



## Scomi Group Bhd

News Release

25 February 2016

### **Scomi records 37% jump in profit**

PETALING JAYA: Scomi Group Bhd ("Scomi" or "the Company") posted an encouraging performance for its third quarter ended 31 December 2015 (Q3 FY2016). The Company's revenue grew by 10.3% whilst its profit after tax ("PAT") improved by 37%.

Despite the subdued market conditions, revenue for the third quarter increased to RM374million from RM338million the previous quarter. Whilst major oilfield markets of Malaysia, Indonesia and West Africa experienced low rig count, the Company's oilfield services activity in other key markets of the Middle East and Russia have increased or remained stable. Weak coal market continued to impact the Company's Marine Services operations in Indonesia whereas the Transportation segment also recorded marginally lower value of work during the quarter.

In terms of profitability, gross margins reduced marginally due to adjustments for inventories and doubtful debts as well as lower margins from marine services. However, PAT increased by 37% to RM9.026million. This was a direct result of drastic reductions in operating expenses of 17% from RM53million to RM44million for the quarter.

Recording a revenue of RM324million, the Group's Energy Division's performance was in line with its expectations. Setting aside adjustments, its oilfield services' PAT improved by 47%. However, the Division's performance was weighed down by the poor performance of its Marine Services.

Despite the many challenges, the Group's Transportation division posted a PAT of RM1.2million on the back of RM49.5million revenue which is a vast improvement as compared to its second quarter's PAT of RM0.19million.

"The Oilfield division will continue to face a challenging operating environment for the remainder of 2016. We will continue to exercise prudence that involves cost and cash flow management. The continuous reduction in our operating expenses is the result of this initiative by the Management," said Mukhnizam Mahmud, the Group's Chief Financial Officer.

"On the business front, we are continuously looking to focus on new products such as graphene-enhanced products as well as exploring new non-traditional markets. The Oilfield Services unit continues to be active in tendering for new jobs and has outstanding bids that amount to USD700million. As for the Transportation division, the focus will be on project execution and stringent cost management whilst taking measures to build order book," he added.

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### **About Scomi Group**

Scomi Group Bhd, which is listed on the Bursa Malaysia Securities Bhd, and its Group of companies are involved in the Energy Services comprising of the Oilfield Services and Marine Services; and Transport Solutions sectors. The Group offers drilling fluids & related engineering services, drilling waste management solutions, supply of industrial and production chemicals, marine vessel services, transport engineering solutions involving special purpose vehicles, rail wagons, monorail and buses. With offices in 22 countries, the Scomi 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.

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