

Miclyn Express Offshore

First Half FY15 Results Presentation



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Half Year 2015 Results

	1HFY15 US\$m	Normalised ¹ 2HFY14 US\$m	Variance	Normalised ¹ 1HFY14 US\$m	Variance
Revenue	147.3	140.7	↑ 5%	124.5	↑ 18%
Operating EBITDA	48.3	51.9	↓ 7%	47.6	↑ 1%
EBITDA	49.1	53.1	↓ 8%	47.9	↑ 3%
EBIT	31.7	37.0	↓ 14%	33.4	↓ 5%
PATMI	17.7	21.1	↓ 16%	24.8	↓ 29%

- 12 vessel purchased in 1H FY2015, fleet utilisation maintained at 82%
- Slight growth in core segments OSV's and Crewboats, impacted by pressure on gross profit margins
- Non core segments and Tugs & Barges down vs PCP due to project assets divestment
- Overheads increased marginally by 8% vs PCP inline with increased fleet size and new Brunei business
- PATMI down 29% vs PCP due to higher fleet depreciation and privatisation funding costs

1. Excluding the impact of one-off adjustments relating to privatisation & disposal of shipyard



Segment Performance

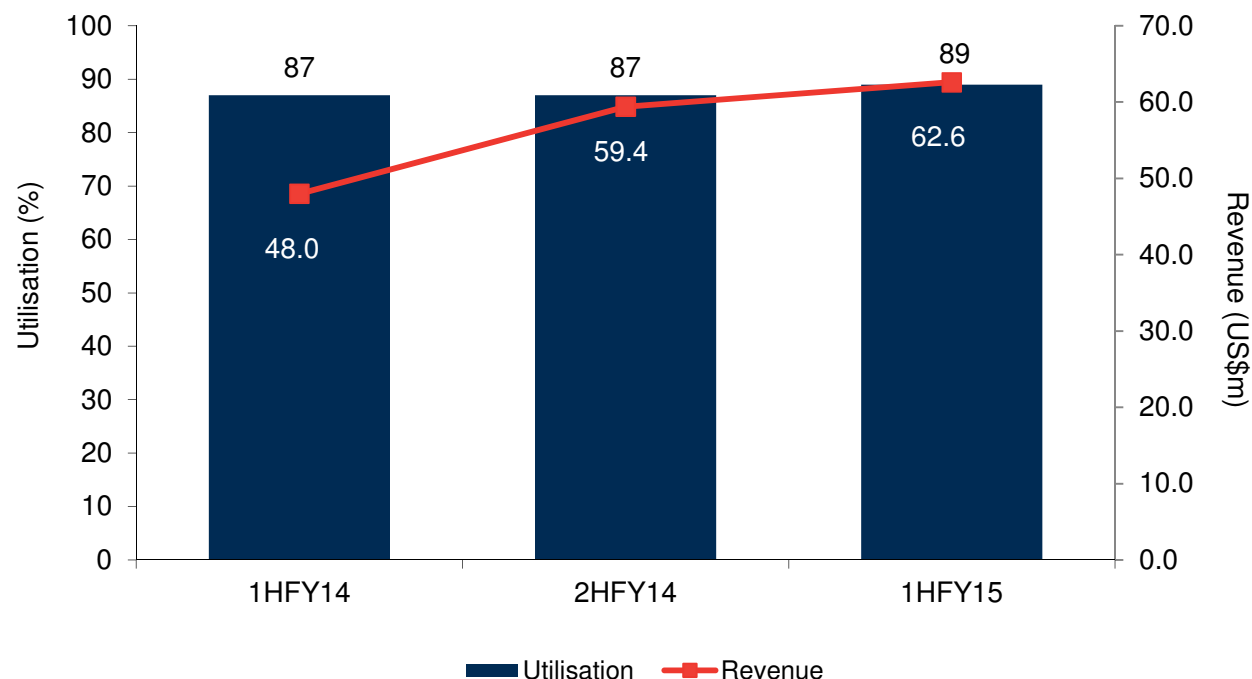
Offshore Support Vessels (OSVs)

Segment Highlights

- 89% utilisation in 1H FY15
- Sovereign 1 deployed in Australia (high cost, high DCR region) marginally reducing the % gross margin of the fleet
- Acquisition of Subsea Support Vessel Windermere against a 5-year contract in Indonesia
- Other additions include 4 AHTSs and 2 utility vessels in Thailand and Brunei
- Increased focus on operational excellence and internal efficiencies to counteract margin pressure



	1HFY15	2HFY14	Variance	1HFY14	Variance
Revenue (US\$m)	62.6	59.4	↑ 5%	48.0	↑ 30%
Gross Profit (US\$m)	32.6	32.1	↑ 2%	28.2	↑ 16%
Gross Margin (%)	52.1	54.0		58.8	



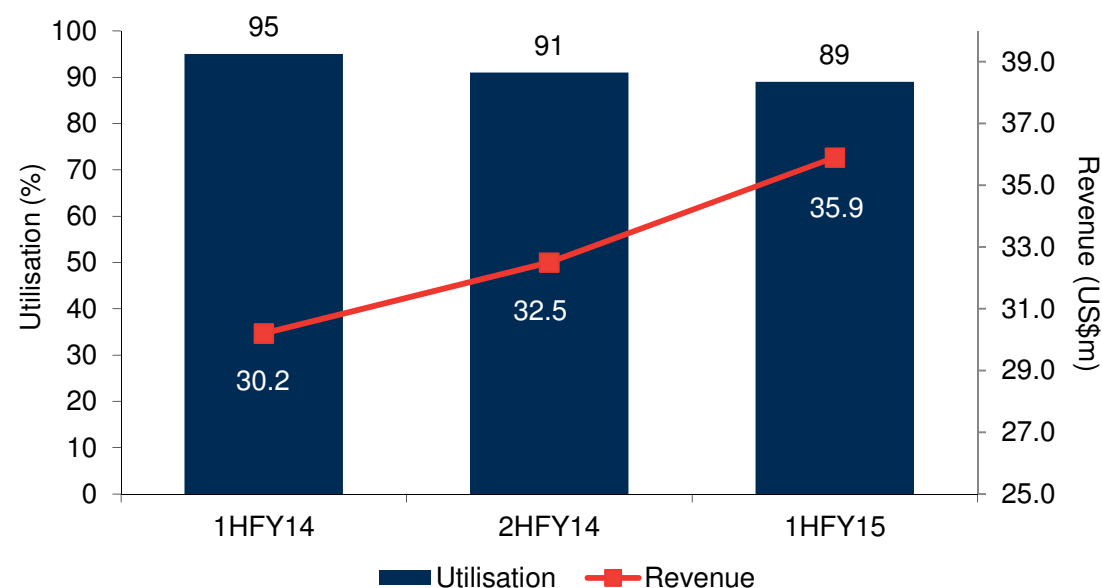
Segment Performance

Crew/Utility Vessels

Segment Highlights

- 89% utilisation in 1H FY15 due to new units coming online and older assets earmarked for divestment as part of fleet renewal strategy
- Margin contraction due to lower charter rates in line with tough market conditions
- 3 new deliveries in 1HFY2015, 5 more in 2HFY2015

	1HFY15	2HFY14	Variance	1HFY14	Variance
Revenue (US\$m)	35.9	32.5	↑ 10%	30.2	↑ 19%
Gross Profit (US\$m)	19.3	19.3	↑ 0%	19.1	↑ 1%
Gross Margin (%)	53.8	59.4		63.2	



Segment Performance

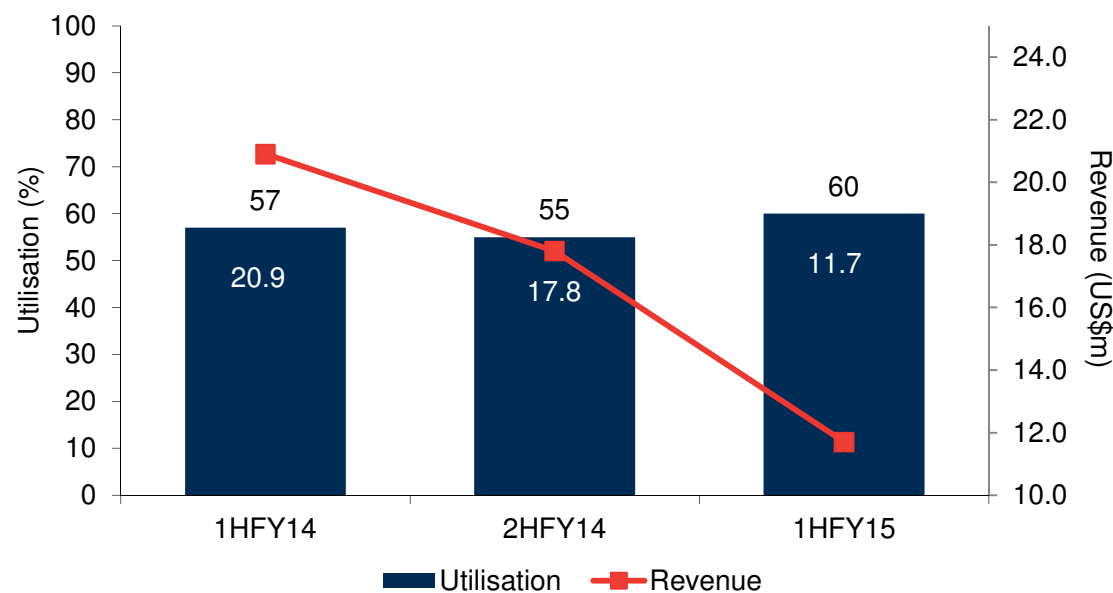
Tugs and Barges

Segment Highlights

- 60% utilisation in 1 HFY2015 on a reduced segment after divestments in 2HFY2014
- Last towing tug sold in 1HFY2015 for a modest gain, successfully exiting the segment.
- Remaining multicats and shoal busters in Australia targeting redeployment in projects in 2HFY2015
- Barges performed in line with expectations



	1HFY15	2HFY14	Variance	1HFY14	Variance
Revenue (US\$m)	11.7	17.8	↓ 34%	20.9	↓ 44%
Gross Profit (US\$m)	7.2	9.4	↓ 23%	9.3	↓ 23%
Gross Margin (%)	61.5	52.8		44.5	



Segment Performance

Express Offshore Solutions

Segment Highlights

- Business continues to expand client base and grow earnings
- Work on Australian projects to support continued earnings growth over the next year
- Healthy pipeline of new opportunities
- Utilisation upside for MEO's Tug, Barge and OSV fleet

	1HFY15	2HFY14	Variance	1HFY14	Variance
Revenue (US\$m)	39.3	21.3	↑ 85%	21.2	↑ 85%
Gross Profit (US\$m)	8.5	6.0	↑ 42%	5.4	↑ 57%
Gross Margin (%)	21.6	28.2		25.5	



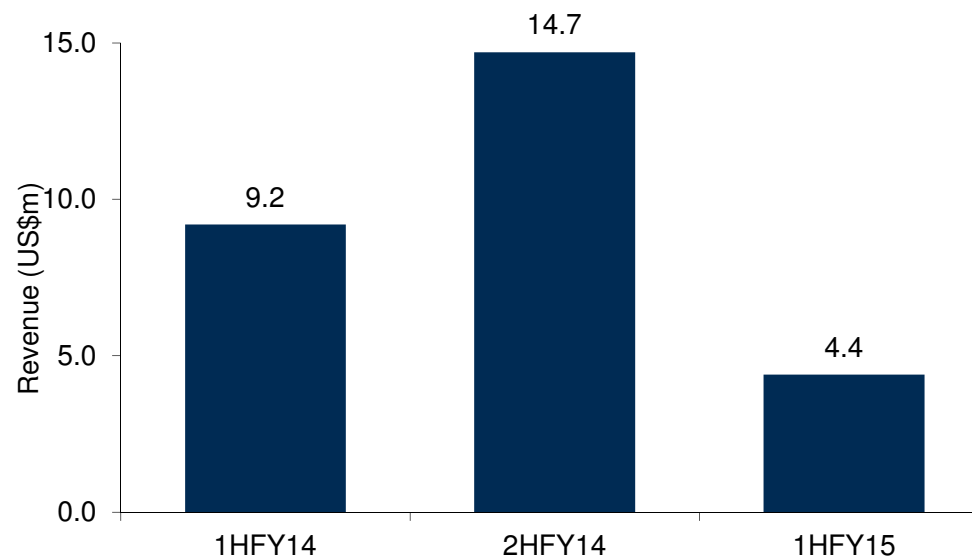
Segment Performance

Non Core Segments

Segment Highlights

- Third Party Vessels and Coastal Survey Vessels contribution lower after completion of Australian projects
- Shipyard disposed to ASL in Jan-14, some residual revenue and costs post handover

	1HFY15	2HFY14	Variance	1HFY14	Variance
Revenue (US\$m)	4.4	14.7	↓ 70%	9.2	↓ 52%
Gross Profit (US\$m)	0.1	3.7	↓ 97%	2.6	↓ 96%
Gross Margin (%)	2.3	25.2		28.3	



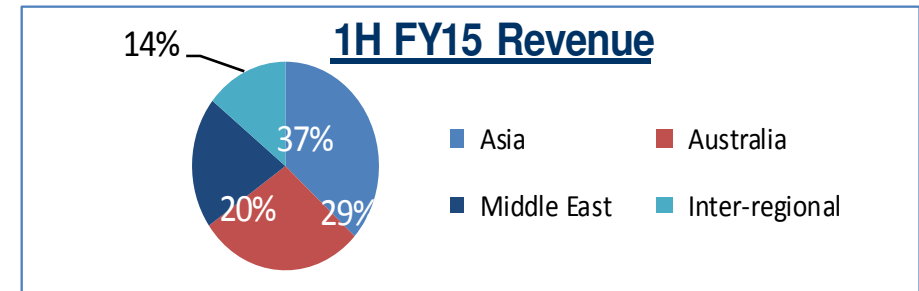
Regional Update and Outlook

Regional Update

- South East Asia
 - New long term contracts have been secured in Thailand and Brunei, however we have been faced with requests for rate reductions in response to the falling oil price
- Middle East
 - Relatively stable with some margin pressure. New work shaping up requiring relocation of assets from Asia
- Australia
 - Near shore segment is slowing down but we have had some success in securing new OSV work

Outlook

- Market conditions are difficult with pressure on rates, however opportunities exist for reliable operators

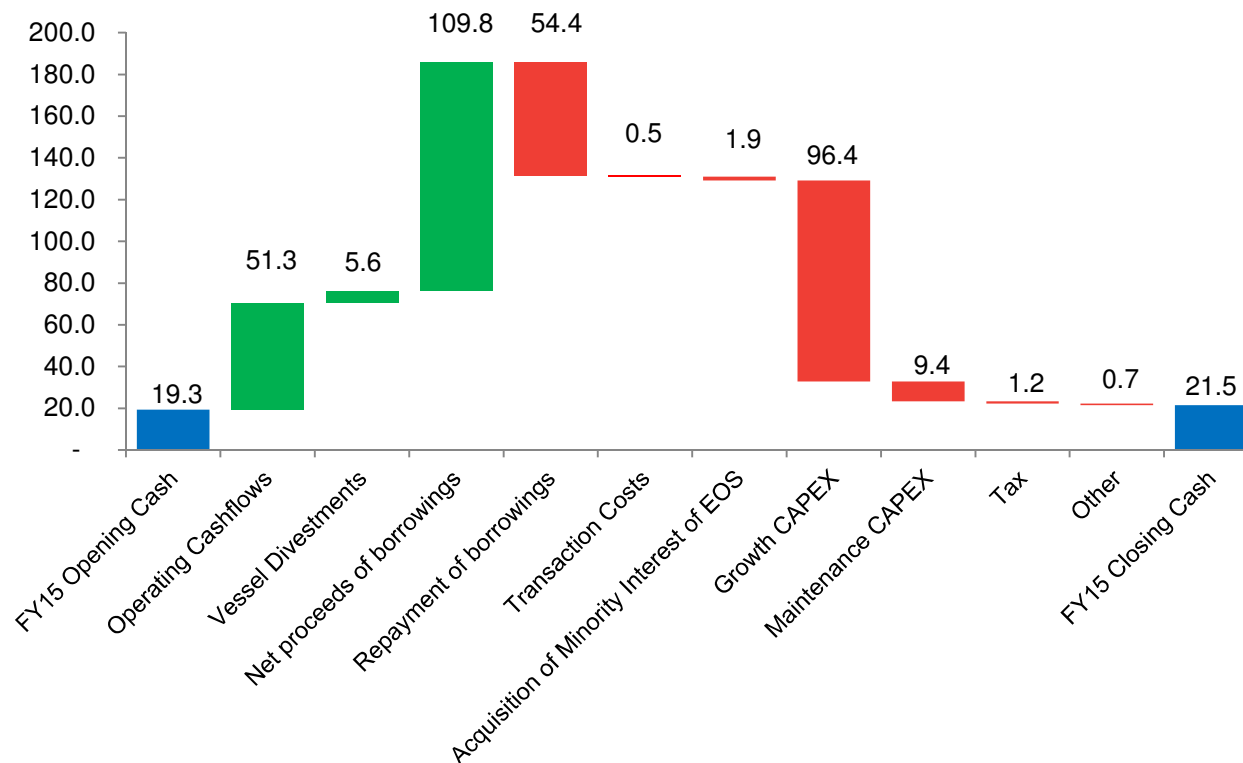


Finance Update

Strong cash position, ability to service new debt package and fund growth

- Additional facility taken out with Baiduri bank in Brunei through our JV
- Further investment in new vessels in 1HFY2015 against contract backed opportunities and disciplined investment criteria
- Strong contract backlog (>US\$700m including options) supports strong future operating cashflows
- In light of marketing conditions, CAPEX program being scaled down significantly, focus on deleveraging

	1HFY15	FY14
Net Debt (US\$m)	429.7	373.8
Net Debt / EBITDA	5.0 ¹	3.9 ²
Gearing (%) ³	49.8%	47.3%



Summary



Clear strategy for future growth



Solid execution capability



Robust contract backlog



Ability to weather cyclical downturns



Strong balance sheet



Financial capacity to fund growth



Proven Operational Excellence



Appendix 1

Statement of Financial Performance

US\$m	1HFY15 (Equity)	Adjustments for Equity Accounting	1HFY15 (Proportionate)	1HFY14 (Proportionate)	Variance %
Revenue	142.9	4.4	147.3	124.5	18%
Operating Costs	(83.1)	3.5	(79.6)	(59.9)	(33%)
Gross Profit	59.8	7.9	67.7	64.6	5%
<i>GP Margin</i>	<i>41.8%</i>		<i>46.0%</i>	<i>51.9%</i>	
Other Income	0.4	0.1	0.5	0.5	NM
Overheads	(18.1)	(1.2)	(19.3)	(17.9)	(8%)
Forex	1.1	-	1.1	1.3	(15%)
Provision for doubtful debts	(1.7)	-	(1.7)	-	NM
Operating Earnings	41.5	6.8	48.3	48.5	(0%)
Gain on disposal of vessels	0.8	-	0.8	0.3	167%
EBITDA	42.3	6.8	49.1	48.8	1%
<i>EBITDA Margin</i>	<i>29.6%</i>		<i>33.3%</i>	<i>39.1%</i>	
Depreciation & Amortisation	(15.2)	(2.2)	(17.4)	(14.6)	(19%)
EBIT	27.1	4.6	31.7	34.2	(7%)
Net Finance Costs	(12.9)	(0.1)	(13.0)	(9.5)	(37%)
Share of profit from joint ventures	4.3	(4.3)	-	-	NM
PBT	18.5	0.2	18.7	24.7	(24%)
Income Tax Expense	(1.7)	(0.2)	(1.9)	(1.9)	0%
Income Tax Expense Rate	9.2%		10.2%	7.5%	
PAT	16.8	-	16.8	22.8	(26%)
Minority Interest	0.9	-	0.9	(1.4)	164%
PATMI	17.7	-	17.7	21.4	(17%)
<i>PATMI Margin</i>	<i>12.4%</i>		<i>12.0%</i>	<i>17.2%</i>	

Appendix 2

Segments

	1H FY15 Revenue	1H FY15 Gross Profit
OSVs	62.6	32.6
Crew/Utility Vessels	35.9	19.3
Tugs and Barges	11.7	7.1
Coastal Survey Vessels	0.8	0.2
Third Party Vessels	2.7	0.7
Others	0.9	(0.8)
EOS	39.3	8.6
EOS Elimination ¹	(6.6)	-
Total	147.3	67.7

1. Elimination for intercompany charter of vessels from MEO to EOS

Appendix 3

Statement of Financial Position

(US\$'000)	As at 31 Dec 2014 (Equity)	Adjustments for Equity Accounting	As at 31 Dec 2014 (Proportionate)	As at 30 Jun 2014 (Proportionate)
<u>Current assets</u>				
Cash and cash equivalents	21.5	5.7	27.2	23.5
Trade receivables	71.4	2.7	74.1	98.2
Other receivables and prepayments	25.6	0.2	25.8	12.7
Loan to immediate holding company	139.2	-	139.2	139.2
Inventories	9.2	0.5	9.7	7.8
Assets classified as held for sale	-	-	-	-
Total current assets	266.9	9.1	276.0	281.4
<u>Non-current assets</u>				
Property, plant and equipment	574.6	72.4	647.0	552.8
Investment in joint ventures	61.1	(61.1)	-	-
Other intangible assets	0.2	-	0.2	0.6
Deferred tax assets	0.4	0.2	0.6	0.5
Goodwill	56.8	0.3	57.1	60.8
Derivative financial instruments	-	-	-	2.3
Total non-current assets	693.1	11.8	704.9	617.0
TOTAL ASSETS	960.0	20.9	980.9	898.4
<u>Current liabilities</u>				
Trade and other payables	64.3	2.4	66.7	62.8
Current tax payable	3.3	0.2	3.5	4.1
Borrowings	19.2	7.2	26.4	19.3
Other liabilities	0.3	-	0.3	0.3
Total current liabilities	87.1	9.8	96.9	86.5
<u>Non-current liabilities</u>				
Borrowings	288.5	13.3	301.8	237.3
Senior secured guaranteed bonds	143.5	-	143.5	151.2
Other non-current liabilities	0.4	(0.1)	0.3	0.6
Derivative financial instruments	7.5	-	7.5	-
Total non-current liabilities	439.9	13.2	453.1	389.1
TOTAL LIABILITIES	527.0	23.0	550.0	475.6
NET ASSETS	433.0	(2.1)	430.9	422.8
<u>Shareholders equity</u>				
Share capital	-	-	-	-
Other equity reserves	140.8	(10.1)	130.7	132.6
Translation reserve	(12.6)	0.7	(11.9)	(4.9)
Retained earnings	305.3	7.3	312.6	294.8
Minority interests	(0.5)	-	(0.5)	0.3
TOTAL EQUITY	433.0	(2.1)	430.9	422.8

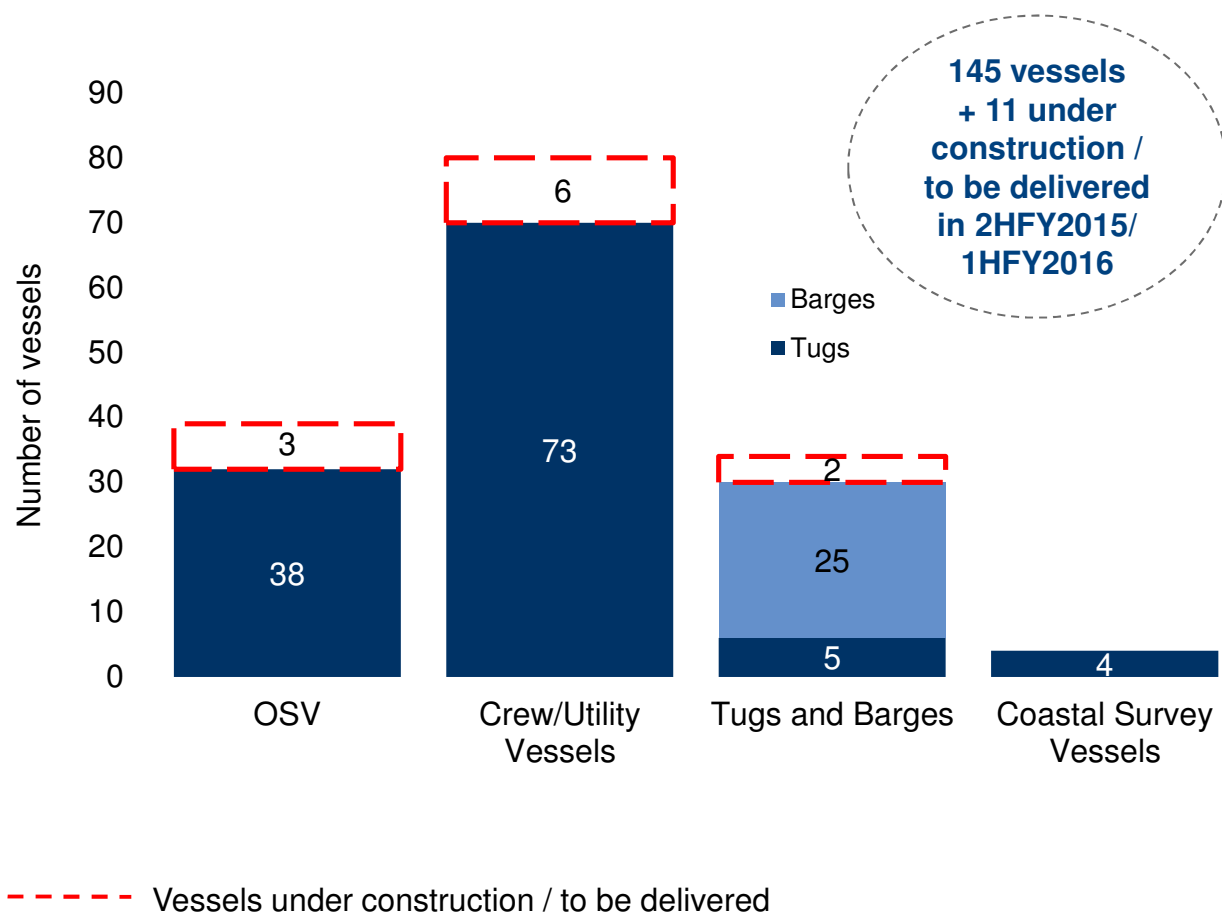
Appendix 4

Cash Flow Statement

US\$m	1HFY15 (Equity)	1HFY14 (Equity)
EBIT	27.1	29.2
Depreciation and amortisation	15.2	13.4
EBITDA	42.3	42.6
Vessel disposal gains	(0.8)	(0.3)
Non-cash and other items	2.5	0.2
Working capital movement	7.3	8.9
Cash flows available from operations	51.3	51.4
Proceeds from sale of property, plant and equipment (including vessels)	5.6	2.5
Capital expenditure - growth	(96.4)	(32.8)
Capital expenditure - maintainance	(9.5)	(5.9)
Loan to immediate holding company	-	(137.6)
Acquisition of investment in joint venture		(18.9)
Acquisition of shares in subsidiary from non-controlling interest	(1.9)	-
Shares issued by subsidiary to non-controlling interest	0.2	-
Cash flows before financing and tax	(50.7)	(141.3)
Financing	(9.9)	(2.9)
Debt repayment	(44.5)	(241.2)
Debt drawdown	109.3	401.3
Other financing activities	-	-
Tax	(1.2)	(0.5)
Cash flows after financing and tax	3.0	15.5

Appendix 5

Fleet Composition as at 31 December 2014¹



1. Excludes Third Party Vessels

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