPSO project
- Lower OMS revenue mainly due to lower level of activity from the Lukoil project and lower utilisation of OSV vessels

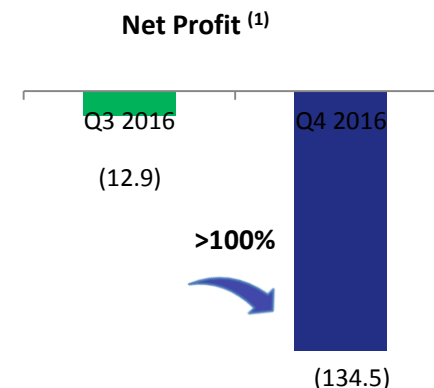


Decrease in EBITDA due to:

- Lower contributions from all segments, lower earnings from joint ventures due mainly to lower conversion activities and earnings from Karapan Armada Sterling III

Partly offset by:

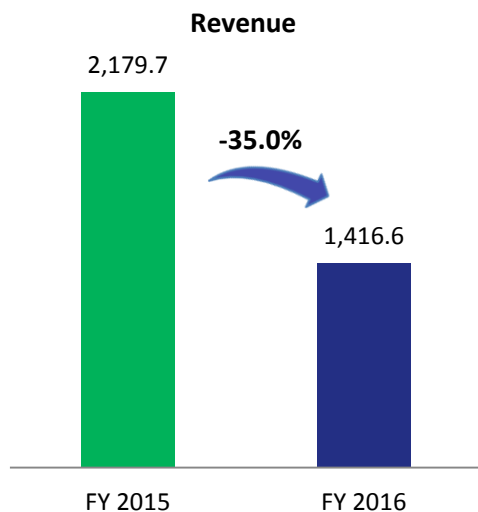
- Decrease in net allowance for doubtful debts by RM64.1 mil



- **The loss in Q4 2016 as shown above, does not include the following exceptional items:**
 - Impairment loss on property, plant and equipment of RM1,145.6 mil
 - Net allowance for doubtful debts of RM15.5 mil

Results Overview – FY 2016 vs. FY 2015

(in RM'mil)

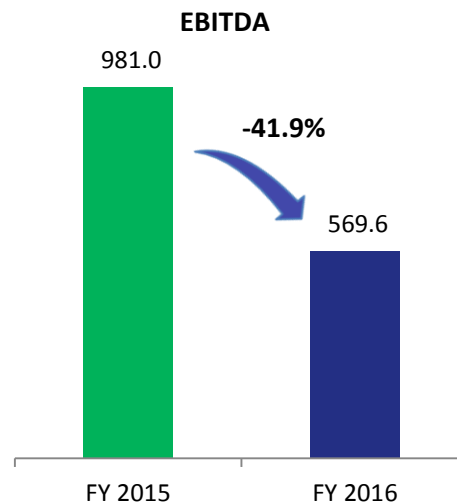


Lower revenue due to:

- Lower conversion activities from the Eni 1506 and Kraken FPSO projects and recognition of supplementary payments for the Kraken FPSO project
- Reduced contribution from Armada Claire, Armada Perdana, Armada Perkasa
- Lower OSV vessel utilisation

Partly offset by:

- Higher contribution from the LukOil project in the Caspian Sea

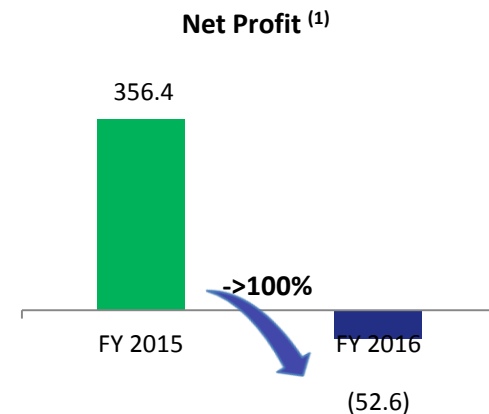


Lower EBITDA due to:

- Reduced contributions from the FPSO & FGS segment and OMS segment
- Lower earnings from joint ventures due mainly to lower conversion activities and earnings from Karapan Armada Sterling III

Partly offset by:

- Increased earnings from the operations of Armada Sterling and Armada Sterling II



• The loss in FY2016 as shown above, does not include the following exceptional items:

- Impairment loss on property, plant and equipment, non-current asset held for sale and available-for-sale financial assets of RM1,743.2 mil
- Net allowance for doubtful debts of RM91.4 mil

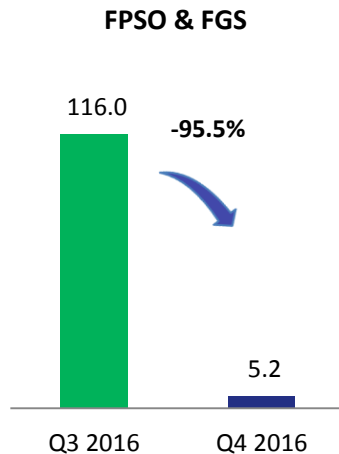
Impairments

(RM' mil)	Q4 2016	Q4 2015	FY 2016	FY 2015
FPSO & FGS	434.7	41.3	1,004.8	41.3
OMS	710.9	-	733.2	353.8
Corporate & Others	-	4.2	5.2	27.9



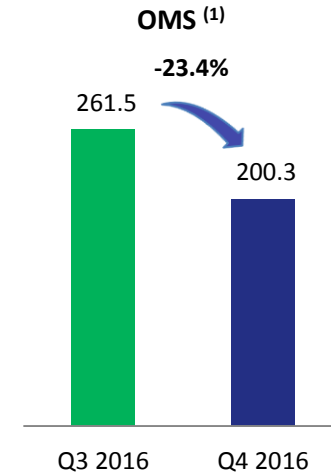
Revenue composition by segments – Q4 2016 vs. Q3 2016 (in RM'mil)

Performance in established segments driven by the underlying activities



Lower revenue due to:

- Lower conversion activities and recognition of supplementary payments for the Kraken FPSO project



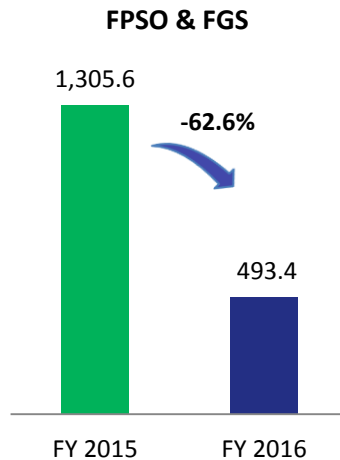
Lower revenue due to:

- Lower level of activity from the LukOil project and lower OSV vessel utilisation.

⁽¹⁾ OMS - Offshore Marine Services (previously separately known as OSV and T&I)

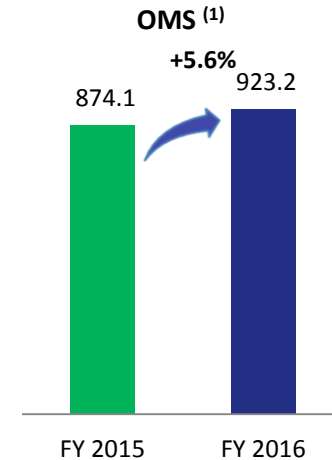
Revenue composition by segments – FY 2016 vs. FY 2015 (in RM'mil)

Performance in established segments driven by the underlying activities



Lower revenue due to:

- Lower conversion activities from the Eni 1506 and Kraken FPSO projects and recognition of supplementary payments for the Kraken FPSO project
- Reduced contribution from Armada Claire, Armada Perdana and Armada Perkasa



Increase revenue due to:

- Higher level of activity from the LukOil project

Partly offset by:

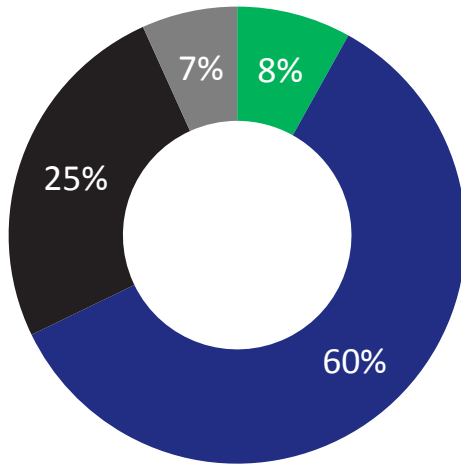
- Lower OSV vessel utilisation

⁽¹⁾ OMS - Offshore Marine Services (previously separately known as OSV and T&I)

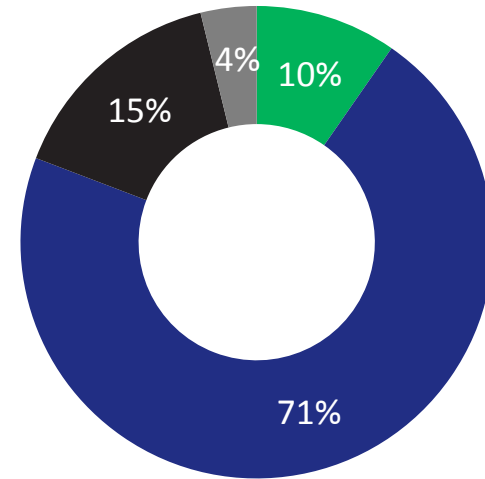
Revenue composition by geographical %

Malaysia based international company continued expansion across key regions

FY 2015



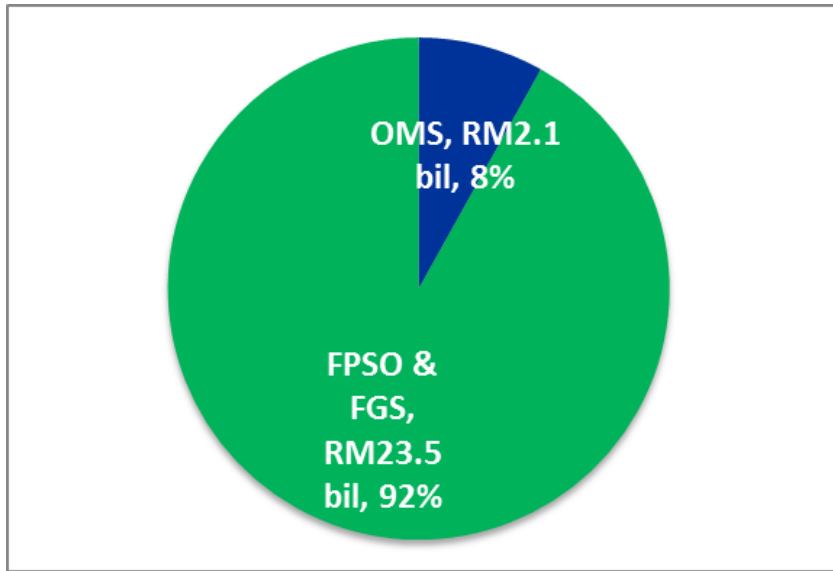
FY 2016



- Malaysia
- Asia (excluding Malaysia) and Australia
- Africa
- Latin America

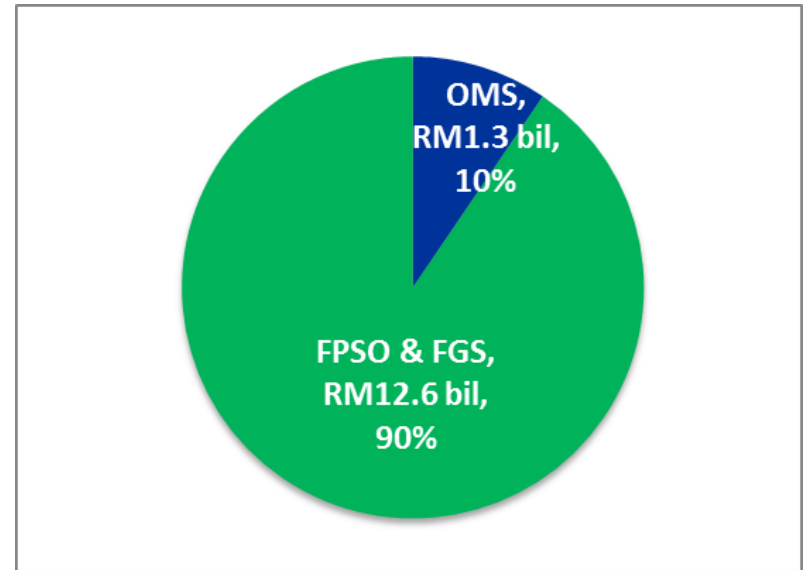
Order book as at 31 December 2016

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



Firm contract period order book: RM25.6bil

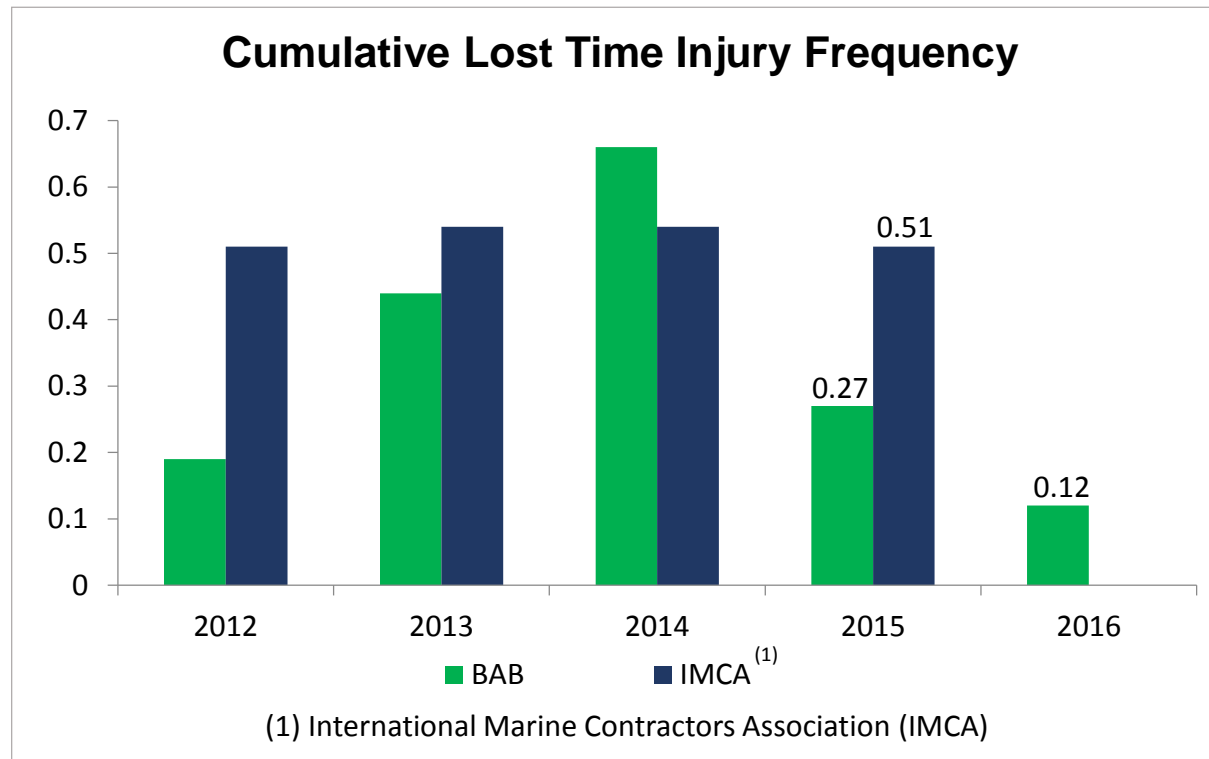
- The breakdown of order book with optional contract period by business segments (fleets) is as follows:



Optional extension period order book: RM13.9 bil

Operational & Project Updates





- Zero LTI record across OMS and FPSO Fleet in 2016
- Three LTIs recorded on FPSO Projects
- BAB LTIF performance improving from 2014 spike and now outperforming industry for 2015 and 2016
- Despite reducing BAB LTIF, we did have 5 HIPOs in 2016, 4 on our FPSOs and one project HIPO during transit

OMS Updates

- 48% vessel utilisation in Q4 2016, compared to 55% in Q3 2016.
- Currently 19 OSVs cold stacked.
- New OMS projects secured in Q4 2016:
 - Armada **Firman 2** - 1 month charter in Malaysia.
 - Armada **Tuah 101** - contract extended 6 months in Nigeria.
 - Armada **Tuah 307** - reactivated 4 months charter in Angola with ENI.



FPSO Updates

FPSO Highlights

- 99+% uptime on the operating FPSOs.
- Projects:
 1. Armada LNG Mediterrana – Now on hire.
 2. Armada Olombendo – First oil achieved.
 3. Karapan Armada Sterling III – Hook-up completed, ready for first gas.
 4. Armada Kraken – Hook-up completed. Getting ready for first oil.



Armada LNG Mediterrana



Armada Olombendo



Karapan Armada Sterling III



Armada Kraken



Outlook



Industry Impairments Snapshot

OSV

Company	Impairment	Note
Maersk Supply	\$1.2 bil	Impairment due to significant oversupply and reduced long term demand expectations.
Tidewater	\$419 mil	\$419 mil YTD 2016 in impairments.
DOF	NOK1,690 mil	Impairment for vessels and equipment in 2016

FPSO

Company	Impairment	Note
SBM	\$90 Mil	Impairment of the Company's net investment in the Angolan construction yard and the recognition of an onerous contract.
BW Offshore	\$87.8 Mil	Impairments in 4 th Quarter.
Modec	1,524 Mil Yen	Impairment loss for FY 2016

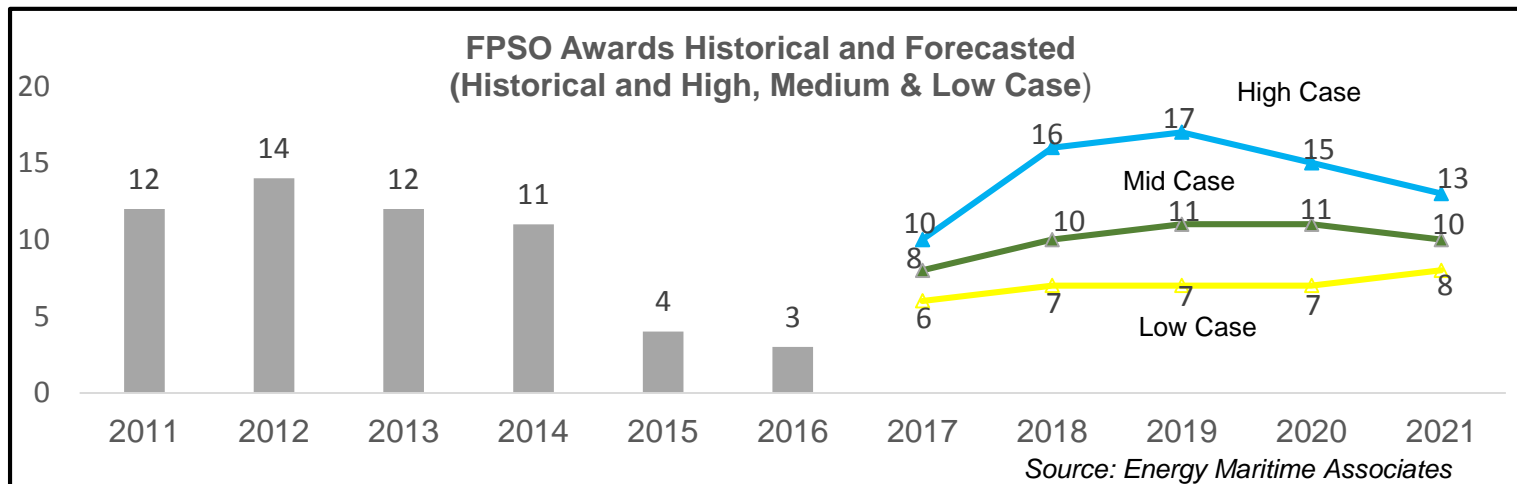
Other

Company	Impairment	Note
Noble Drilling	\$1.3 bil	Impairment charges taken in the 2nd and 4th quarters 2016.
MMHE	RM140 mil	Impairment on assets in view of the continued depressed outlook of the oil and gas industry.
UMW	RM720 Mil	Impairment on assets

Market Outlook

Consensus Brent Price Forecast (\$) *Source: Bloomberg*

2017	2018	2019
56	61	65

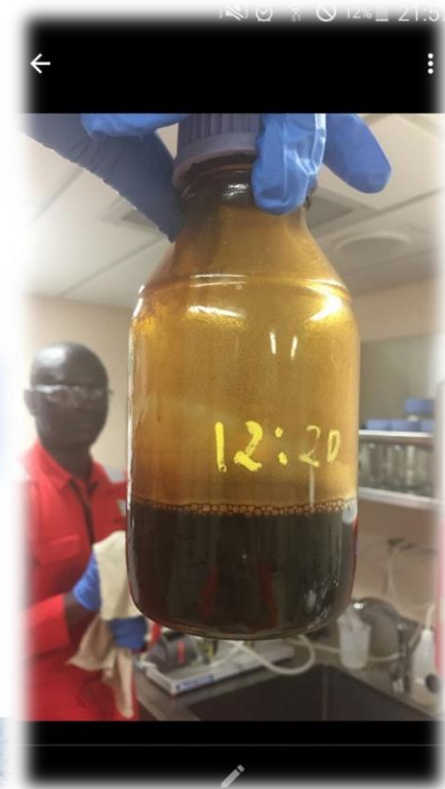


- Market remains challenging, but positive signs for recovery of **large size FPSO** segment as reflected by number of selective proposals being pursued:
 - ENI - Zaba Zaba
 - Hess - TCTP
 - Petrobras - Sepia
 - ONGC - 98/2 (JV with SP Group)

Bumi Armada Outlook for 2017

Setting new path for growth

- Completion of projects
- Streamlining organization
- Focus on processes and procedures
- Back to profit



Q&A



Thank You



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