



Scomi Group Bhd

News Release

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Scomi Group records RM380 million revenue

PETALING JAYA: Scomi Group Bhd ("SGB" or "the Group") registered a profit before tax ("PBT") of RM20.0million for its first quarter 2016 financial period ("FY2016") ended 30 June 2015. The Group recorded RM380million revenue with Oilfield Services ("OFS") division contributing RM238.8million while Marine Services and Transport Solutions delivered RM50.0million and RM46.1million, respectively.

The Group posted RM54.0million in Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") which represents an increase of 6.0 per cent quarter-on-quarter. Profit after tax ("PAT") for the same period stands at RM14.0million.

These results are due principally to the general slowdown in the oil and gas as well marine segments felt in Q1 2016, where several new projects were pushed back with customers scaling down their operations. Rig counts were significantly lower in Malaysia, Indonesia and West Africa. The coal market, which continues to be weak, impacted our Marine operations in Indonesia for the quarter, but should normalize with the contract extension commencing July 2015. In addition, the transportation segment also recorded lower value of work done and lower sales during the quarter.

"Oilfield Services Division operating environment continues to remain challenging in the 2nd Quarter of financial year 2016. Oil price has fallen below USD50/bbl, activity has slowed down with spending being deferred and several new projects being pushed back. However, management has successfully implemented cost cutting

measures to reduce our operating costs by 14.5 per cent compared to the previous quarter,” said Zarof Abu Bakar, Chief Financial Officer of SGB.

“Marine Services Division outlook remains challenging; nevertheless there have been some wins over the quarter as it secured USD40 million worth of contracts in Indonesia, Malaysia and Thailand. Transport Solutions Division continues to focus on project execution, working toward the complete delivery of the remaining train sets for Mumbai under Phase 2 which construction is scheduled for completion within 2015. For the KL Monorail Fleet Expansion Project, four train sets have been delivered to date with three in commercial service,” he clarified.

In addition, focus remains on more cost control measures and marketing new products, to maintain profitability. To date, OFS and Marine Services have collectively secured a total of USD140million in new contracts for 2015 and increased the order book to USD1.0 billion.

“The strengthening of the US dollar has a positive impact on our earnings as approximately 90 per cent of our revenue is in that currency. As a regional player, the weakening of local currencies helps cushion the impact of the current industry downturn,” En. Zarof added.

For the remaining financial year (“FY2016”), the Group will continue to actively bid for new projects with the OFS international markets continuing to be busy. Year to date, its SESB unit submitted over USD1.25 billion worth of new bids, focusing on the ASEAN region and the Middle East. For Transport Solutions, the division is looking to participate for monorail bids in Chennai, Bangkok, Turkey, Brazil, Colombo and Malaysia.

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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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