



Scomi Energy Services Bhd

News Release

27 November 2015

Scomi's Drilling Services posts improved Q2 profits

PETALING JAYA: Scomi Energy Services Bhd's ("SESB" or "the Company") Drilling Services ("DS") division posted improved profitability for the second quarter ended 30 September 2015 ("Q2"). The division's gross profit ("GP") margin increased to 25.4% from 22.5% in the previous quarter ended 30 June 2015 ("Q1") as a result of ongoing supply chain rationalisation and cost optimisation activities. In spite of a 11.6% reduction in revenue from RM283.8 million in Q1 to RM250.9 million, the division recorded a profit before tax ("PBT") of RM23.7 million and a profit after tax ("PAT") of RM 16.4 million. These represent a 11.9% and 5.1% increase, respectively in comparison to Q1.

On the other hand, SESB's Marine Services division's turnover and profit levels were impacted due to low vessel utilisation in line with the current market conditions. The division's revenue declined 12.8% from RM50.0 million in Q1 to RM43.6 million. The division's GP dropped from RM1.3 million in Q1 to RM0.4 million.

At group level, SESB which is listed on the Main Market of Bursa Malaysia, posted a revenue of RM294.4 million for Q2. This represents a contraction of 11.8% compared to Q1. Nonetheless, the Company's GP margin rose to 21.8% from 19.6% in Q1. SESB's PBT dropped marginally to RM17.3 million against RM17.6 million recorded in Q1. PAT meanwhile, fell to RM9.3 million in Q2 from RM11.7 million in the previous quarter. Although the DS division recorded improved profitability, the consolidated results were negatively impacted by the Marine Services division's performance.

"The Q2 results are within expectation given the continuing subdued market condition. Despite the challenging operating environment, the Company remains active in tendering for new jobs. To date, it has outstanding bids submitted amounting to over USD600 million. We are currently focusing our attention on active markets such as the Middle East, Southeast Asia and Russia," said SESB's Chief Financial Officer, Ramesh Veetikat Ramachandran.

"Our team continues to explore new areas especially the well rejuvenation and enhanced oil recovery segments. We are continuing our push for the use of graphene technology in drilling fluids and other related products. In addition to providing superior performance, these products are able to help drive down cost for the operators," he added.

SESB's core businesses which comprise Drilling Services and Marine Services, have a combined order book of over USD1.2billion.

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About Scomi Energy Services

Scomi Energy Services Bhd, which is listed on the Main Market of Bursa Malaysia Securities Bhd, and its Group of companies are involved in the Energy Services comprising of the Oilfield Services and Marine Services. The Group offers drilling & completion services, development and production services as well as vessels for offshore support and coal logistics. With offices in 20 countries, the Group derives most of its business from its international operations, which is backed by over 60 years of experience in the industry servicing numerous local and multinational companies.

FOR MEDIA ENQUIRIES PLEASE CONTACT:

Rishant T 03-7717 3179 / +6017-488 0250

E rishant.sraveanan@scomigroup.com.my