

Q4 FY2023 Financial Results Briefing

Sapura Energy Berhad | 30 March 2023

Disclaimer

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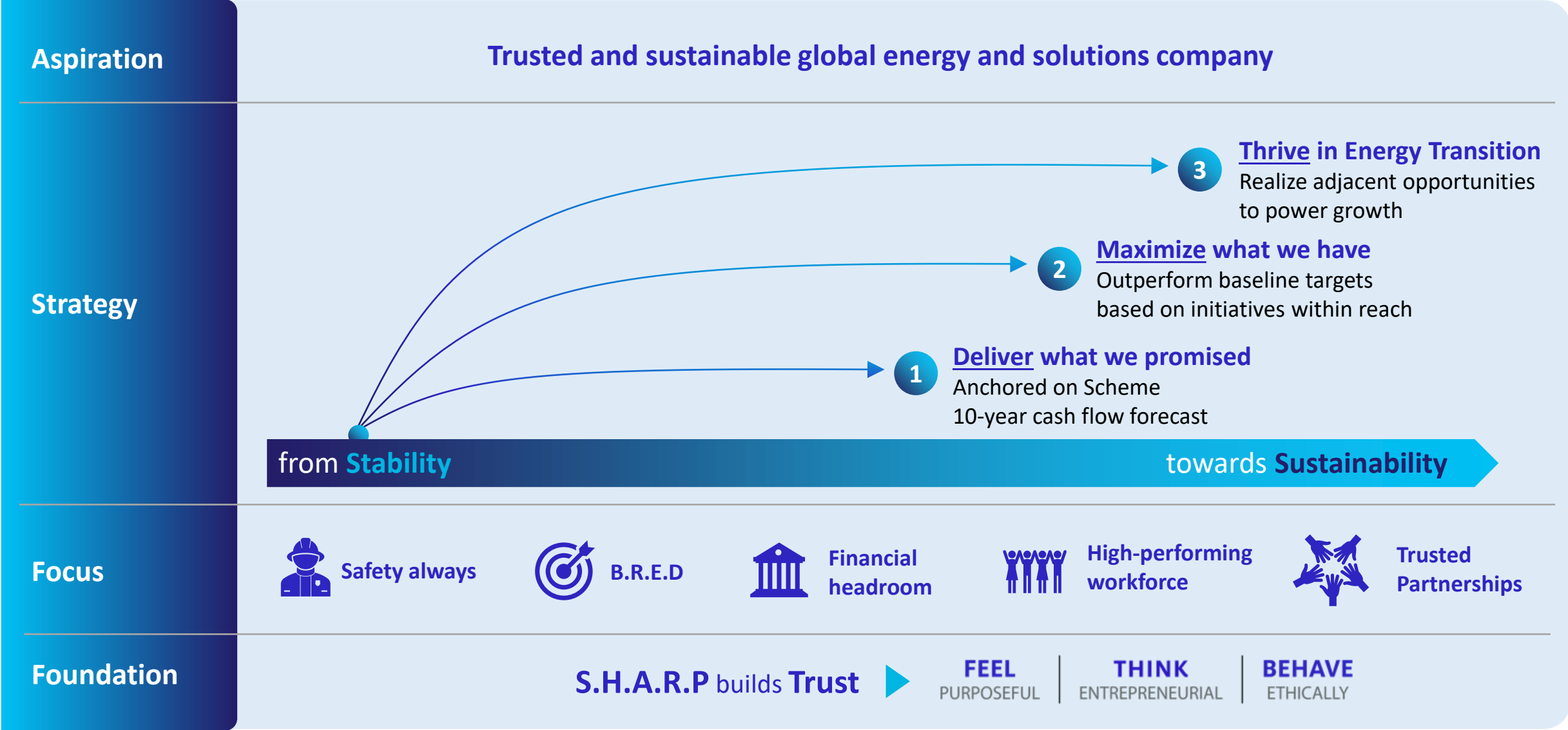
05 Closing Remarks





Opening Remarks

Journey To Our Vision



Q4 FY2023 Highlights



Financials

Underlying business performance has improved, dampened by impairments and unfavourable forex loss

Amounts in RM million

Group Results	1,217 REVENUE	(141) EBITDA	(3,303) LATAMI
Segmental EBITDA^	123 E&C	29 O&M	129 Drilling

- Corporate and elimination of **-RM422mn**, mainly foreign exchange loss of -RM397mn
- Impairment of goodwill and PPE of **-RM2,620mn**
- Share of losses from JV & Associate of **-RM215mn**, mainly due to impairment of Goodwill in SapuraOMV of -RM397mn

^ Excluding share of profit from JV and corporate and eliminations



Business

- + Challenges: Liquidity, legacy contracts and orderbook replenishment
- + Close collaboration with key stakeholders to navigate liquidity challenges
- + RESET journey progressing, delivers more clarity on forward looking actions
 - + Fresh RO application approved by the Court on 8 March 2023, commencing on 11 March 2023 for 3 months
 - + Revised Proposed Restructuring Scheme submitted to CDRC
 - + Bid Right; Execute with Discipline; Underpinned by appropriate risk appetite



Q4 FY2023 Financial Performance

Q4 FY2023 Financial Performance

Group financial highlights by quarter



Amounts in RM million

	Quarter on Quarter		
	Q4 FY23	Q3 FY23	Q4 FY22^
Revenue	1,217	1,275	427
EBITDA	(141)	246	(1,020)
EBITDA %	(12%)	19%	(239%)
Reported LATAMI	(3,303)	10	(6,767)
Normalised LATAMI*	(286)	10	(1,269)

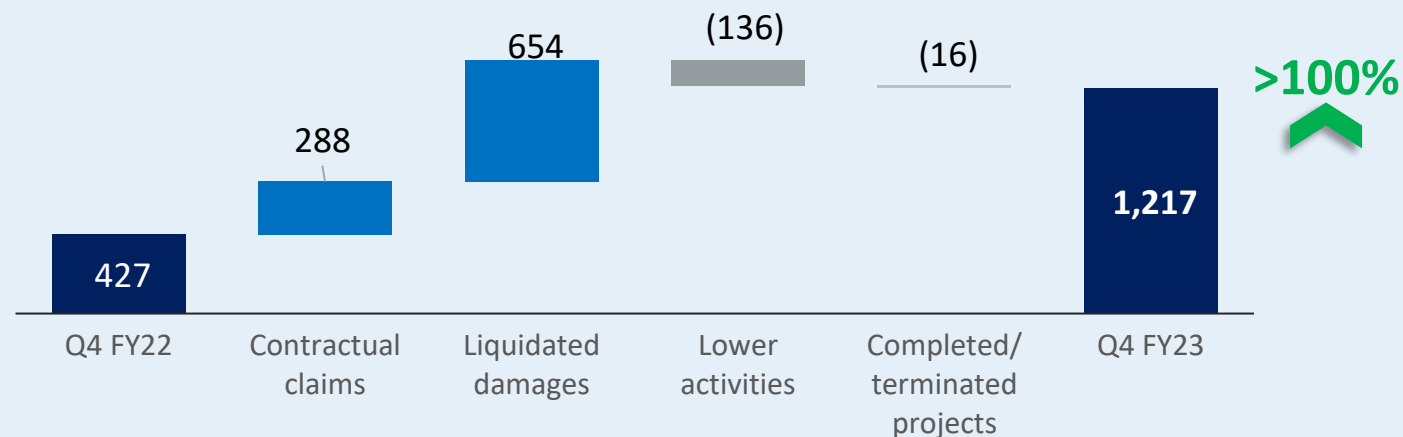
Notes:

^ As per audited FY22

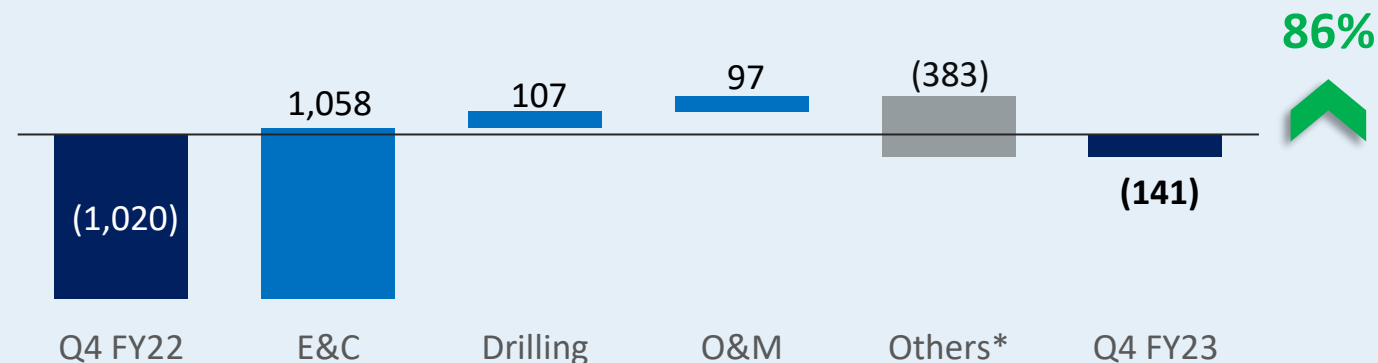
* Excluding impairment for goodwill and PPE in Q4 FY23 of RM2,620mn (Q4 FY22: RM5,394mn) and impairment of goodwill in SapuraOMV for Q4 FY23 of RM397mn (Q4 FY22: RM104mn)

Q4 FY23 vs Q4 FY22 analysis

Revenue



EBITDA



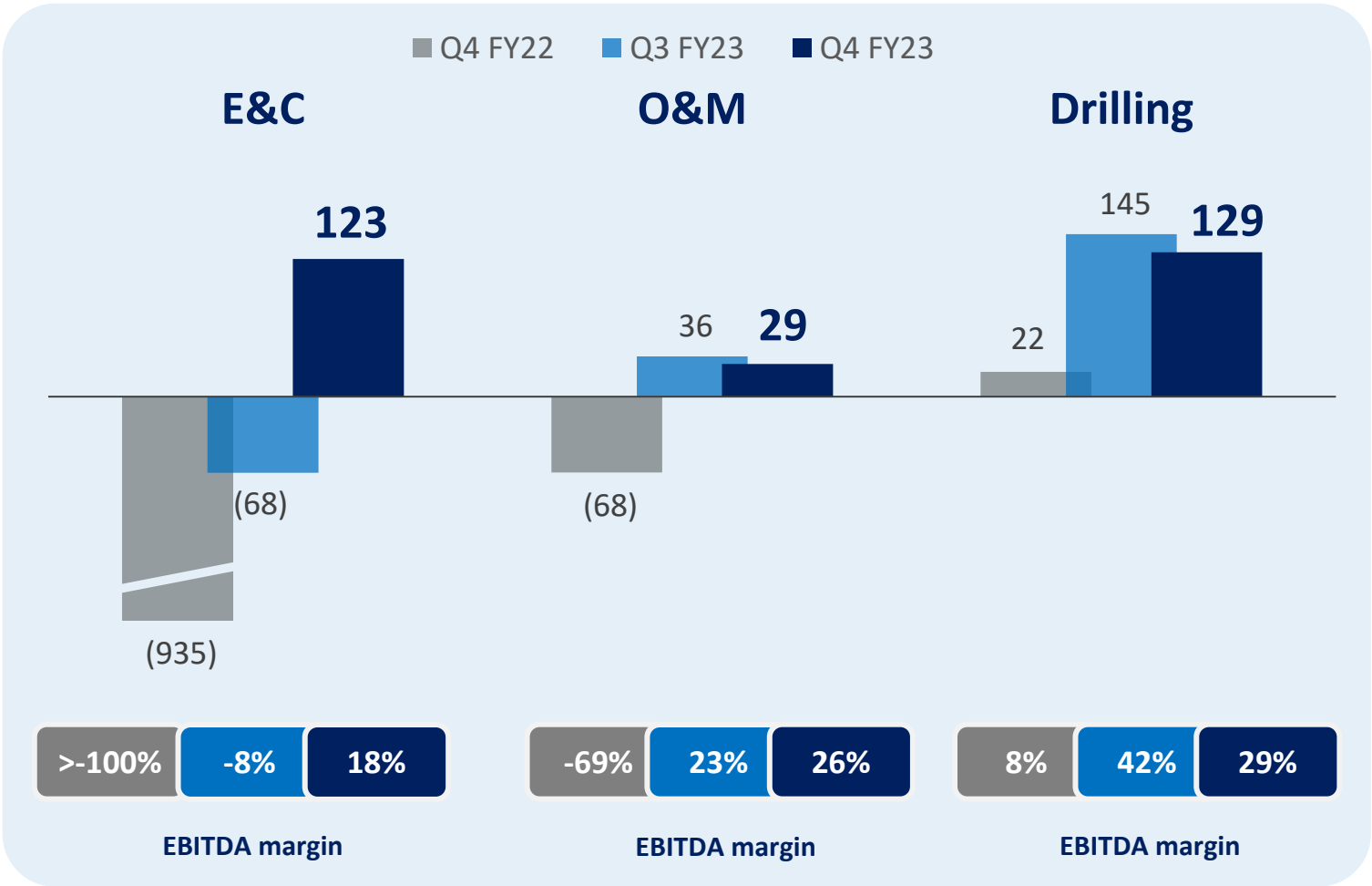
Lower reported **LATAMI** is aligned with higher EBITDA and lower impairment, offset by higher finance cost, lower share of profit from JV and associates and higher taxation.

* Mainly due to foreign exchange loss (RM397 mn)

Q4 FY2023 Segmental EBITDA

All business segments deliver positive margin

Amounts in RM million



Q4 FY23 vs Q3 FY23 analysis



E&C
Steady turnaround of performance but execution challenges remain



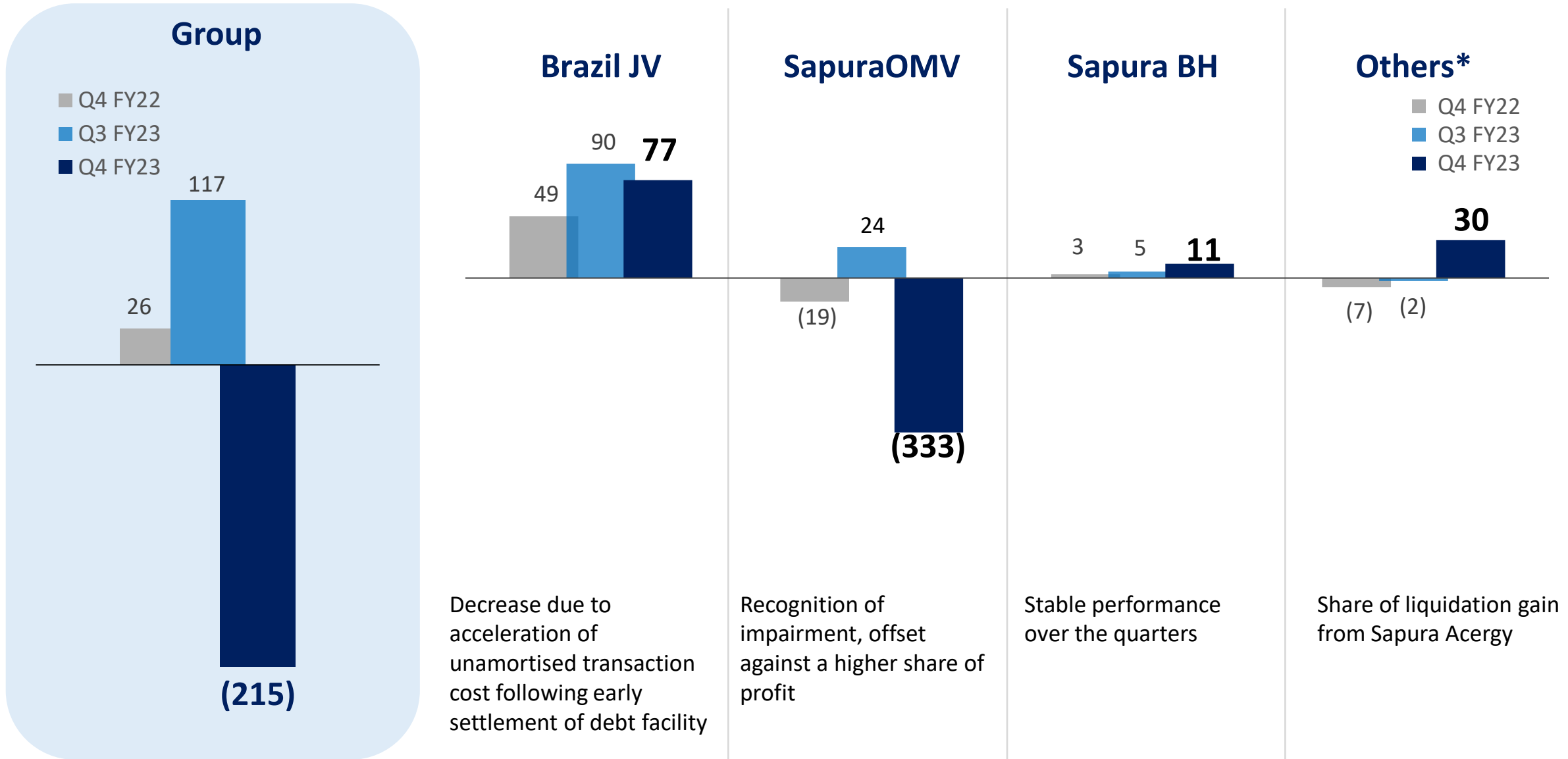
O&M
Stable and consistent performance



Drilling
Strong performance partially offset by one-off inventory write-off

Share of profit from JV and associates

Amounts in RM million



* Others mainly represent LTSS and other associates

FY23 impairments due to changes in revised business outlook

Amounts in RM billion

2.6bn
Group
impairment

1.1bn
Impairment

Vessels:
VIU and FV > CV = No impairment
RMnil impairment

Goodwill:
VIU + TV < CV = Impairment
RM1.1bn impairment

1.5bn
Impairment

Rigs:
VIU and FV < CV = Impairment
RM1.1bn impairment

Goodwill:
VIU + TV < CV = Impairment
RM0.4bn impairment

Key assumptions

Changes

Rationale

Changes

Rationale

**Lower
revenue
CAGR**

▼ **1%**

Lack of working capital and BG facilities:

- Lower order intake
- Executing legacy projects at neutral profitability

▼ **2%**

- Lower utilisation for rigs due to projected down-cycle in each region for drilling activities
- Lower ODR based on latest market outlook and firm bids / prospect

**Average OPEX
day rate**

Not applicable

▲ **2%**

- Higher cost escalation rate based on actual cost trend and revised inflation

**Discount
rate**

▲ **2.0%**

- Higher risk-free rate on Malaysia Government Securities
- Discount rate at 12% (FY22: 10%)

▲ **1.5%**

- Higher risk-free rate on Malaysia Government Securities
- Discount rate at 10% (FY22: 8.5%)

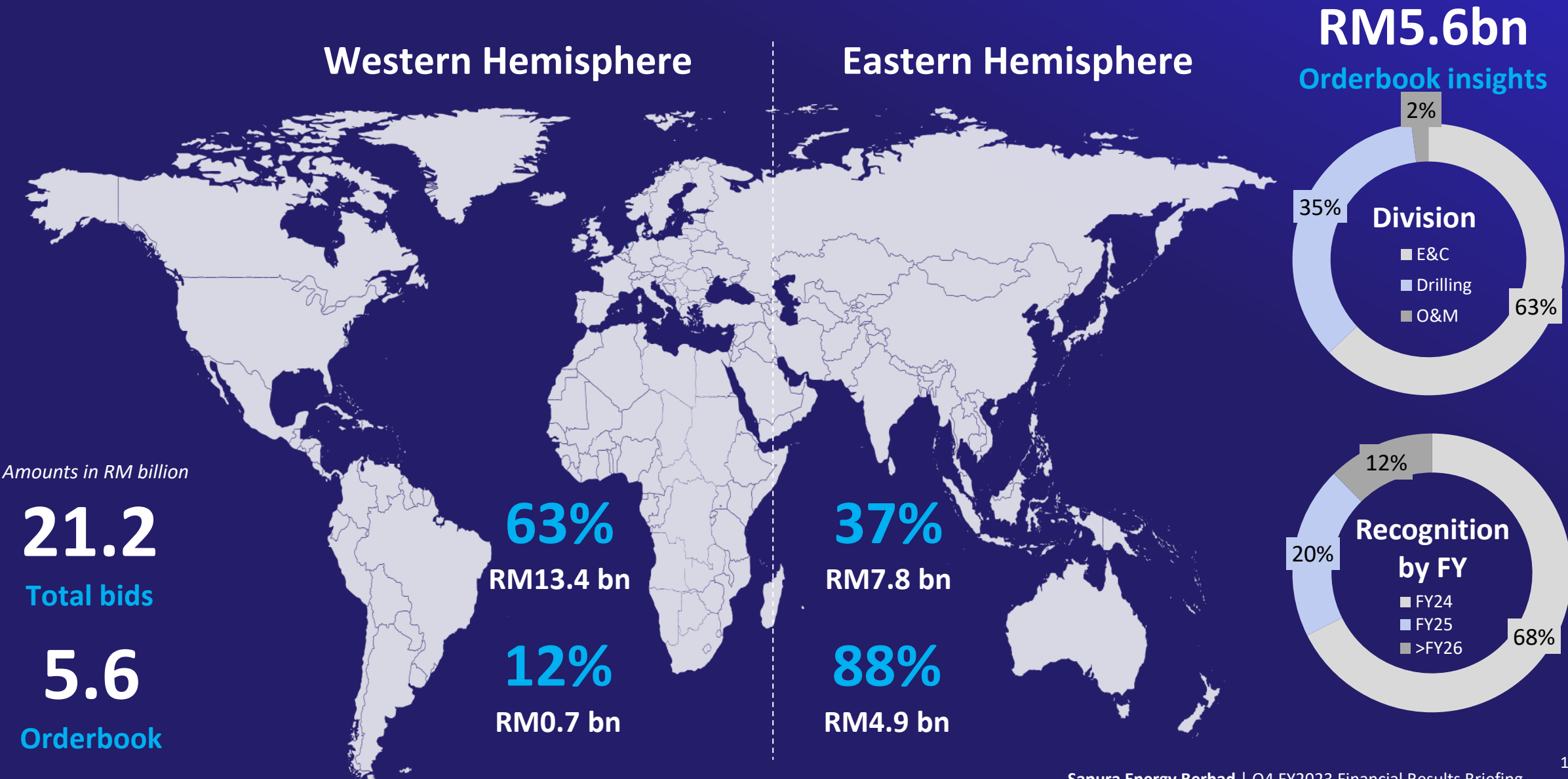
Note: Remaining goodwill on consolidation as at FY23 is RM246mn
Value in use ("VIU"), fair value ("FV"), carrying value ("CV"), terminal value ("TV")



Business Updates

Group Bid Book and Orderbook

Orderbook replenishment is a challenge, but possible with trusted partnerships



Note: Not included in the above is non-consolidated gross orderbook of RM5.2bn, representing 100% of JV portions

Business Updates | E&C

Continued delivery despite challenges

36

Ongoing
Projects

8

Completed
projects

4

Commencement
of new projects

- **Key offshore activities** in Q4 FY23: Hess Phase-4 and Shell Timi (Malaysia) BSP Salman (Brunei), EOG Osprey (Trinidad & Tobago), BWE Adolo FPSO (Gabon), Santos Spartan and ENI Wollybutt (Australia)
- **Fabrication activities at Lumut Yard** include Mubadala Pegaga MRU and ONGC 98/2 projects
- **Close-out of 8 projects in Q4 FY23:** Shell Pan Malaysia Underwater Service and Repsol Pan Malaysia Underwater Service (Malaysia); Denovo Zandolie (Trinidad & Tobago); SPTL A2 Berth and MJ KGD6 (India)
- **Secured 4 new contracts in Q4 FY23*** including Chevron RFP 1 (Thailand); Woodside LWI Tidepole and Chevron LWI Pre-Engineering Design (Australia) and EOG Osprey A (Trinidad)
- **Yard utilization is at 15%** and Key **vessel utilization is at 69%**

**unannounced new contracts due to contracts below materiality threshold*



Keys to Turnaround

- **Strengthen marketing effort to increase order book**
- **Deliver our promises to regain trust and confidence from Clients and Vendors**
- **Plan, manage and assess the risk of our project delivery**
- **Retention of high performing workforce**

Business Updates | E&C - Brazil

Brazil operations continue to be resilient



6

PLSVs are working in Brazil for Petrobras in Q4 FY23

Location/Field worked (Basin)

Sapura Esmeralda



Campos

Sapura Onix



Santos

Sapura Jade



Espirito Santo

Sapura Rubi



Santos

Sapura Diamante



Campos

Sapura Topazio



Espirito Santo

Key highlights

- Utilization of all 6 vessels in Q4 FY2023 is **98.79%**.
- **93.48%** QHSE perfect days
- Hydraulic clamp campaign performed

Business Updates | O&M

Maintain/deliver contracts and progressing on claims

Hook Up & Commissioning

8

Ongoing
Projects^

1

Completed
Project

- **Pegaga Development Project:**
Provisional acceptance achieved on 8th Dec 2022.
- **HESS Phase 4A Facilities, NMB:**
Completion of KGA wellhead platform and achieved RFSU on 28th Dec 2022.

^ 5 HUC contracts (BoBe final doc / Kinev / Pegaga / Hess 4A / BSP Salman) and 3 TMM long term contracts (Exxon/Shell/PCSB SKG)

Geosciences & OSV

3

On-going
Projects

4

Completed
Project

- **Ongoing vessels on-hire :** S. Wira (PTTEP), S. Aman (SPW/KINEW), S. Gemia (EMEPMI)
- **Completed :** S. Wira (BSP), S. Duyong (SPW/MP), KPV Redang (SPW/SKG), MV Kapas (EMEPMI)

Technology Services

9

On-going
projects

2

Completed
Project

- **Completed** 2 years contract for MTBE overhead crane services
- **Completed** TNB UHF Preventive Maintenance Contract – Awaiting for new 3 years contract renewal
- **Secured** change orders for parts and manpower services from PCSB KINEW project.

Turbo-machinery JV

9

On-going
contracts

- Completed unplanned gas turbine outages in PFLNG and MLNG
- On-going Major Inspection works on SAMUR plant in Sabah
- On-going bid negotiations for long term maintenance contracts with Yinson, PGB and MRCSB
- Continuous development of local talents - hired 3 Field Service Engineers, 5 Technicians and multi-skilling them to support Aeroderivative and Heavy Duty gas turbines technologies



Business Updates | Drilling

Delivering on Promises

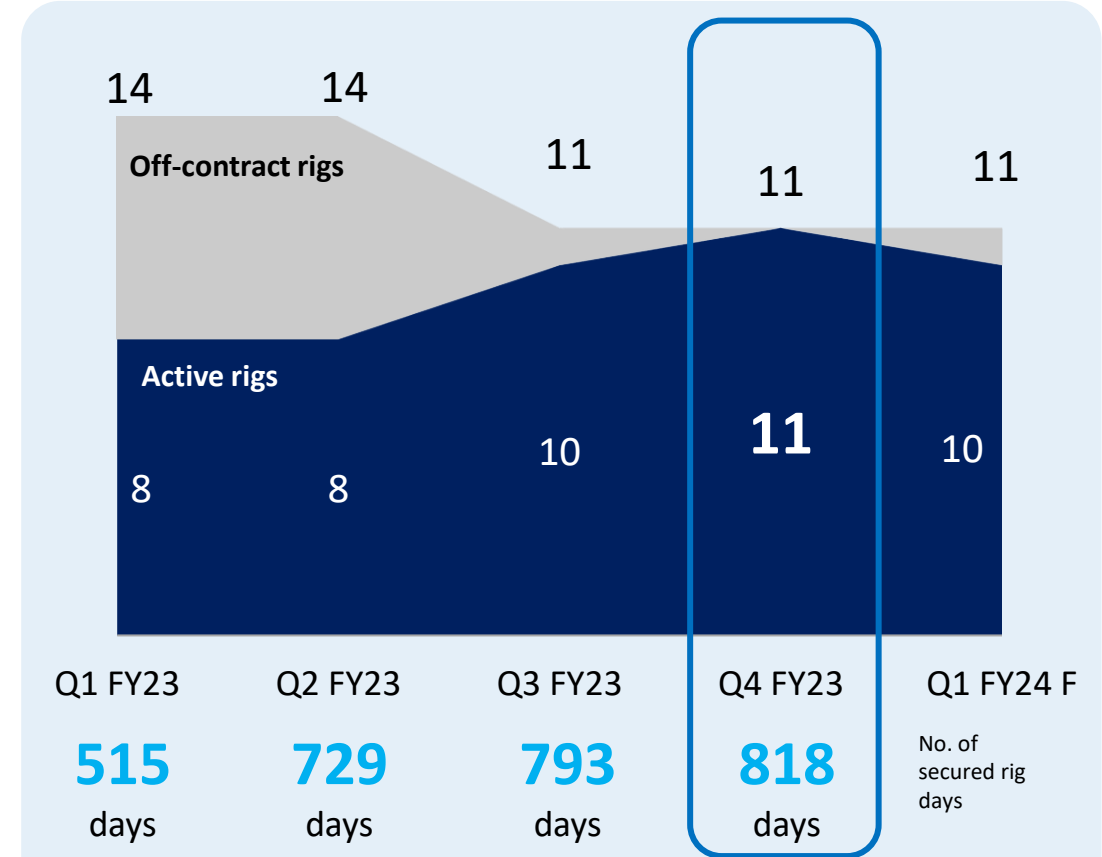
Rigs	Client	Location	Technical Utilisation (Operational Performance)
Berani	Foxtrot	Ivory Coast	100%
Jaya	Chevron	Angola	98.39%
Alliance	Shell	Brunei	100%
Esperanza	PCSB/Shell	Malaysia	99.57%
Pelaut	EnQuest	Malaysia	99.65%
T-9	EXXON	Malaysia	99.68%
T-10	PTTEP	Thailand	97.26%
T-11	PTTEP	Thailand	90.14%
T-12	PTTEP	Thailand	91.27%
T-17	PTTEP	Thailand	97.47%
T-18	PTTEP	Thailand	99.94%

A solid quarter with:

- T-10 and T-11 on full board with PTTEP and T-12 commencing new 5-years contract for PTTEP
- Esperanza completed i-RDC Phase 1 Work and commenced Shell Timi
- All other units steaming along

Rig activity Trend

of active rigs in the quarter



Business Updates | E&P

Leading independent oil and gas company in Asia Pacific

Production higher due to high uptime and increased demand from MLNG to close supply shortfall by other gas suppliers

Portfolio of strong project pipelines in SK408 and SK310 Production Sharing Contracts:

- SK408 Jerun EPCIC achieved **6 million injury-free manhours in Feb 2023**. Project progressing well to achieve First Gas in Q3 2024
- Progressing the development of two discoveries (Teja and Pepulut) in SK408
- SK310 B14 project being matured through joint development with PTTEP's Lang Lebah under SISGES Ph2

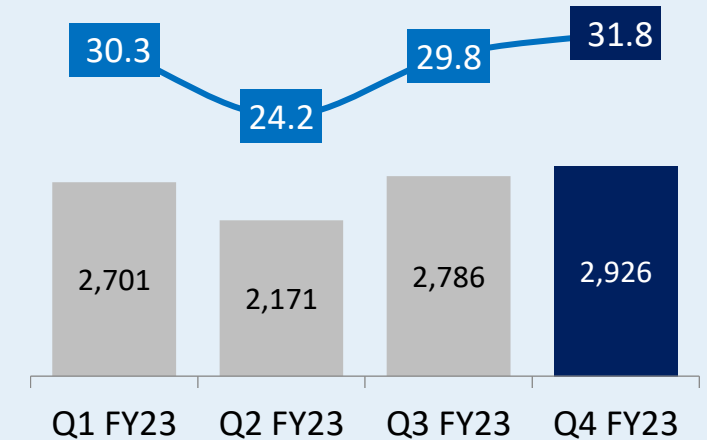
Further upside potential from exploration opportunities:

- Malaysia – Continue to pursue exploration opportunities via bid rounds and farm-ins
- Mexico Block 30 – First well spudded in Q4 FY23; second well to spud in Q2 FY24
- Western Australia – Fulfill commitments of existing licences
- New Zealand Toutouwai discovery – Appraisal plans in place subject to host government approval on Operator's farm down plan



Lifting & Average Production

■ Net Lifting (Mmboe)
— Average Net Production (kbbbl/day)



Q4 FY23 average lifting price of USD71.8/bbl
(Q3 FY23: USD78.8/bbl in)

FY23
insight

10,584
Mmboe
Net
lifting

29.0
Kbbl/day
Average net
production



Sapura Energy Reset Updates



Progress and ongoing efforts to regain stable platform

Ongoing efforts	Cash Conservation	Legacy contract	New funding	Debt restructuring	Scheme of Arrangement	Divestment plan	PN17 regularization plan
	Reduce cost base	Negotiation on legacy contracts to achieve cash neutralisation	Secure source for new funding to finance business plan	Address unsustainable debts with lenders	Conclude SOA with trade creditors	Implementation of strategic divestment plan to align with core business	Finalize and submit the regularization plan to Bursa Malaysia prior to getting shareholders' approval
Progress-to-date	On-going	4 E&C projects	RM1.8 bn	On-going	Near completion	>RM300 mn	On-going
	<p>Preserved cash to extend runway for restructuring</p> <p>Unrestricted cash balance of ~RM700 mn</p>	Making encouraging progress and remains a focus area	Receipt of letter of support from White-knight	<p>Revised Proposed Restructuring Scheme ("PRS") submitted to CDRC</p> <p>Extension of CDRC standstill until 9 September 2023</p>	RM1.5 bn of total POD submissions have been verified and RM1.3 bn have been accepted	<p>Completed disposal of Sapura 3000 and 3 drilling rigs in Q3 FY23</p> <p>Looking to divest SOMV as part of the PRS</p>	Appointed MIDF as Principal Adviser for submission of regularization plan

Fresh RO obtained from Court for period of 3 months, effective 11 March 2023



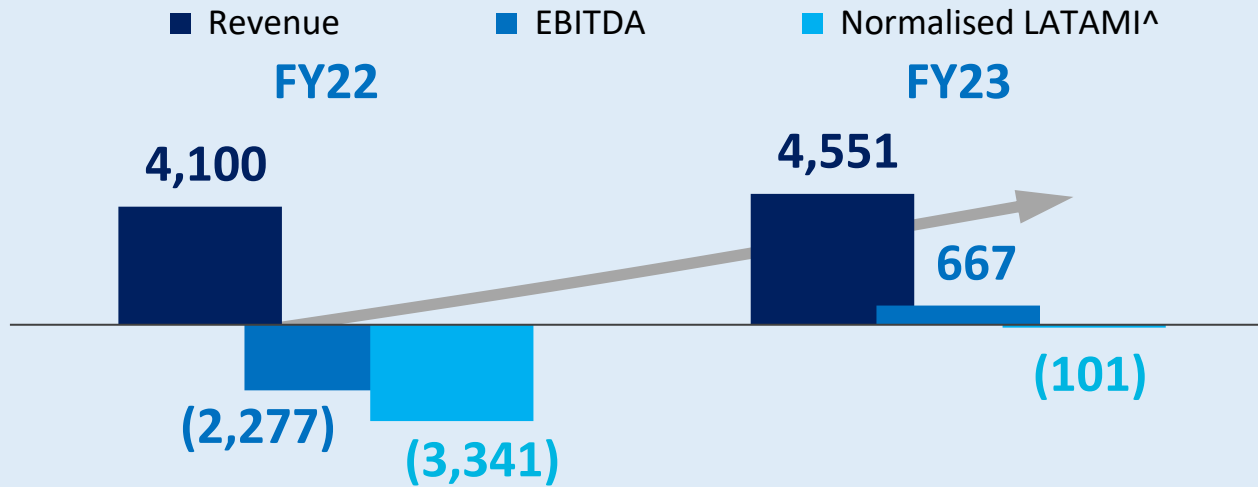
Closing Remarks

FY23 Achievement and Reflection

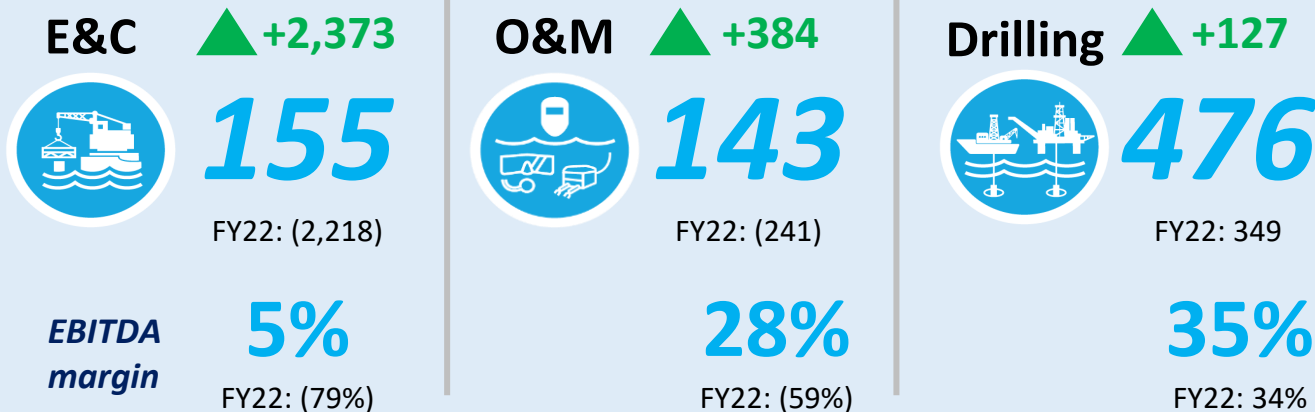
Significant improvement in EBITDA and LATAMI against FY22, despite challenges

Financial Performance

Amounts in RM million



Improvement in segmental EBITDA and its margin



FY23 Corporate and elimination -RM107mn (FY22: -RM167mn)

^ Normalised LATAMI excludes impairment

What went well?

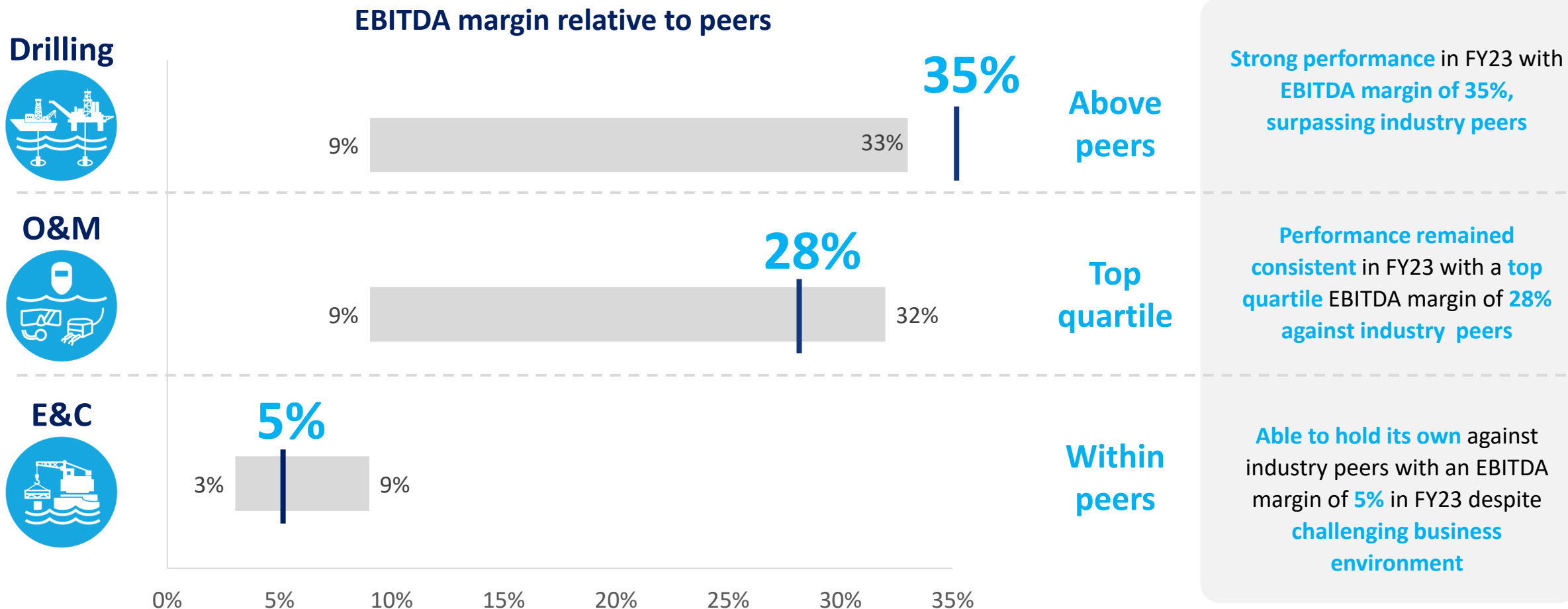
- **Perseverance attitude** in delivering the project despite many challenges and uncertainties
- Concluded **commercial settlements** to preserve profitability and cash neutrality
- **Self-sustaining** cashflow effort
- **Close working relationship** with clients to immediately resolve all project issues

Challenges

- **BG unavailability** resulted in missed opportunities (estimated USD2.5bn)
- **Limited working capital facilities** resulting in delayed maintenance of key marine assets
- **Challenges in project execution** and asset management performance
- To **rebuild trust** with vendors given current Group condition

Healthy margin despite financial constraints

Respectable EBITDA margin for Drilling and O&M divisions while E&C margin is still within the range of its peers.



Note:

Based on the latest 12 months results of foreign and domestic peers extracted from CapIQ

Focus in FY24 – Rebuild our core solutions



- Deliver superior results consistently
- Develop core capabilities



**Safety
always**



B.R.E.D



**Financial
headroom**



**High-performing
workforce**



**Trusted
Partnerships**

E&C



- T&I, Subsea and Decommissioning
- APAC and Atlantic

O&M



- HUC, Geosciences & OSV and Technology Services
- Malaysia and SEA

Drilling



- Drilling related services
- APAC and West Africa



Malaysia and APAC



3

Key vessels
S1200, S2000,
Constructor

2

Subsea
vessels

7

OSV and
Geo vessels

9

Tender & semi-
tender rigs

E&C



- Maintain presence in South East Asia & Australia for T&I and TMT operations
- Expand Decom project portfolio

O&M



- Strengthen position as a key provider of O&M and Subsea Solution services in Malaysia and SEA region

Drilling



- 9 rigs on secured contracts in South East Asia region for FY24
- 5 rigs on long term contracts in Thailand

No key
target for
Middle East
and India

Atlantic

2

Key vessels
3500 and 900

6

PLSV vessels
JV

1

Semi-tender
Rig

E&C



- Pursue key **T&I** and **Decom** targets in **West Africa, Northern** and **Latin America**
- **> 95%** expected technical **utilisation** for **6 PLSVs** with JV in Brazil for FY24

Drilling



- **1 rig** on secured contract in **West Africa** region for FY24

FY24 looking ahead

Financials
target

70%

FY24 secured revenue

teens

EBITDA margin



Expected
utilisation

>65%

Key vessels^

>95%

JV vessels

>85%

Rigs

Other
targets

0.8x

Book-to bill ratio



0.9x

Orderbook cover

^ Sapura 3500, Sapura 2000, Sapura 1200, Sapura Constructor

