Atlantic Navigation

AGENDA

1. BUSINESS OVERVIEW
2. MARKET OVERVIEW
3. FINANCIAL OVERVIEW
4 INVESTMENT OVERVIEW

Presentation
SGX Corporate Access Day
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Section 1: Business Overview

Business Divisions

Marine Logistics Services ("MLS")

- ✓ Atlantic provides Marine Logistic Services for offshore oil and gas and marine construction industries
- ✓ Ship chartering through owned and managed fleet, and cross charters.
- ✓ Fleet and technical management
- ✓ Chandlery services

Owned Fleet	Managed Fleet	Cross Charter
Liftboat	Offshore Support Vessels	

Ship repair, fabrication & Other marine services ("SRM")

Provides afloat repair and maintenance services to clients in the shipping industry and for vessels deployed in the Group's owned and managed fleet

Dedicated 9000 sq. m facility in UAE

120* staff including skilled workers, technicians, and management.

* Exclude crews which are contracted based on requirement of vessels chartered out treated as sub-contract employees

Section 1: Business Overview

Operational base and Key Markets

- Operational base
  - Hamriyah FreeZone , Sharjah, UAE
- Primary Markets
  - Middle East (Abu Dhabi, Saudi Arabia, Qatar) and India
  - West Africa: new and growing exposure in Ghana
- Key Clients
  - NOCs, EPICs and leading players in the Offshore E&P sector

Serving leading International and Middle-east NOCs, EPICs and marine logistics and oil & gas sector

Section 1: Business Overview

Operating Assets – MLS Division

Owned Fleet		Managed Fleet	Cross Charter
Liftboat	Offshore Support Vessels		
<u>1 Liftboat</u> - On term charter in the UAE	<u>15 Vessels</u> A variety of types of OSVs	<u>5 Vessels</u> comprising of Towing Tugs, Barges, Utility and Supply Vessels	<u>About 15 vessels</u> A variety of types of OSVs Up to 15 vessels

<u>Types of Offshore Supply Vessels ("OSV") include:</u>
AHTS (DP1), 2 AHT, Multipurpose Support Vessel (MSV-DP2), Ocean Going Tug, Multipurpose Utility Vessels, Deck Cargo Barges and Accommodation Barge

✧ Fleet Expansion Program: New-buildings

<u>1 Liftboat</u>	<u>2 Vessels</u> comprising of - Platform Supply Vessel - Crewboat

✧ Strategic Partnership and Alliance

- New strategic partnership and alliance provides the Group with a wide range of additional vessels as it accelerate its entry into new markets and clients

Section 2: Market Overview

Oil & Gas Production

- Middle East is the only region that is expected to significantly grow production of both commodities
- This should provide a more stable demand for services than other regions, which rely either on oil or gas

Oil & Gas Demand

- Saudi Arabia has the 3rd fastest growing oil consumption from 2009 to 2013 among countries consuming more than 2mmboe/d, behind only China and Brazil
  - Saudi's oil growth rate is large because it's heavily subsidized by the government to the point that it is cheaper than water
  - Saudi and Iran have the #2 & #3 position in terms of oil use for electricity generation (behind only Japan)
  - As a result, the country consumes 63% more oil per capita than the United States
- Similarly, Saudi Arabia has the 2nd fastest growing gas consumption from 2009 to 2013 among countries consuming more than 8 Bcf/d, behind only China

Source: Clarkson – Apr-15

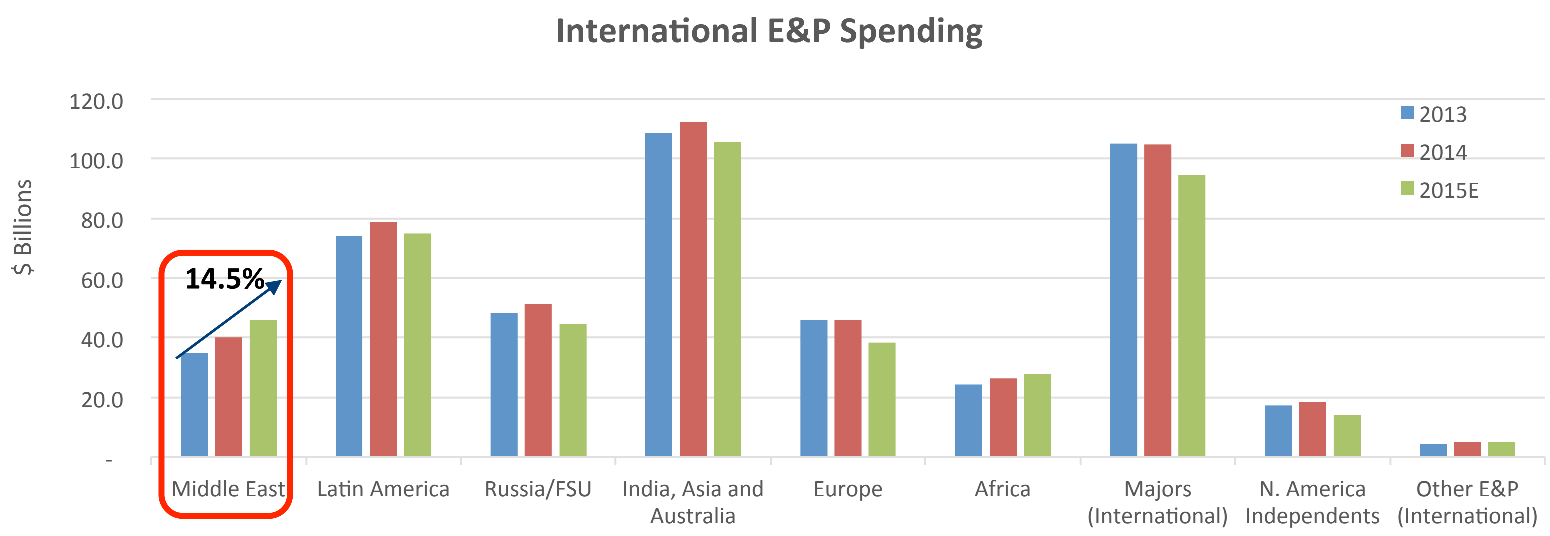
Section 2: Market Overview

Demand Drivers

- The Middle East is the only bright spot in the global E&P sector as it is expected to see an increase in spending by IOCs and NOCs, even as expenditure is reduced elsewhere
- E&P spending increased by 15.5% to US$40.2 billion in the Middle East from 2013 to 2014, and is expected to increase by 14.5% to US$46 billion in 2015

Demand Activities

- Despite the market conditions, Middle East is the only region where the offshore rig count is still increasing
- The number of offshore rigs increased by 17% in the past 12 months



Source: Baker Hughes, Jan-2015

Section 3: Financial Overview

FY2014 Results Highlights

* Revenue growth of 5.7 % over FY2013
* Net Profit increased by 3.2% as compared to FY2013
* Gross margin of 41.3% vs 41.8% for FY2013
* Low Net Gearing of 27.7 %
* Operating assets increased by US$24.7 million due to addition of an utility workboat, a MSV,2 jointly operated vessels and Capital WIP
* Capex commitment of US$52.8 million for 2 new buildings, a PSV and a Liftboat.

Section 3: Financial Overview

FY2014 Financial Performance

US$ million	FY2014	FY2013	% chg++
Revenue by segment			
- Marine logistics services - Ship repair, fabrication & others	46.8 2.9	44.6 2.4	5.0 18.8
Group Revenue	**49.7**	**47.0**	**5.7**
Gross Profit by Segment			
- Marine logistics services - Ship repair, fabrication & others	19.5 1.0	18.7 0.9	4.0 14.7
Group Gross Profit	**20.5**	**19.6**	**4.5**
Gross Profit Margin	41.3%	41.8%	-0.5ppts
Pretax Profit	13.4	13.0	3.2
Net Profit	**13.4**	**13.0**	**3.2**
Basic EPS (US cents)*	**5.14**	**4.98**	**3.2**

* Based on weighted average number of shares of 260.6 million as at 31 December 2014 (31 Dec 2013: 260.6 million)

++ The percentage change is computed based on the dollar amounts rounded to the nearest thousand.

Section 3: Financial Overview

FY2014 Financial Indicators

Financial Indicators	FY2012	FY2013	FY2014
Basic earnings per share (US$ cents)	0.25	4.98	5.14
Diluted earnings per share (US$ cents)	0.25	4.98	5.07
Net Asset Value per share (US$ cents)	22.3	27.3	32.0
Return on Shareholders' Equity	1.1%	18.2%	16.0%
Return on Total Assets	0.7%	12.9 %	11.0 %
Net Gearing	31.4%	23.1 %	27.7 %

1Q2015 Financial Highlights

* Revenue growth of 22.4 % over 1Q2014
* Net Profit increased by 44.6% as compared to 1Q2014
* Gross margin of 44.7% vs 41.0% for 1Q2014
* Low Net Gearing of 27.0 %
* Operating assets increased by US$20.7 million due to addition of a MSV, 2 jointly operated vessels and Capital WIP as compared to 31 Mar 2014
* Capex commitment of US$52.8 million for 2 new buildings, a PSV and a Liftboat.

Section 3: Financial Overview

1Q2015 Financial Performance

US$ million	1Q2015	1Q2014	% chg++
Revenue by segment			
- Marine logistics services - Ship repair, fabrication & others	12.8 0.9	10.5 0.7	21.8 32.1
Group Revenue	**13.7**	**11.2**	**22.4**
Gross Profit by Segment			
- Marine logistics services - Ship repair, fabrication & others	5.7 0.5	4.4 0.2	28.3 164.7
Group Gross Profit	**6.1**	**4.6**	**33.4**
Gross Profit Margin	44.7%	41.0%	+3.7ppts
Pretax Profit	4.4	3.0	44.6
Net Profit	**4.4**	**3.0**	**44.6**
Basic EPS (US cents)*	**1.68**	**1.16**	**44.8**

* Based on weighted average number of shares of 260.6 million as at 31 March 2015 (31 March 2014: 260.6 million)
++ The percentage change is computed based on the dollar amounts rounded to the nearest thousand.

Section 4: Investment Overview

Strategic roadmap targets new revenue streams

- Fleet Expansion and Upgrade Program
  - ✓ Investment in higher revenue generating asset eg, Liftboats, MSV, PSV, AHTS(DP2)
  - ✓ Retire old asset – Keep age of owned fleet at less than 10 years old
- New Markets
  - ✓ West Africa – Ghana, Nigeria
  - ✓ Malaysia
- Strategic partnership and alliance (ship owners and ship owning companies)
  - ✓ Pipeline of third-parties vessels to meet market and clients demand
  - ✓ Ability to bid, tender and secure projects requiring immediate deployment
- Strategic partnership and tie-up with Engineering and Construction on projects
  - ✓ Provide complete marine spread required for projects
  - ✓ Project lead for offshore O&G engineering projects including complete marine spread
- New Ventures
  - ✓ Evaluate investment in synergistic businesses eg. Underwater survey, marine security services

Fleet Growth & Alignment to Market Demand

Fleet Composition , Age & Utilization

Vessel Type	AHT/ AHTS	MSV	LIFTBOAT	TUGS & UTILITIES	SUPPLY & SURVEY	DECK CARGO BARGE	CABLE LAYING BARGE	PSV	**Total** (No of vessels)	**Ave. Age**[#1] (years)	**Utilization (%)**
Dec 2012	4	-	-	2	1	4	1	-	**12**	**8.2**	**90.5%**
Dec 2013	4	-	**1**	2	1	4	1	-	**13**	**8.6**	**91.1%**
Dec 2014	**5**	**2**	1	**3**	-	4	1	-	**16**	**5.6**	**91.5%**
Dec 2015	5	2	1	4	-	4	1	**1**[#2]	**18**	**5.7**	**-**
1H 2016	5	2	**2**[#2]	4	-	4	1	1	**19**	**5.9**	**-**

A young fleet aligned to clients increasing demand for OSVs with higher technical specifications & capabilities
Consistently high fleet utilization rate

[#1] Average age is computed base on total age of fleet over number of vessels.
[#2] Forecast for future period base on estimated delivery of new builds.

Section 4: Investment Overview

Competitive Strengths

- ❖ Entrench and reputable player in the Middle East
  - ✓ One of the highest concentration of offshore activities in the world
  - ✓ Robust demand for Groups assets and services as a result of high E&P spending
- ❖ Continuing high level of offshore production in the Middle East
  - ✓ Aging offshore infrastructures undergoing maintenance cycle
- ❖ Strong, established and growing client base
- ❖ Approved service supplier to most of the National Oil ,International Oil and Engineering, Procurement, Construction and Commission companies
- ❖ Young fleet of vessels – average 6 years
- ❖ Expanding into New Markets and Territories
- ❖ Managed Fleet and Cross Charters adds to revenue base
- ❖ SRM Division – growth opportunities for the Division and strategic support to MLS Division

Section 4: Investment Overview

Investment Highlights

- Entrench and reputable player in Offshore Logistics Support Services in the Middle East
- Experience and proven management team
- Strong, established and growing client base
- Robust demand for Groups assets and services as a result of
  - ✓ High level of offshore exploration and development in the Middle East
  - ✓ Aging offshore infrastructures undergoing maintenance cycle
- Prudent capital management and strong financial performance.

  As at **31 Dec** 2014
  - ✓ Low net gearing of 27.7%
  - ✓ High debt servicing coverage ratio of 1.8x
  - ✓ Return on Equity of 16.0%
  - ✓ Return on Total Assets of 11.0%
  - ✓ High fleet utilisation rate of 91.5%
- Fleet expansion and upgrading program will see 3 new vessels, including a liftboat, joining the fleet through 1Q2016
- Strong Ship Management Services leading to increases in Revenue Stream
  - ✓ Third party vessels under Atlantic's management
  - ✓ Cross charter vessels
  - ✓ New strategic tie-up with ship owners, ship owning companies

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The contact person for the Sponsor is Ms Alice Ng, Director and Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854-6160.