


# PACC Offshore Services Holdings Ltd.

*Results Presentation*
*Q1 FY17 Results*
*4 May 2017*

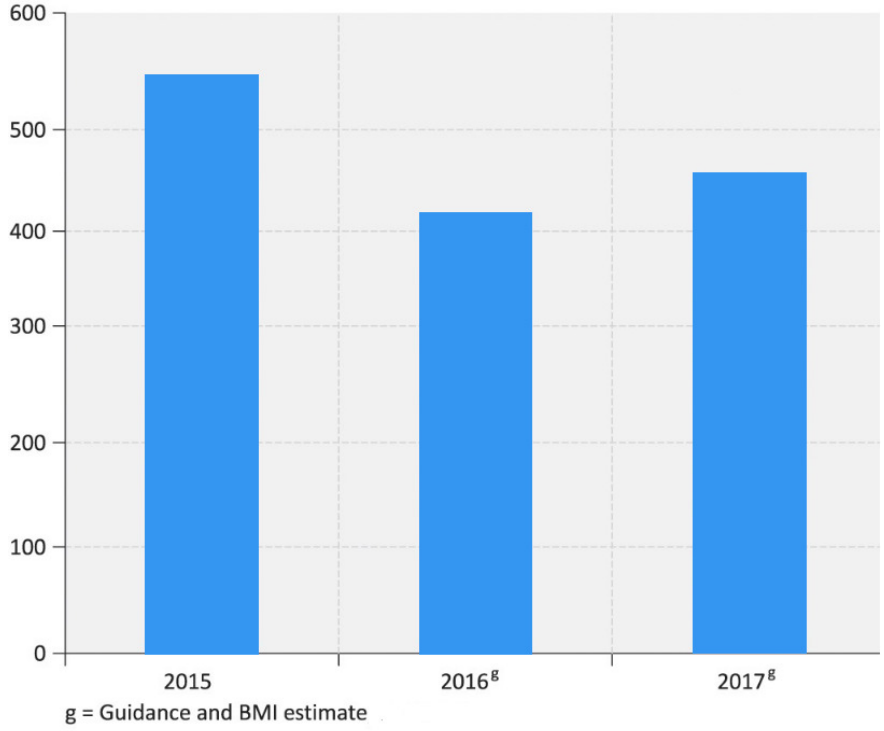
# Agenda


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# Industry outlook

- Modest improvement in oil and gas capital expenditure projected for 2017 as oil prices stayed above US$50/bbl for Q1 FY17
- Longer-term stability for oil prices remains uncertain
- The market is watching closely the impact of increasing US production level and OPEC's meeting in May to discuss the extension of production cuts
- In the short-term, pressure on charter and utilisation rates will persist

**Global Oil & Gas Capital Expenditure**
(in US$'B)




Source: BMI Research

# Key Highlights

- Revenue of US$34.3 million; a decrease of 42% (Q1 FY16: US$58.7 million) amid lower fleet utilisation and charter rates.
- Amid challenging macro conditions, the Group had kept costs in check and minimise gross loss to US$5.0 million.
- Net loss attributable to shareholder was US$18.4 million.
- EBITDA of US$1.6 million, a decline of 93% from US$24.1 million recorded in Q1 FY16.
- Continue new build programme for our Middle East contracts.
- Continue to participate actively in tenders in the Middle East & Africa which remain active in current market conditions.

# FINANCIAL HIGHLIGHTS



# Group Financial Highlights

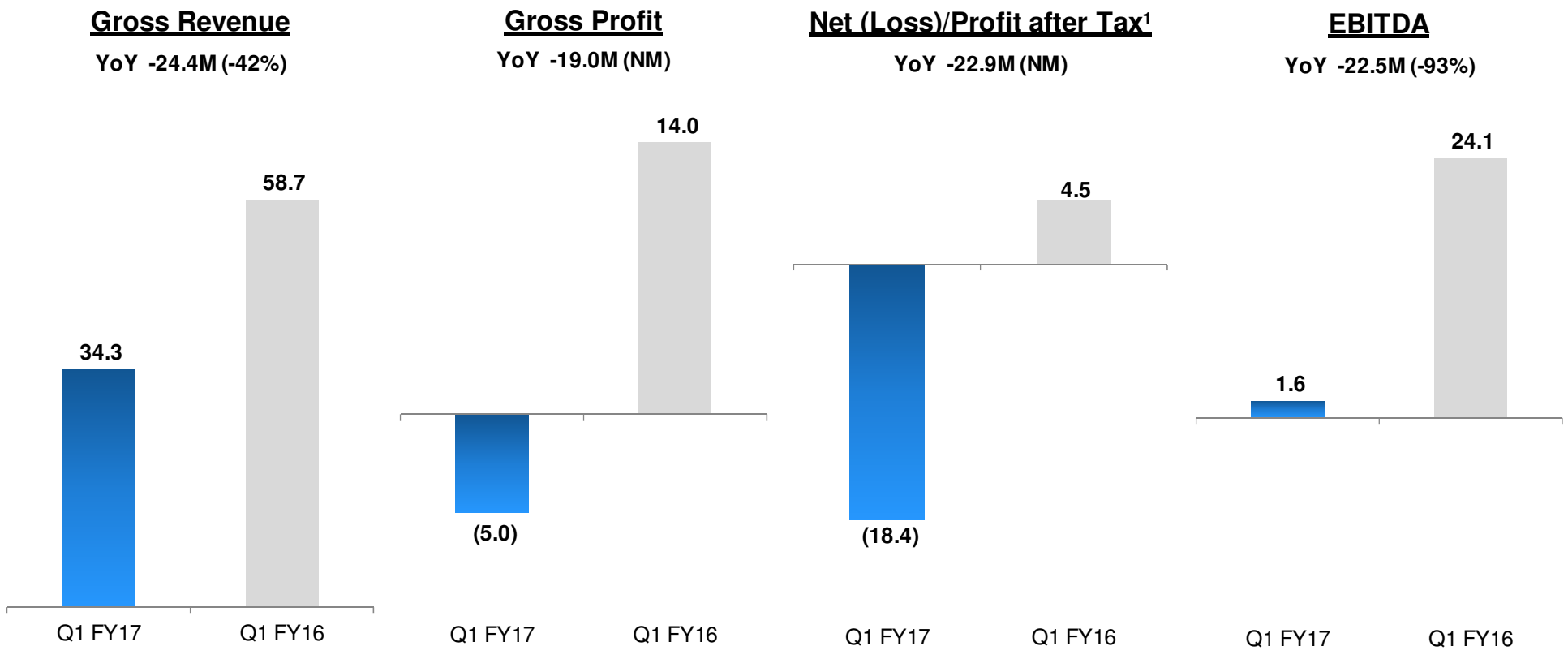
## SUMMARY

| US$'M | Q1 FY17 | Q1 FY16 | Change |
|---|---|---|---|
| **Gross Revenue** | **34.3** | 58.7 | -42% |
| **Gross (Loss)/Profit** | **(5.0)** | 14.0 | NM |
| **Share of JV Results** | **(4.4)** | 4.9 | NM |
| | | | |
| **Net (Loss)/Profit after Tax[1]** | **(18.4)** | 4.5 | NM |
| | | | |
| **EBITDA** | **1.6** | 24.1 | -93% |

*[1]: Net (Loss)/Profit after tax attributable to shareholders*

# Group Financial Highlights – Q1 FY17

In US$'M



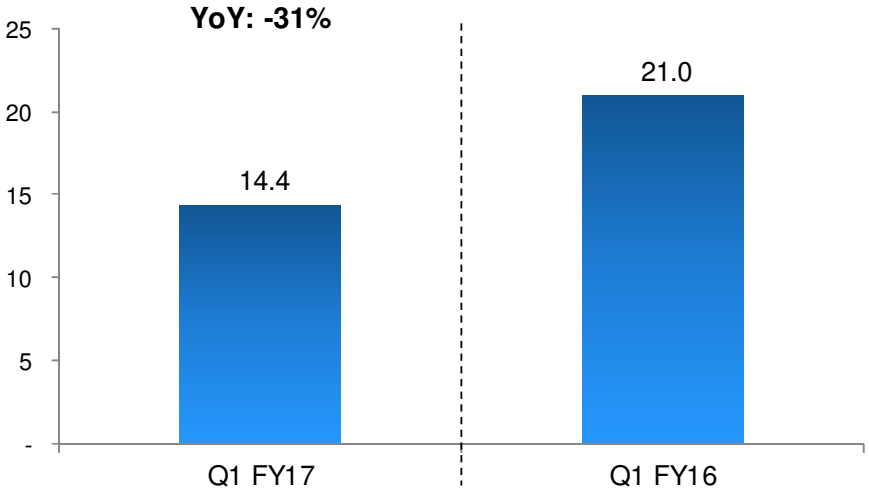

- Revenue decreased due to lower utilisation and charter rates across major business segments.
- Decrease in Gross Profit was partly offset by lower operating cost.
- Net Loss was due to operating loss, share of losses from JVs, higher finance cost and partially offset by lower general and administration expenses.

*[1]: Net (Loss)/Profit after tax attributable to shareholders*

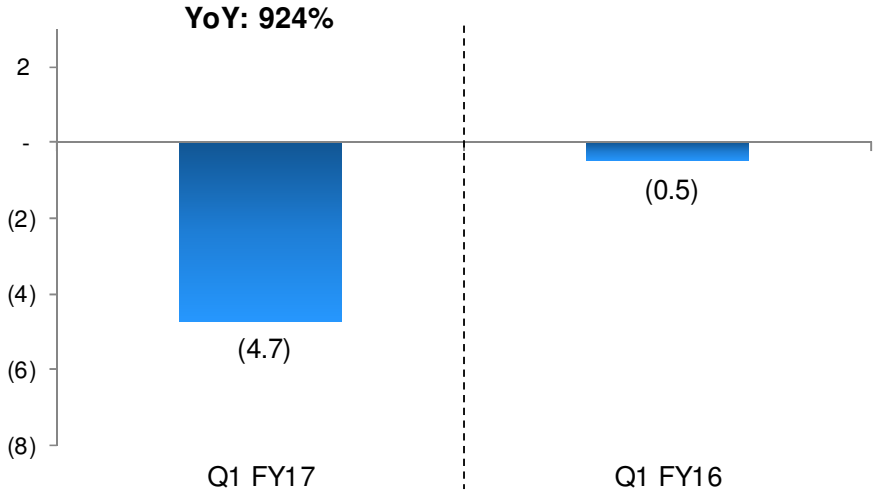
# Financial Highlights - OSV

In US$'M

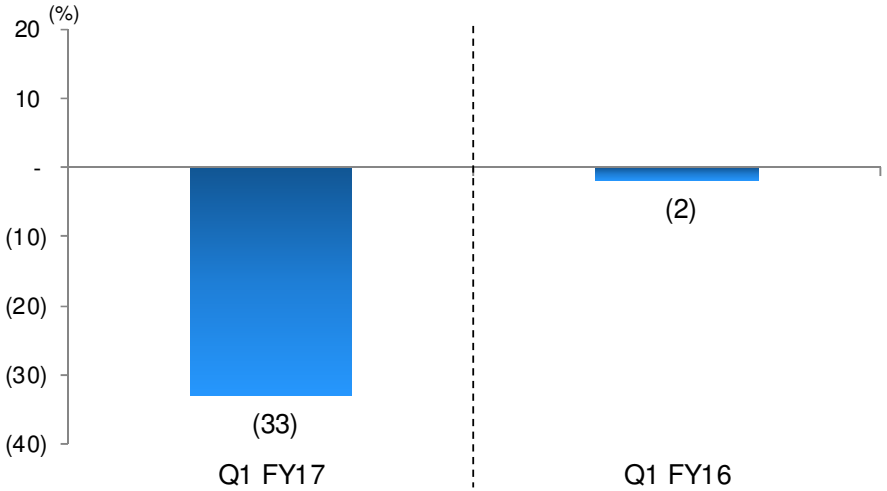
## Gross Revenue




## Gross Loss




## Gross Loss Margin (%)

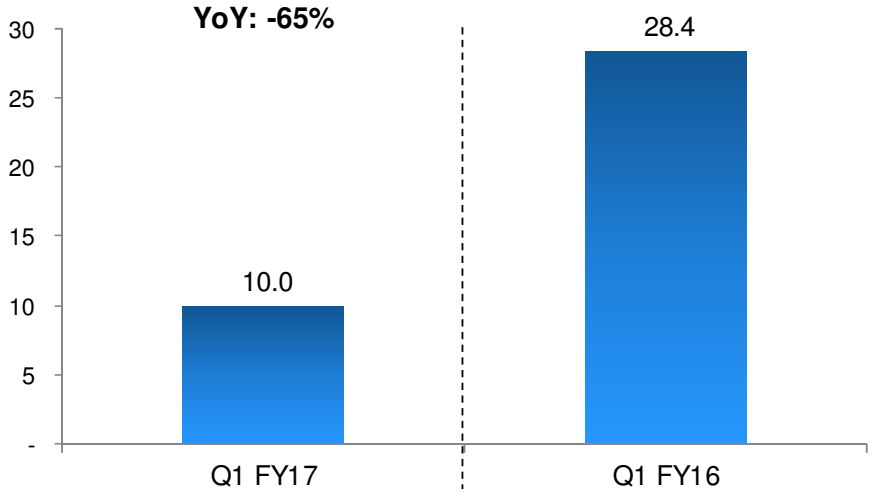



- Revenue decreased due to lower charter rates and utilisation levels.
- Lower rates arose from discounts on rates previously contracted and reduced rates of new contracts.
- Utilisation rate was 59% in Q1 FY17 compared to 67% in Q1 FY16.

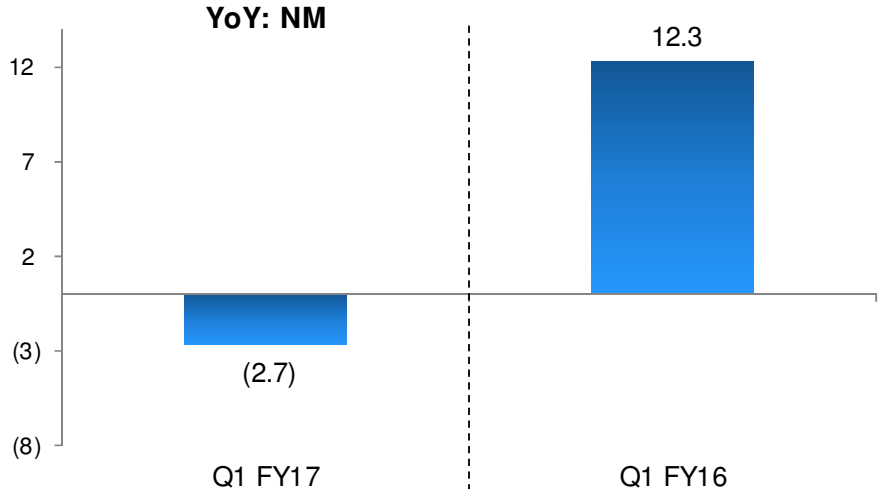
# Financial Highlights - OA

In US$'M

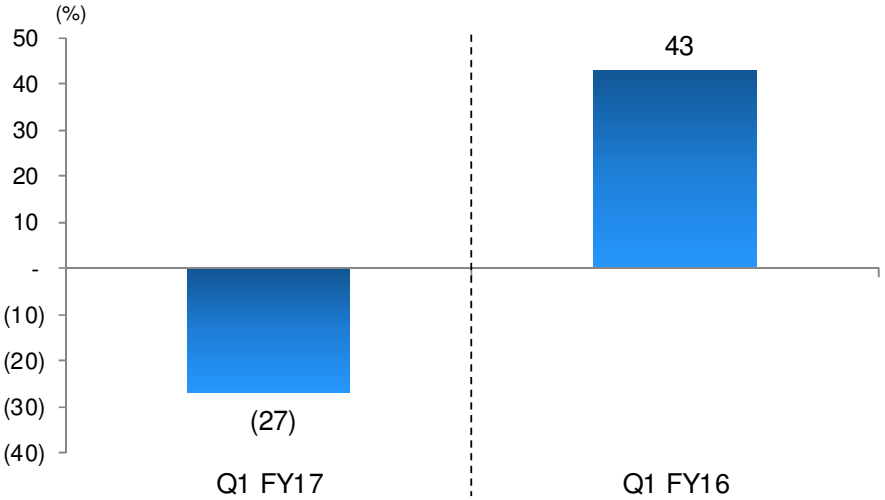
## Gross Revenue




## Gross (Loss)/Profit




## Gross (Loss)/Profit Margin (%)

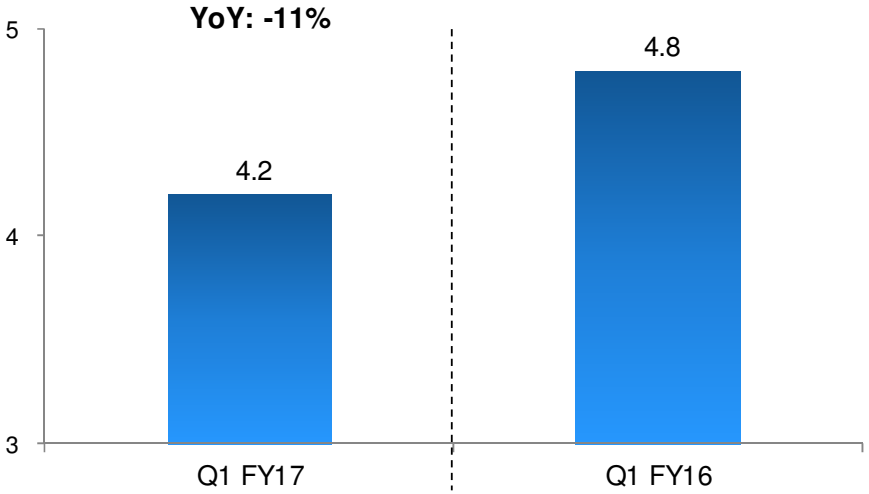



- Revenue decreased as POSH Xanadu, Semi-submersible Accommodation Vessel ("SSAV"), completed its extended charter in Mar 17 on reduced rates.
- Two Light Construction Vessels ("LCVs") were not deployed in Q1 FY17.
- Lower gross profit for Q1 FY17 due to lower revenue and also higher depreciation charge with new vessels delivered.

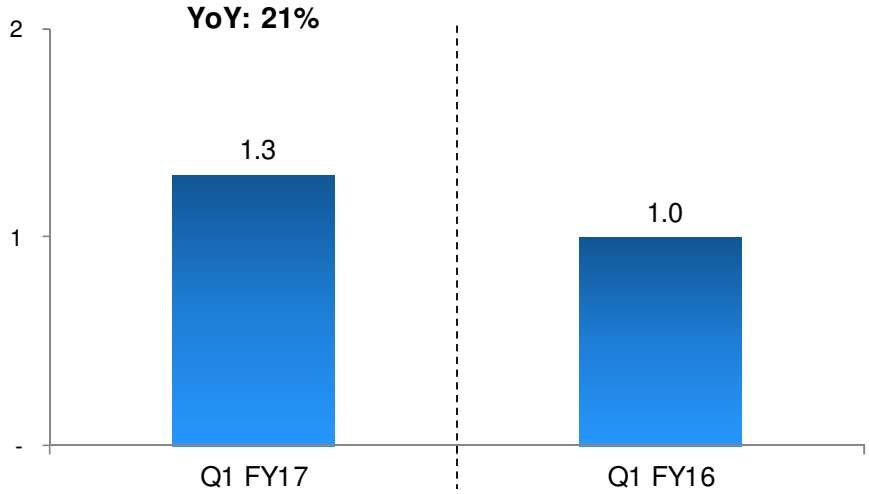
# Financial Highlights – T&I

In US$'M

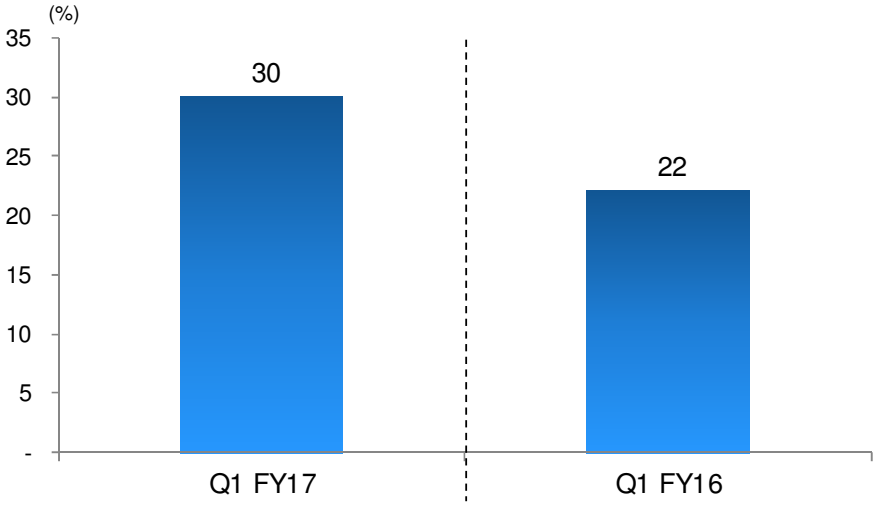
## Gross Revenue




## Gross Profit




## Gross Profit Margin (%)

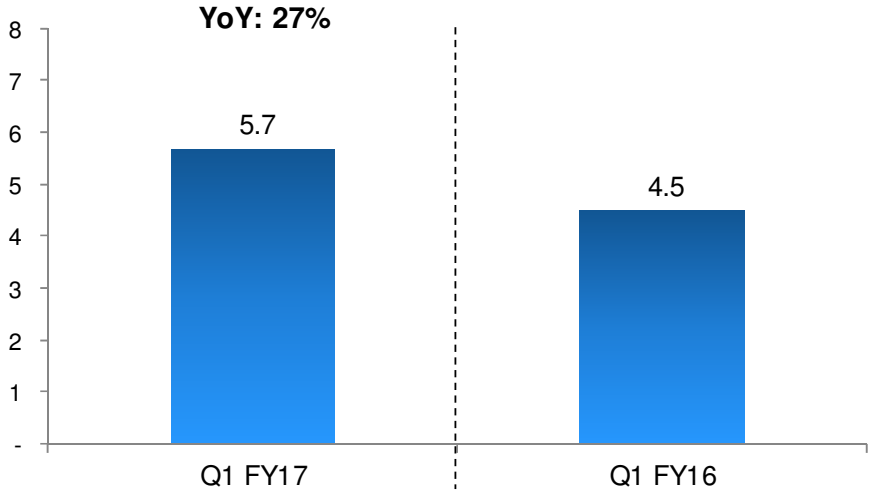



- Revenue decreased due to lower charter rates and utilisation.
- Utilisation rate was 33% in Q1 FY17 compared to 36% in Q1 FY16.

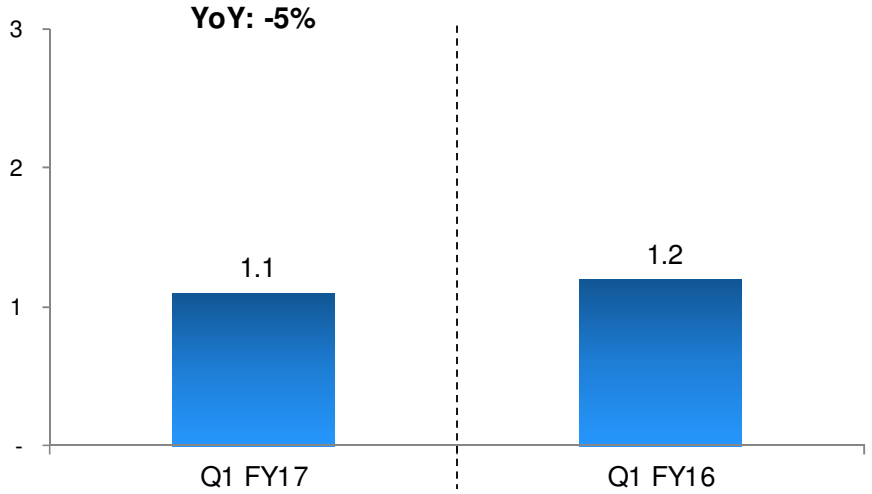
# Financial Highlights – HSER

In US$'M

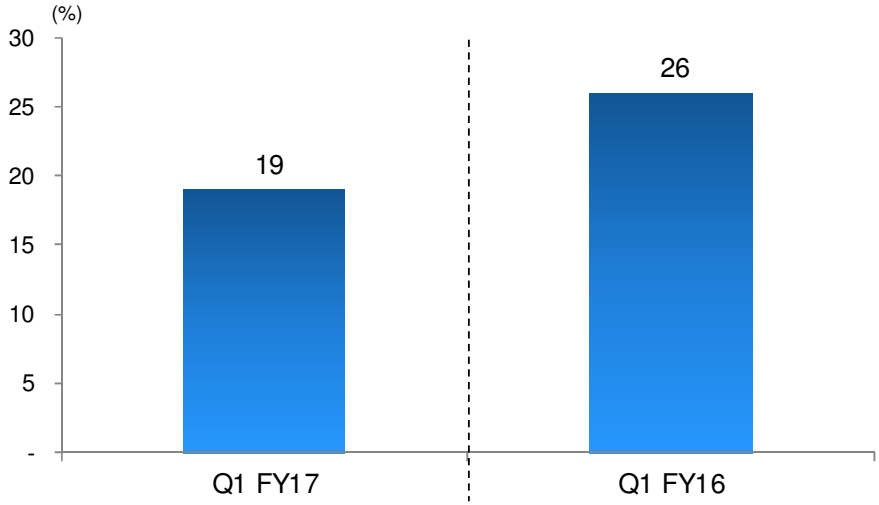
## Gross Revenue




## Gross Profit



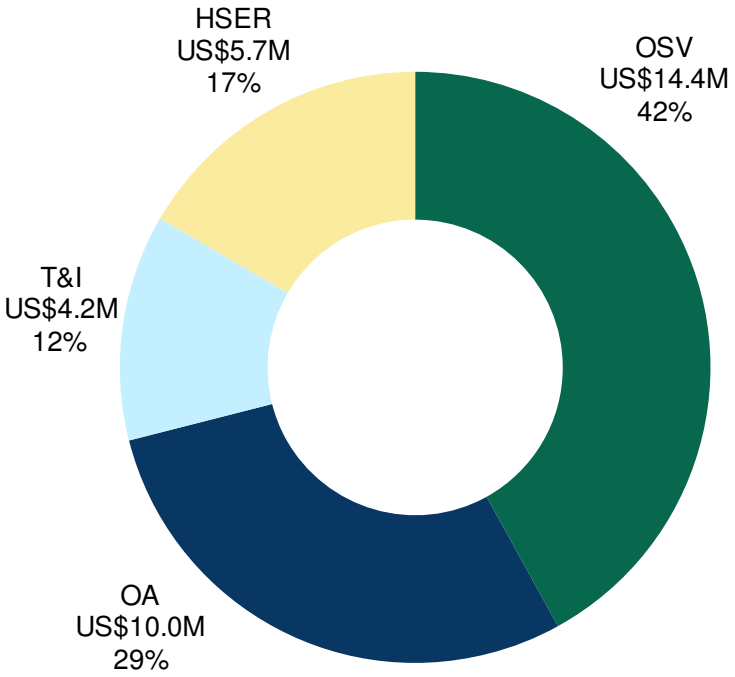

## Gross Profit Margin (%)



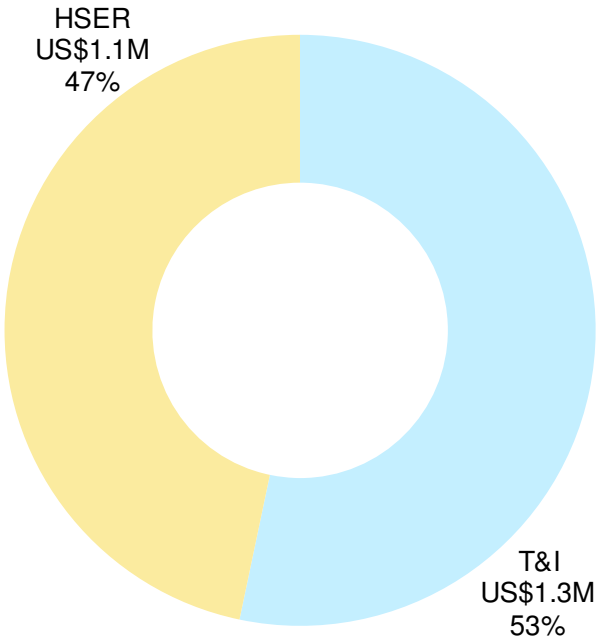

- Higher revenue from both harbour services and salvage job.
- Gross profit was stable.

# Segments results[1] & Assets deployed[2]

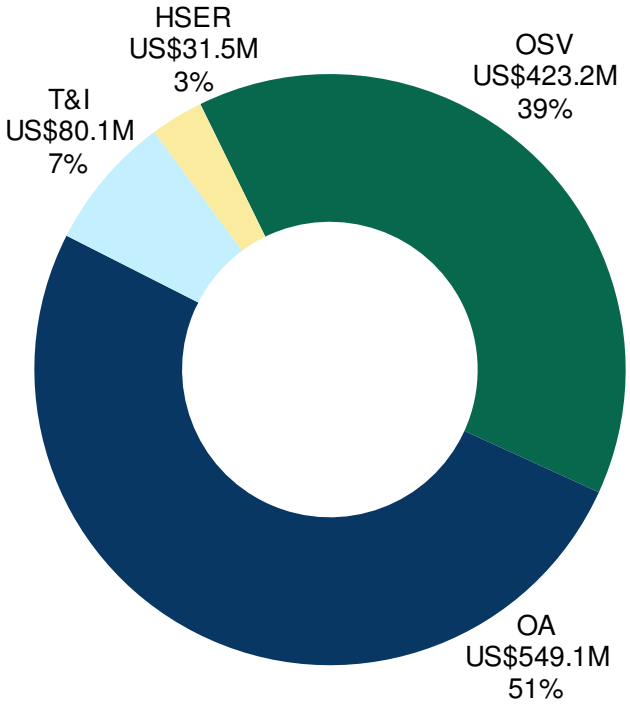
## Gross Revenue ($34.3M)




## Gross Profit (-$5.0M[3])




## Assets deployed ($1,083.9M)




*[1]: For 3 months ended 31 Mar 17*
*[2]: As at 31 Mar 17*
*[3]: OSV and OA made a gross loss of $4.7M and $2.7M respectively*

# Capital Structure

| US$'000 | 31 Mar 17 | 31 Dec 16 |
|---|---|---|
| Net Debt | 704,883 | 693,274 |
| Equity[1] | 670,639 | 688,332 |
| Net Debt/Equity | 105% | 101% |

- The Group has net current liabilities of US$174.0 million mainly due to bank borrowings due within a year.
- The Group has undrawn bank lines of approximately US$274.1 million as at 31 Mar 17.

*[1]: Equity attributable to shareholders of the Company*

# CAPEX Plan

| | Wholly owned | Owned by JVs | Under Construction/Order | |
|---|---|---|---|---|
| **Number of Vessels[1]** | 80 | 40 | 10 | |
| **Net Book Value[2]** | US$1,083.9M | - | - | |
| **CAPEX Commitment** | - | - | US$94.5M Paid[2] | US$75.4M Outstanding |

- As at 31 Mar 17, the Group has 10 vessels under construction/order with expected delivery progressively by 2017, of which 7 are for the Middle East with firm 5 years plus 2 years extension contract.

*[1]: See Appendix for details*
*[2]: as at 31 Mar 17*

# Business Strategy

## Continued emphasis on our four strategic focus areas

| | |
|---|---|
| **Drive Operational Excellence** | • Uncompromising commitment to uphold operational and safety standards<br>• Continue to invest in talent development |
| **Maintain Financial Resilience** | • Prudent capital management backed by our strong balance sheet<br>• Pursue charters that generate positive cash flow and EBITDA |
| **Continue Cost Efficiency and Optimisation** | • Continue to reduce operating expenses across operations<br>• Optimise resource allocation to capture opportunities for long-term growth |
| **Pursue Selective Pockets of Growth** | • Establish and expand offices and presence in key international markets<br>• Re-profile and optimise asset portfolio |

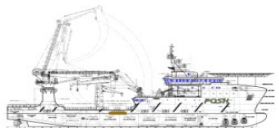
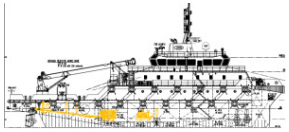
# Appendix

# Overview of Business Segments

| | Offshore Supply Vessels (OSV) | Offshore Accommodation (OA) | Transportation and Installation (T&I) | Harbour Services and Emergency Response (HSER) |
|---|---|---|---|---|
| **Description** | ▪ **AHTS and PSV:** Mid to deepwater oilfield operations in exploration, development, construction and production phases | ▪ **Offshore accommodation, workshop and storage facilities:** Offshore construction and maintenance operations | ▪ **AHT:** Ocean towage of FPSOs and large offshore structures; shallow-water pipelay and construction works<br>▪ **Barge:** Transportation, floatovers and launching of platform jackets | ▪ **Harbour Services:** Support harbour towage operators and provide heavy lift services to shipyards<br>▪ **Emergency Response:** Salvage, wreck removal, rescue and oil-spill response operations globally |
| **Fleet** | ▪ Operates **34 vessels** (JV: 4) including:<br>• 8,000 – 16,000 BHP AHTS<br>• 2,346 – 4,100 DWT PSVs<br>▪ **Youngest deepwater and midwater AHTS/PSV fleets globally**<br>▪ Average vessel age of 4.7 years | ▪ Operates **9 vessels** (JV: 1) with total capacity of approximately 3,100 persons<br>▪ Average vessel age of 6.1 years | ▪ Operates **41 vessels** (JV: 13) including:<br>• 12,000 – 16,300 BHP AHTs<br>• 4,000 – 8,000 BHP AHTs<br>• Barges, including submersible barges and launch barge<br>• Average vessel age of 8.3 years | ▪ Operates **36 vessels** (JV: 22) including:<br>• 3,200 – 5,000 BHP Azimuth Stern Drive (ASD) harbour tugs<br>• Heavy lift crane barges<br>• Average vessel age of 8.2 years |
| **Typical Contract Type** | ▪ Mix of short and long-term charters and spot contracts | ▪ Mix of long and short-term contracts | ▪ Short-term charters or lump-sum project contracts | ▪ MPA license to provide port towage services in Singapore<br>▪ Retainer agreements for emergency response services |

# Vessels to be delivered – Q1 FY17 onward

***As at 31 Mar 17, we have a total of 10 newbuilds contracted for delivery***

| POSH | | | Expected Delivery Date | No. of Newbuilds | Size | Contract |
|---|---|---|---|---|---|---|
| OA | IMR & MPSV |  | ▪ Q2 FY17<br>▪ Q3 FY17 | ▪ 1 DP2 MPSV<br>▪ 2 DP2 IMR vessels | ▪ 4,100 dwt<br>▪ 89 M | |
| OSV | AHTS |  | ▪ Q3 FY17<br>▪ Q4 FY17 | ▪ 6 Shallow draft AHTS | ▪ 5,220 BHP | ▪ Firm 5 years plus 2 years extension |
| | MUV |  | ▪ Q2 FY17 | ▪ 1 MUV | ▪ 2,597 BHP | ▪ Firm 5 years plus 2 years extension |
| HSER | Tug |  | • Nil | ▪ Nil | ▪ Nil | ▪ Nil |

# Fleet Optimisation Program

| Type of vessels | Current fleet | | New vessels under contruction/ committed |
|---|---|---|---|
| | Wholly owned | Owned by JVs | |
| **AHTS** | 13 | 4 | 6 |
| **PSV** | 14 | - | - |
| **Maintenance Utility Vessels** | 3 | - | 1 |
| **AHT** | 12 | 9 | - |
| **Towing Tugs** | 2 | - | - |
| **Barges** | 14 | 4 | - |
| **SSAV** | 2 | - | - |
| **Accommodation Vessels** | 6 | 1 | - |
| **IMR/MPSV** | - | - | 3 |
| **Harbour Tugs[1]** | 11 | 19 | - |
| **Crane Barges** | - | 3 | - |
| **Utility Workboats** | 3 | - | - |
| **Total as at 31 Mar 17** | **80** | **40** | **10** |

- Young fleet of customized new builds to meet customers' needs
- Focus on high-capacity and high-specification offshore accommodation vessels
- Entry into Inspection, Maintenance and Repair (IMR) segment with construction of IMR vessels

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