ICON OFFSHORE

Analysts' Briefing 4Q 2016

28 February 2017

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Contents

- Overview of ICON
- Industry Outlook
- Our Strategic Roadmap
- Performance Review
- Key Takeaways

Overview of ICON (1/2)

Who we are

- One of the largest OSV provider in Southeast Asia in terms of number of vessels.
- Diversified fleet of **34 vessels** as at 28 Feb 2017.
- Our vessels provide a wide range of logistical support services throughout the entire offshore oil and gas life cycle. They operate primarily in shallow waters.
- Led by highly qualified management team with experience in the marine and oil and gas industries.
- Established relationships and experience with oil majors and international client.

PETRONAS Carigali

ExxonMobil

BRUNEI

TALISMAN ENERGY

EnQuest

KPOC KEBABANGAN PETROLEUM OPERATING COMPANY

HESS

Our fleet

AHT, AHTS and Utility

25

SSV and PSV

6

AWB

3

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Overview of ICON (2/2)

ICON is an oilfield service provider in the Oil and Gas life cycle

Identification of potential	Exploration & appraisal	Field development	Operation & maintenance	Abandonment
■ Geological & geophysical mapping & modeling via seismic surveys ■ Analysis & interpretation of geological data to identify the potential of hydrocarbon bearing formations	■ Wildcat wells drilled to assess potential of basin ■ Appraisal wells across the potential of any discovery made during the exploration phase ■ Flow rates assessed	■ Development scenario screening ■ Pre-FEED & FEED studies ■ Detailed engineering ■ Fabrication & procurement ■ Offshore construction, installation, hookup & commissioning	■ Inspection, repair & maintenance ■ Enhanced oil recovery ■ Brownfield development & injection wells ■ Work over of existing wells	■ The decommissioning of end-of-field infrastructure ■ Re-use / recycle / dispose
Type of OSVs deployed	■ AHT ■ AHTS ■ AWB ■ PSV ■ SSV	■ AHT ■ AHTS ■ AWB / Barges ■ PSV ■ SSV ■ Tugs	■ AHT ■ AHTS ■ AWB / Barges ■ PSV ■ SSV ■ Tugs	■ AHT ■ AHTS ■ AWB / Barges

(Source: Infield)

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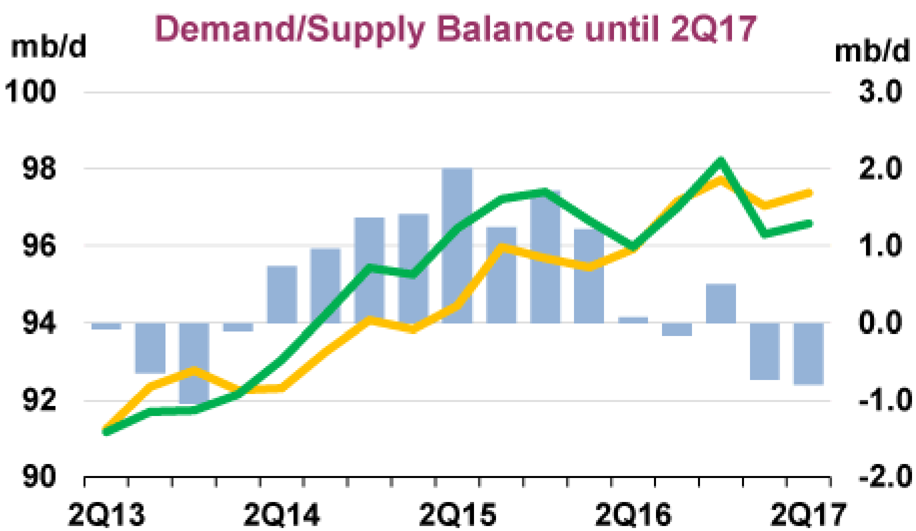
Industry Outlook (1/5)

>90% conformity by OPEC members participating in output cuts



Note: For scenario purposes only, IEA assumes OPEC/non-OPEC ouput cuts implemented as announced.

If the participating countries can maintain the January level compliance, the difference between global demand and supply would imply a stock draw of 0.6mb/d. With this, the IEA is expecting demand to outpace supply by 2Q 2017.

- OPEC and other producers outside the group agreed in November to cut output by about 1.8 million bpd in an effort to drain a glut that has depressed prices for over two years.
- OPEC appears to have made a solid start with its first cut being one of the deepest in the history of OPEC output cut initiatives.
- Mohammad Barkindo, OPEC secretary general, told an industry conference in London that January data showed **conformity from member countries participating in the output cut had been above 90 percent**. Oil inventories would decline further this year, he added. “All countries involved remain resolute in the determination to achieve a higher level of conformity,” Barkindo said. Russia and the other outside producers have so far delivered a smaller percentage of cuts, but Barkindo said this would increase.

Sources:
- *International Energy Agency, Oil Market Report, February 2017*
- *Reuters, 22 Feb 2017*

Industry Outlook (2/5)

The OSV sector is influenced by the level of activities in the O&G sector, which depends on the price of oil.

CBJ17 - Crude Oil Brent (ICE)

Short Term Outlook

- The estimate for global oil demand growth for 2016 was revised up to 1.6 mb/d whilst 2017 forecast is at 1.4 mb/d, supported by recent improvements in industrial activity.
- Global oil supplies plunged nearly 1.5 mb/d in January, with both OPEC and non-OPEC countries producing less. At 96.4 mb/d, world oil production stood 730 kb/d below a year ago, with OPEC posting its first year-on-year (y-o-y) decline since early 2015. Some OPEC producers, including Saudi Arabia, cut supply by more than required.
- EIA expects the oil market to be relatively balanced in 2017 and 2018, with inventory draws averaging 0.1 million b/d in 2017 and builds averaging 0.2 million b/d in 2018. The EIA incresed its revised forecasts for Brent crude oil prices to average **$55/b in 2017** and **$57/b in 2018**.
- The World Bank forecasts crude oil (avg) to be **$55/b in 2017** in nominal terms, unchanged from the Oct 2016 forecast. The market is expected to tighten in 2017, particularly in the second half of the year, which would help reduce the large stock overhang. Prices are projected to increase to **$60/bbl in 2018**, assuming a balanced market and no additional supply restraint by OPEC and non-OPEC producers.

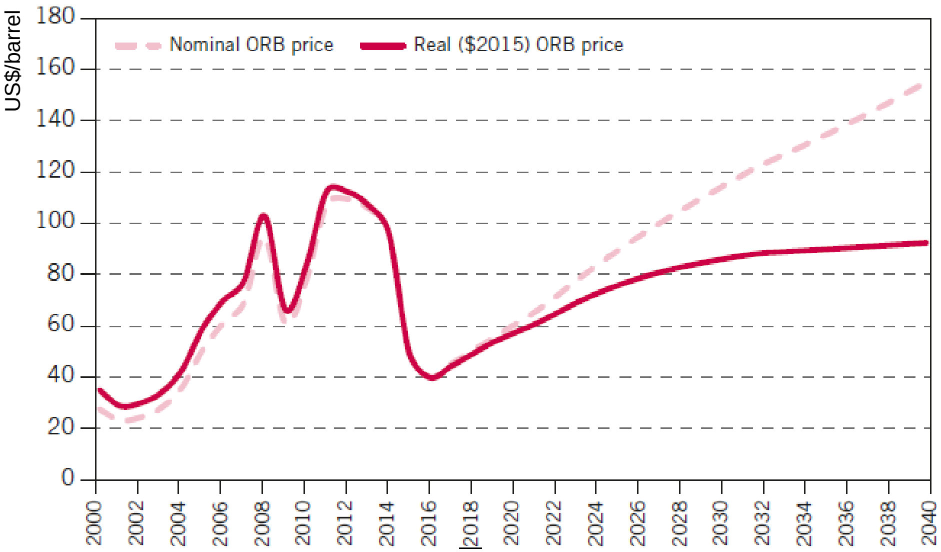
Sources:

- *http://www.nasdaq.com*
- *International Energy Agency, Oil Market Report, February 2017*
- *U.S. Energy Information Administration, Short-Term Energy Outlook , February 2017*
- *World Bank Commodities Market Outlook, January 2017*

Industry Outlook (3/5)

New projects will come back to meet rising demand and support upward oil price trend

OPEC Reference Basket (ORB*) price



* *The ORB is a weighted average of prices for petroleum blends produced by OPEC members, which is a mix of light and heavy crude oil products.*

Medium Term Outlook

- OPEC's outlook assumed the average ORB price for 2016 to be around $40/b and the price recovery will continue with $5/b increments during the medium-term horizon up to 2021. With this, the ORB price reaches the level of **$65/b by 2021** in nominal terms, slightly above **$60/b in real 2015 prices**.
- The World Bank forecasts crude oil (avg) to be **$63/b by 2020** and **$71/b by 2025**, both in nominal terms.
- Moody's is forecasting Brent to be **$63/b by 2020**.

Long Term Outlook

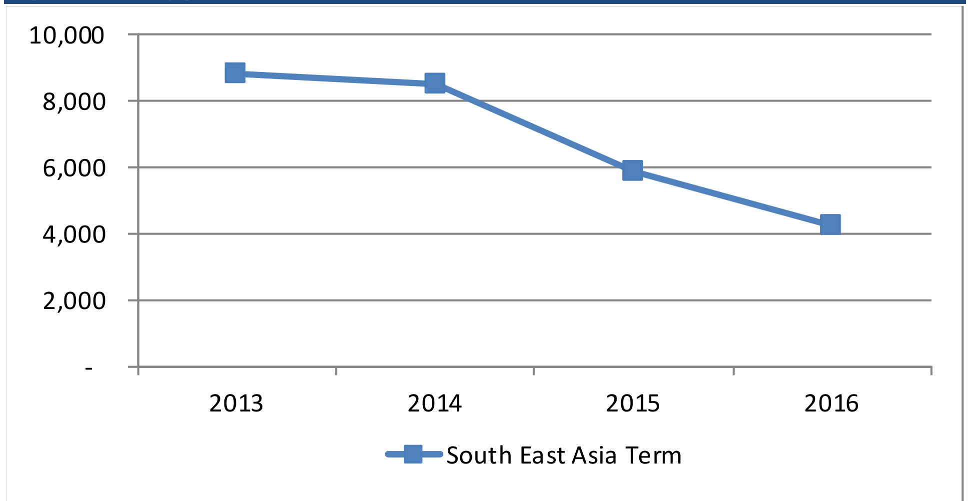
- The World Bank forecasts crude oil (avg) to be **$80/b by 2030**, in nominal terms.
- OPEC's outlook assumed a moderate price recovery to continue as long-term factors start to prevail and many upstream projects deferred during the low price period gradually come back to meet growing demand, thus providing upward support to oil prices. In real-terms, however, price increases will decelerate gradually and are assumed to reach the level of around **$92/b by 2040** in real ($2015) prices, equivalent to $155/b in nominal terms.

Sources:
- *World Bank Commodities Market Outlook, January 2017*
- *OPEC World Oil Outlook 2016*
- *Reuters*

Industry Outlook (4/5)

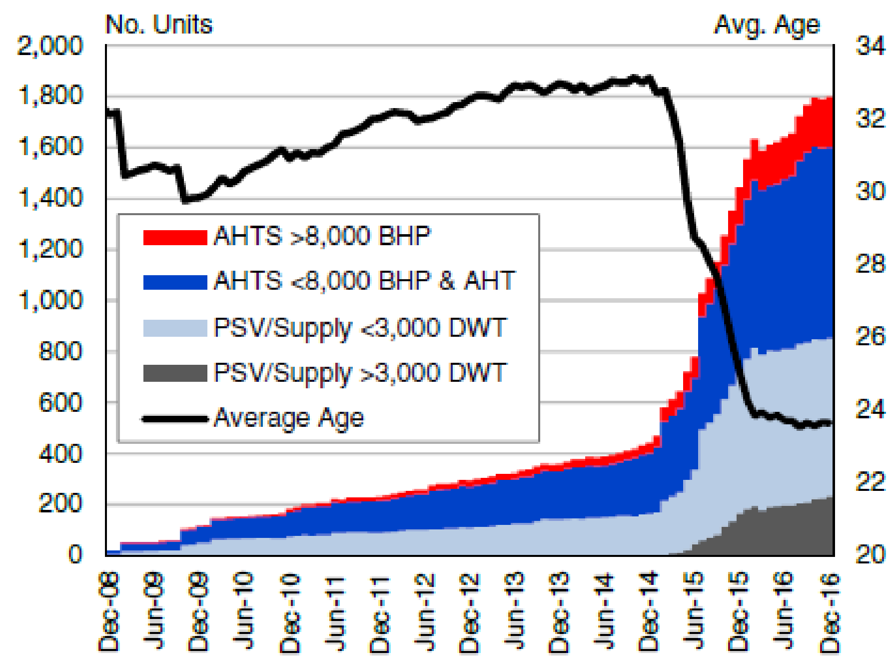
Low oil prices had reduced O&G activities and DCRs. Higher number of and younger vessels are also on layup as owners look to reduce cost.

Regional OSV day rates – AHTS 5,000 bhp (USD/day)



"In SE Asia, OSV rate assessments continued to decline m-o-m in November as a result of weak vessel demand… Meanwhile, there were 360 OSVs reported to be in lay-up in the wider Asia Pacific region."

Reported OSV Cold Layup



Despite the potential recovery, the impact to oilfield services will lag as oil majors need time to reach FID for new projects and award new supply contracts

(Source: Clarksons Research, Offshore Intelligence Monthly, Volume 3 No. 12/Dec 2016)

Industry Outlook (5/5)

The industry is already reshaping itself as evidenced by consolidation moves and injection of fresh capital to repair the balance sheet.

Industry is gaining support from the financial markets, but to selective players only.

There are now more positive moves in the industry to sustain and prepare for growth…

- Farstad Shipping, Aker, Hemen, senior lenders and bondholders and F- Shiplease have entered into an agreement for a fully-funded restructuring. The parties also agreed to merge Solstad Offshore, Farstad Shipping and Deep Sea Supply.
- Atwood Oceanics has closed the public offering of 15.5 m common shares, raising total proceeds of approximately USD 181m.
- Standard Drilling has completed the issuance of 111.1 m shares, raising total proceeds of NOK 100m, to control a larger fleet of assets purchased at low values.
- Seadrill in final negotiations with its banks, bondholders and new investors (incl. Hemen Holdings) to extend maturities of bank loans and unsecured claims, and raising at least USD 1b in new capital.
- Vallianz Holdings has entered into a subscription agreement with Greatwill Asset Global Limited to raise gross proceeds of SGD 7m.
- Pacific Drilling agreed with its banks to make amendments to its USD 500m RC facility and USD 1b credit facility, which includes the waiver of covenants, maximum net debt per vessel, amongst others.
- SapuraKencana Petroleum Bhd entered into new financing facilities of USD 1.5b to partially refinance existing borrowings
- Ezion Holdings announced it has completed discussions with all its bankers to restructure its financing facilities and also successfully renewed their working capital facilities.

…whereas some are still facing a trough.

- Ezra Holding and its associate companies were served with winding up petitions for unpaid charter fees. Other creditors have also filed for arbitration for claims relating to contracts performed last year. To add, its planned refinancing with financial lenders is delayed and its USD 43m put option by Perisai Petroleum remains outstanding.
- Tidewater’s discussion with its principal lenders and noteholders to amend various debt arrangements and obtain relief from certain covenants is on-going. Limited waivers are extended until March 2017.

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Our Strategic Roadmap

ICON developed its Strategic Roadmap to ride out the current storm and re-shape its future for 2020. Company will continue to implement its key strategies.

Strategic Roadmap

Weather the Storm

- Implement key short term strategies to ride out the downturn

Invest in best-in-class assets

- Fleet Renewal / Rejuvenation
- Invest in modern and best in class OSVs to meet future needs

4 **Strategic Expansion**

- Diversify into other regional markets
- Growth through JVs and/or M&As

1 **Reduce costs by focusing on quick wins**

2 **Conserve cash flow**

3 **Drive utilisation through competitive bidding**

Our Strategic Roadmap

Debt rescheduling completed and delivery of one (1) new AWB

1 Reduce costs by focusing on quick wins

- Lay-up of vessels which are temporary excess and implementation of domestic safe manning, where possible.
- Robust monitoring of fuel consumption.
- Implementation of manpower rationalisation exercise.
- Estimated annualised savings of RM 8.2 mil

2 Conserve cash flow

- Terminated shipbuilding contract with Danish Yachts for the construction of FOB Swath vessel.
- Deferred deliveries of 3 vessels under construction, and taken delivery of 1 new AWB.
- RM122.6 mil cash outflow will be deferred to 4Q 2018 and beyond.
- Completed loan rescheduling with 3 group lenders, comprising 58% of total term facilities. RM78.2 mil principal repayment from FY2016 to FY2018 is deferred to FY2019 and beyond.

3 Drive utilisation through competitive bidding

- YTD utilisation at 52%
- Secured 2 long term contracts with EMEPMI for duration of 2 years + 1 year for the provision of SSVs. Contract value of RM42.0 mil.
- Final stage in securing a new contract in Brunei for duration of 3 years + 1 year + 1 year for the provision of 1 AWB. Contract value ranging from **RM72.1 mil* to 121.0 mil***
- Active long term tenders in S.E Asia region for AWB.

**BND/MYR @ 3.15*

Our Strategic Roadmap

Merger of oil and gas assets to spearhead the call for consolidation and create a leading integrated service provider

4

Expansion through strategic merger

- UMW Oil & Gas Corporation Berhad ('**UMWOG**') will acquire Hallmark stake of 42.3% in ICON for new UMWOG shares, and 95.5% interest in Orkim for cash, respectively.
- Hallmark will emerge as the second largest shareholder in UMWOG with 12.6% stake. UMWOG will undertake a mandatory general offer for the remaining shares of ICON.

Estimated Timeline

19 Jan 2017 (ICON SPA Date)	ICON SPA Date + ≤ 3 mths	ICON Completion Date
Signing of SPA between Hallmark and UMWOG (**ICON SPA**)	Conditions Precedent fulfilled / waived (Unconditional Date)	Completion of ICON SPA after Unconditional Date

Hallmark : Hallmark Odyssey Sdn.Bhd. is an indirect subsidiary of Ekuinas

First movers in transformation may benefit in the long term

Potential transformation through strategic mergers

1. Merger activities are heating up among the offshore oil service companies (i.e. Solstad Offshore + Farstad Shipping + Deep Sea Supply).
2. Others are injecting further equity and securing new financing facilities to raise new capital. However, some are still facing uncertainties due to large debt commitments and on-going legal claims.
3. Industry players are also playing catch-up with their impairment assessments as market still lags compared to recent improvement in oil prices.
4. ICON Management continues to execute its planned initiatives. The independent board members will provide its views on the MGO, where the offer is made.


Wednesday, 22 February 2017

Consolidation in oil industry not happening fast enough

Wan Zulkiflee reiterates the need for more consolidation in the oil and gas industry.

"We want to only help those who have invested in their assets and grown their expertise"

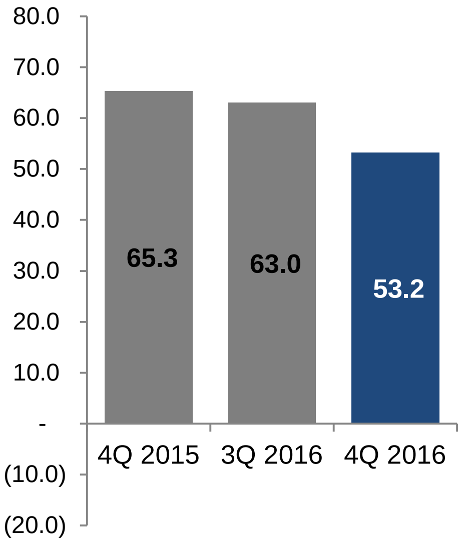
(The Star Online, 22 February 2017)

Performance Review

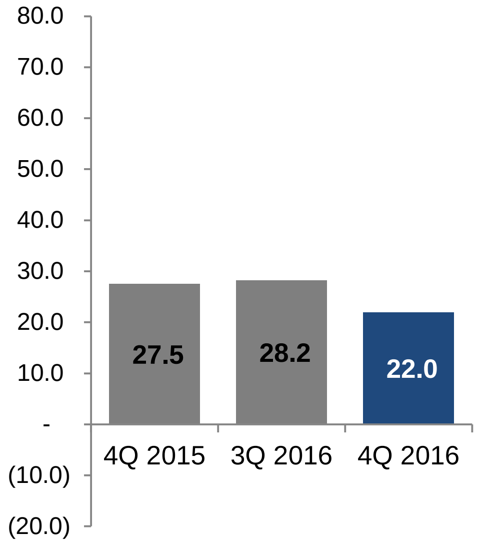
Overview

Financials Overview (Adjusted*)

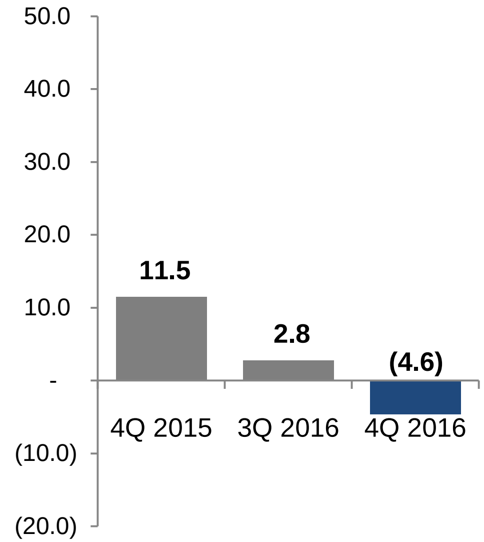
Revenue (RM' mil)



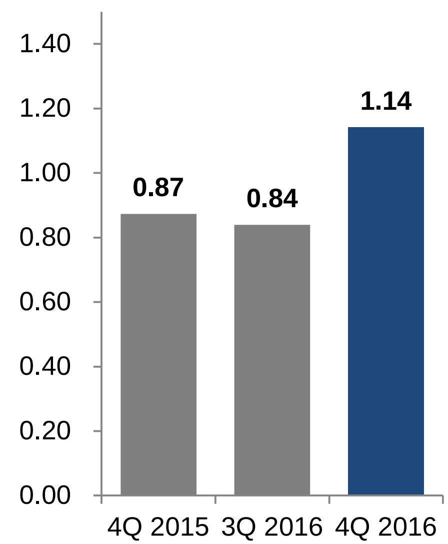
Adjusted EBITDA (RM' mil)



Adjusted PAT (RM' mil)



Net Gearing



Operations Overview

Order Book	Regional Expansion (by revenue)	Man hours without LTI	YTD Fleet Utilisation
RM 510.3 mil	**37%**	297,368 hours	**52%**
(as at 31 Dec 2016)	(YTD Sept 2015 : 28%)		(YTD Dec 2015 : 60%)

* *Adjusted EBITDA and PAT excludes exceptional items to arrive at normalised financials under normal operating conditions. The exceptional items include impairment of goodwill and vessels, amortisation of intangible assets, change in estimation for depreciation and a one-off underassessment of crew income tax for prior years,*

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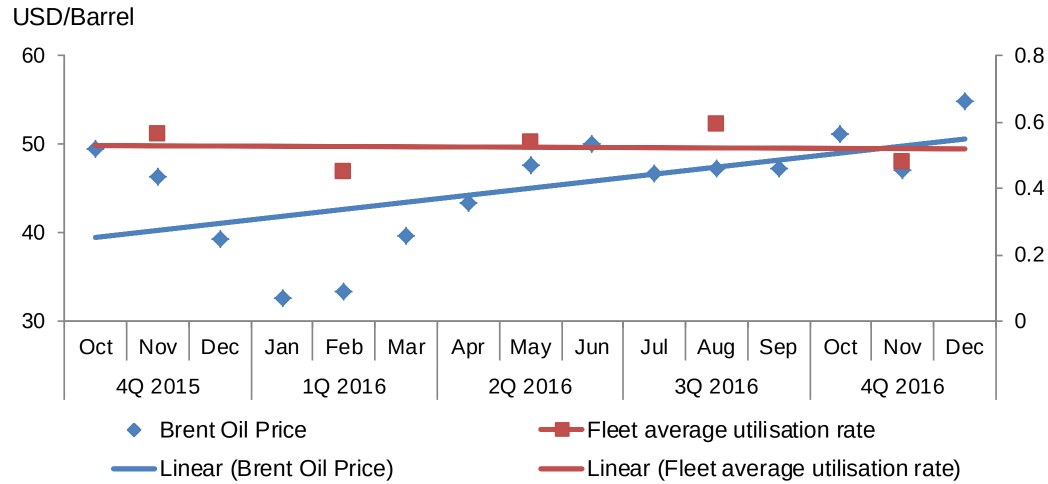
Operational Highlights

Seasonal monsoon and lower offshore activities reduced fleet utilisation

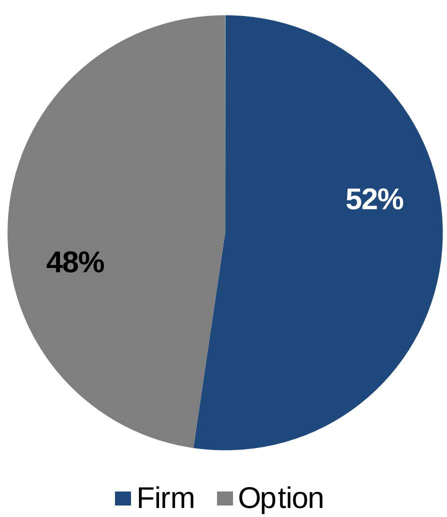
Fleet utilisation rate

	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016
AHT, AHTS, UT	56%	42%	56%	60%	46%
SSV, PSV	42%	42%	33%	41%	43%
AWB	100%	98%	98%	100%	91%
	57%	45%	54%	59%	48%

Brent oil price trend (LHS) v Utilisation rate trend (RHS)



Order book status



Order book replenished to RM510.3 mil (31 Dec 2016)

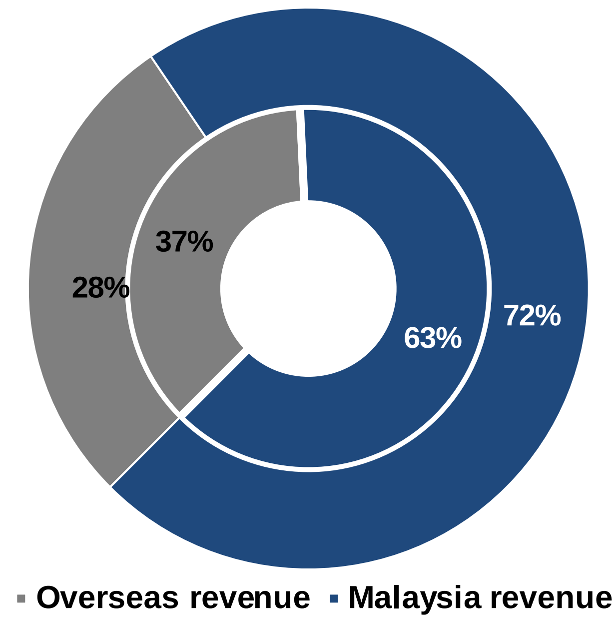
Brent oil price has been on an increasing trend but utilisation pickup is still lagging as oil majors need time to reach FID for new projects and award new supply contracts.

Operational Highlights

New contract win strengthens our presence in Brunei

Order Book increases to RM 510.3 mil

Revenue by Geography

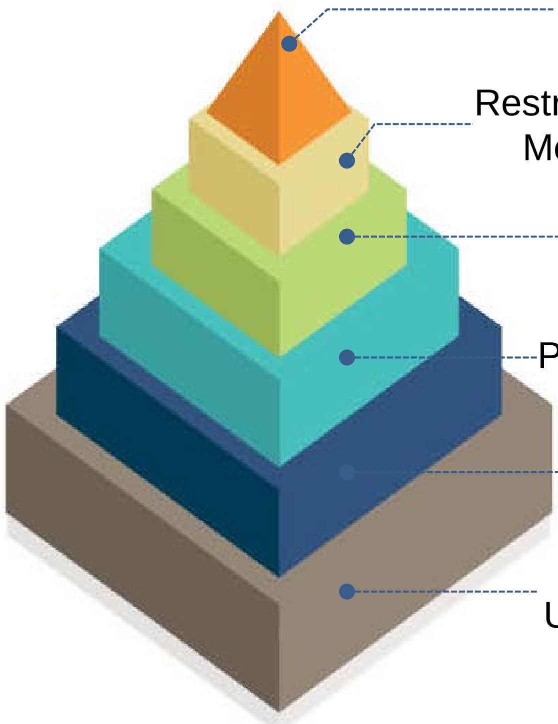


Inner: YTD Dec 2016: RM226.8 mil
Outer: YTD Dec 2015: RM 266.6 mil

Operational Highlights

HSE statistics and Awards

HSE Statistics for YTD Dec 2016



Lost Time Injury	**1**
Restricted Workday / Medical Treatment	**1**
First Aid	**4**
Property Damage	**16**
Near Miss	**7**
Unsafe Act & Unsafe Condition	**11,309**

297,368 man hours without LTI

Awards for YTD Dec 2016

ExxonMobil Personnel Recognition Award Marine Safety and Performance for 1Q 2016


ExxonMobil
Energy lives here™

In Recognition of

Marine Safety And Performance
for 1st Quarter of 2016

PERSONNEL RECOGNITION AWARD

MUHAMMAD IBRAHIM ABD AZIZ
(ICON OFFSHORE)

ICON KAYRA 150,000 Safe Offshore Transfers
(Amplemann)

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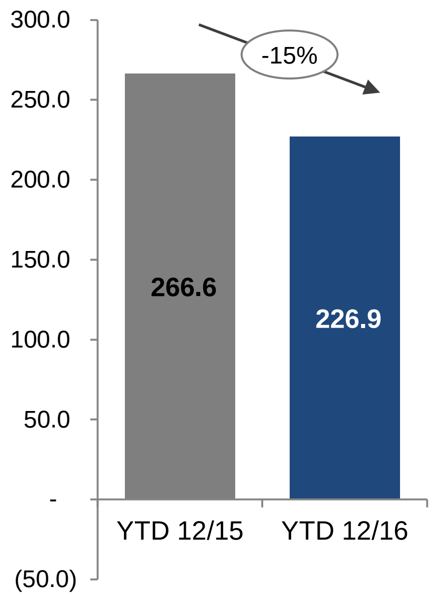
Group Financial Overview

Cumulative Period (YTD Dec 2015 vs YTD Dec 2016)

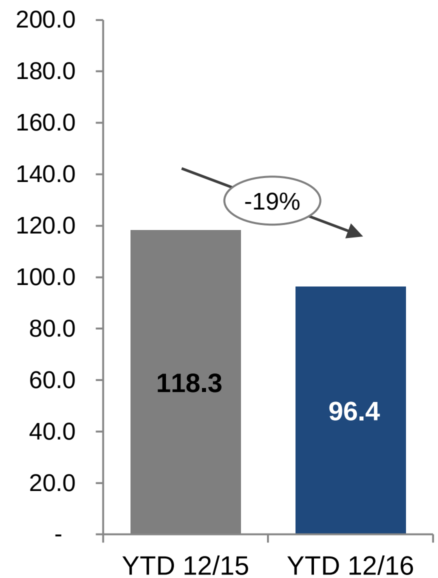
Revenue (RM' mil)



Total Group revenue for YTD Dec 2016 stood at RM226.9 mil

The drop was largely attributable to the continuous low demand and activities in oil and gas industry, which resulted in lower fleet utilisation rate of 52% (YTD Dec 2015: 60%) and weakness in market daily charter rates.

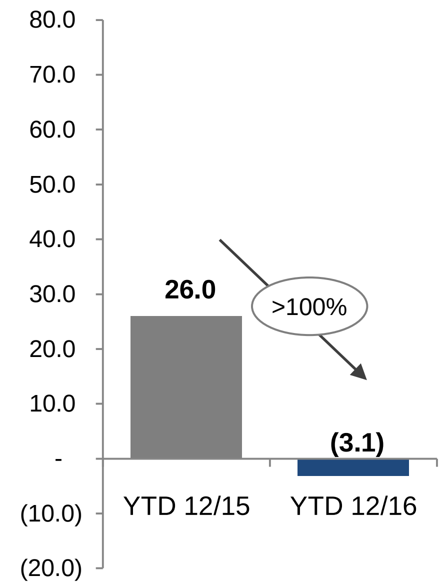
Adjusted EBITDA* (RM' mil)



The Group's Adjusted EBITDA for YTD Dec 2016 stood at RM96.4 mil.

Adjusted EBITDA decreased mainly due to lower revenue recorded. This was offset by the full year impact of cost saving initiatives in relation to fuel consumption monitoring, vessels laid-up, domestic safe manning.

Adjusted PAT* (RM' mil)



The Group's Adjusted LAT for YTD Dec 2016 stood at RM3.1 mil.

The drop was due to lower revenue recorded, additional finance cost from new working capital facilities and interest charges on delay of vessel delivery arising from Icon Aliza.

In prior year, there was also deferred tax asset of RM9.8 mil recognised.

* *Adjusted EBITDA and PAT excludes exceptional items to arrive at normalised financials under normal operating conditions. The exceptional items include impairment of goodwill and vessels, amortisation of intangible assets, change in estimation for depreciation and a one-off underassessment of crew income tax for prior years,*

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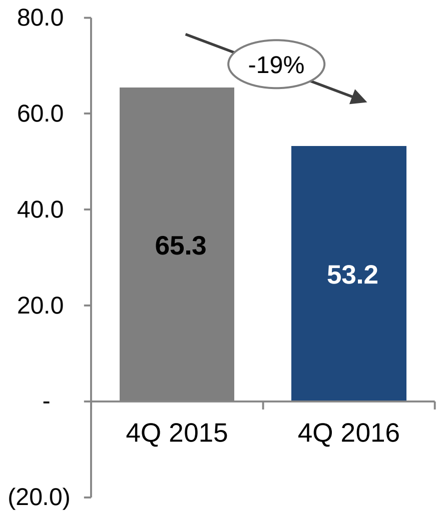
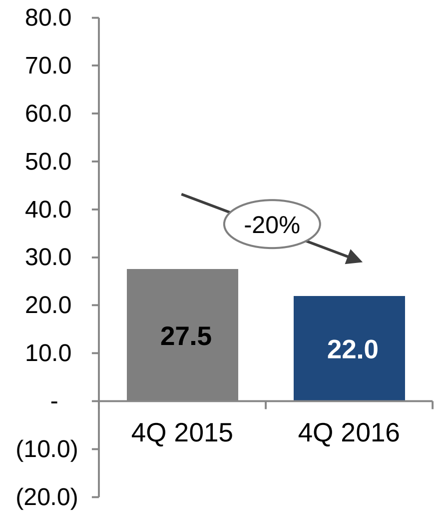
Group Financial Overview

Quarter on Quarter (4Q 2015 vs 4Q 2016)

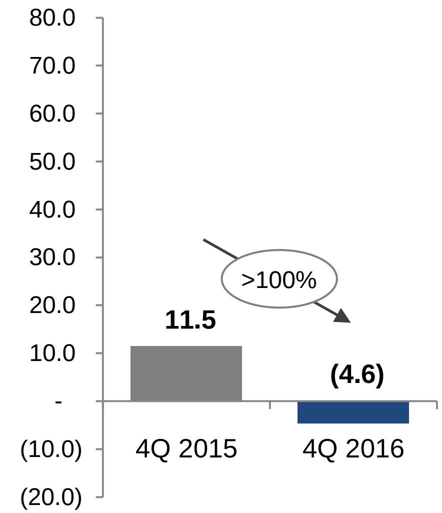
Revenue (RM' mil)



Adjusted EBITDA* (RM' mil)



Adjusted PAT* (RM' mil)



Revenue for 4Q 2016 stood at RM53.2 mil

The drop was largely attributable to lower fleet utilisation rate of 48% (4Q 2015: 57%) and lower daily charter rates. This is due to the continuous low demand and activities in oil and gas industry.

Adjusted EBITDA for 4Q 2016 stood at RM22.0 mil

The drop was largely attributable to lower fleet utilisation and charter rates, coupled with increased spending on vessel repairs and maintenance during the quarter. Results were also offset by lower crew payroll cost.

Adjusted LAT for 4Q 2016 stood at RM4.6 mil

The drop was largely attributable to lower fleet utilisation and charter rates.

In prior year, there was also deferred tax asset of RM9.8 mil recognised.

* *Adjusted EBITDA and PAT excludes exceptional items to arrive at normalised financials under normal operating conditions. The exceptional items include impairment of goodwill and vessels, amortisation of intangible assets, change in estimation for depreciation and a one-off underassessment of crew income tax for prior years,*

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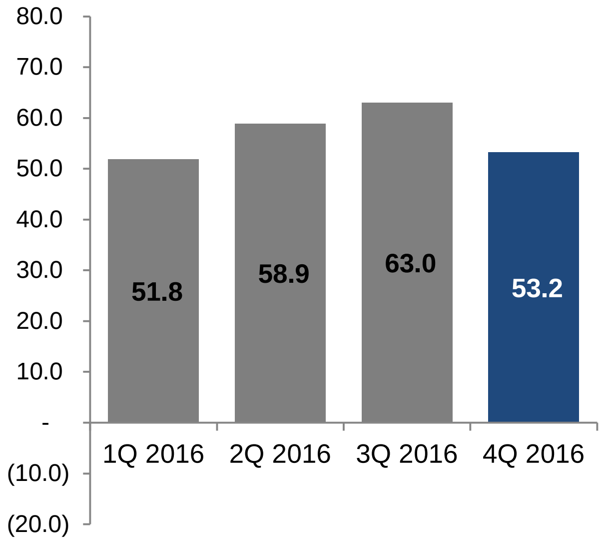
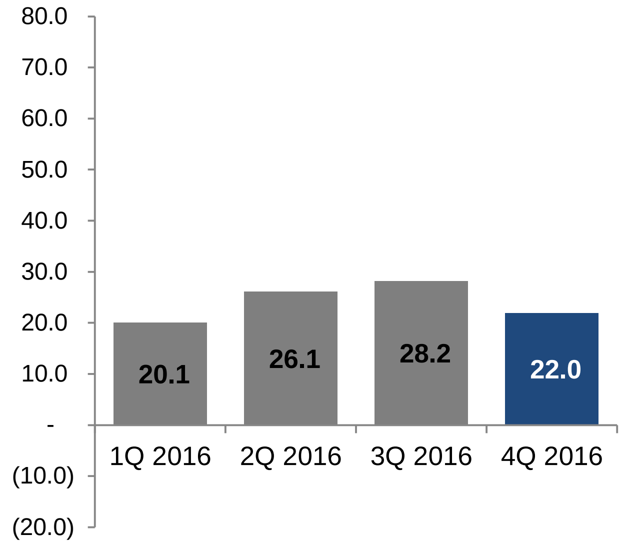
Group Financial Overview

Quarter by Quarter (Trailing quarters)

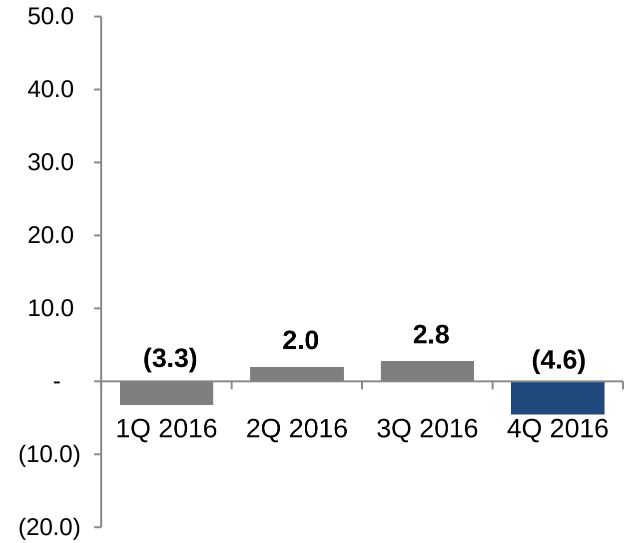
Revenue (RM' mil)



Adjusted EBITDA* (RM' mil)



Adjusted PAT/ LAT* (RM' mil)



Revenue for 4Q 2016 stood at RM53.2 mil

<u>4Q 2016 vs 3Q 2016</u>

The drop was largely attributable to suspension of charter contracts due to the cyclical monsoon weather and completion of charter contracts.

Adjusted EBITDA for 4Q 2016 stood at RM22.0 mil

<u>4Q 2016 vs 3Q 2016</u>

Lower Adjusted EBITDA was mainly due to lower revenue recognised.

Adjusted LAT for 4Q 2016 stood at RM4.6 mil

The drop in Adjusted PAT was mainly due to lower revenue recognised, but was offset by a tax credit on deferred tax.

* *Adjusted EBITDA and PAT excludes exceptional items to arrive at normalised financials under normal operating conditions. The exceptional items include impairment of goodwill and vessels, amortisation of intangible assets, change in estimation for depreciation and a one-off underassessment of crew income tax for prior years,*

Group Financial Overview

Leverage and Capitalisation

Capital Structure

RM'mil	4Q 2015	4Q 2016
Total Assets	1,521	1,387
Total Equity *	719	573
Total Debt [1]	723	712
Cash and cash equivalents	95.4	58.7

Key Financial Ratios

Debt[1]/Adj EBITDA**	6.1	7.4
Net debt[2]/Adj EBITDA**	5.3	6.8
Gross gearing ratio	1.01	1.24
Net gearing ratio	0.87	1.14

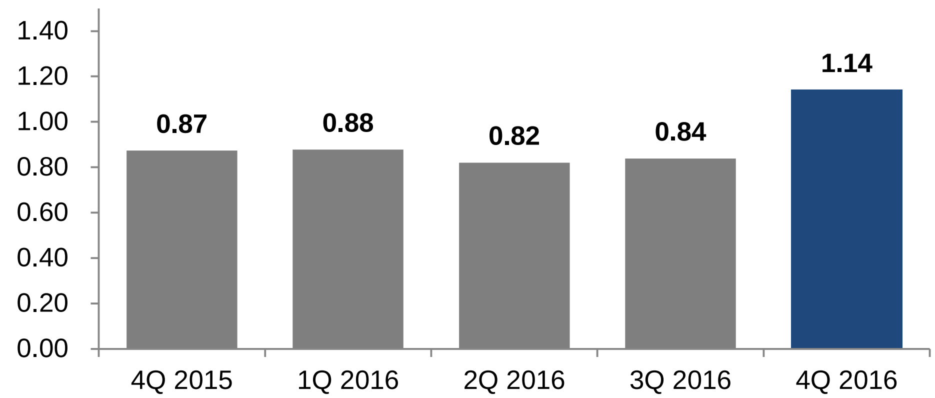
[1] Total debt = Total short-term and long-term borrowings

[2] Net debt = Total debt – Cash and cash equivalents

* *Including impairment of goodwill and assets*

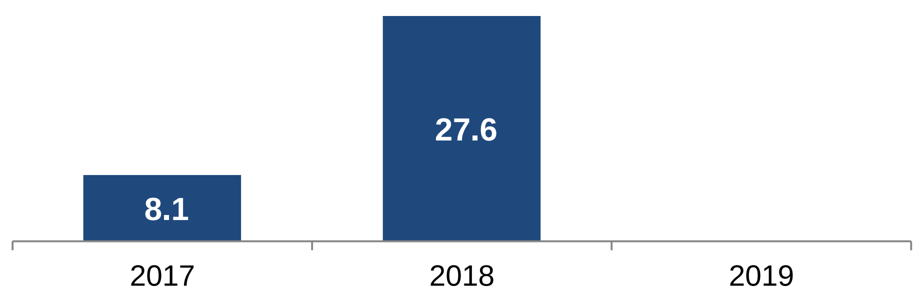
** *Adj EBITDA excludes impairment of goodwill and assets and other non-recurring transactions*

Net Gearing Ratio



Gearing had increased as a result of impairment on vessels

CAPEX Commitments - vessels (RM'mil)



Key Takeaways

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1. ICON continues to execute its planned initiatives and are showing positive results with its long-term fundamentals remain intact.
2. Market recovery has started with increased activities, coupled with rebalancing of markets from high conformity on supply cuts
3. Merger with UMWOG will be positive and transformative
4. ICON's major shareholders are supportive and are heeding the call for consolidation.
5. Board and Management are focused on overcoming the industry challenges to deliver better shareholder value over the long term.

Thank you