

PACC Offshore Services Holdings Ltd.

Presentation to Shareholders
Annual General Meeting
27 April 2015

Agenda

1. Year in Review
2. Business Review
3. Financial Highlights
4. Business Strategy & Outlook
5. Q & A



YEAR IN REVIEW

Year in Review

While we have just started our journey as a listed company, POSH has been operating over 60 years through several cycles in the O&G industry

- **Warm welcome to our new shareholders**
  - Initial Public Offering on 25 April 2014
  - Offering was multiple times subscribed

- **Commitment to our shareholders**
  - Maiden dividend of S$0.015
  - Representing a cash payout of 38%

- **Challenging macro industry landscape**

Year in Review

The Oil & Gas ("O&G") industry remains intensely challenging in the near-term since the rapid decline in 4Q2014

- **Oversupply concerns**
  - Pronounced increase in onshore U.S. oil production
  - OPEC nations maintaining oil exports
  - Lifting of Iranian U.S. sanctions

- **Muted oil demand**
  - Global economy remains sluggish
  - Growth of oil supply currently outstrips demand for oil

- **Stronger U.S. dollar**
  - Dampens oil demand further

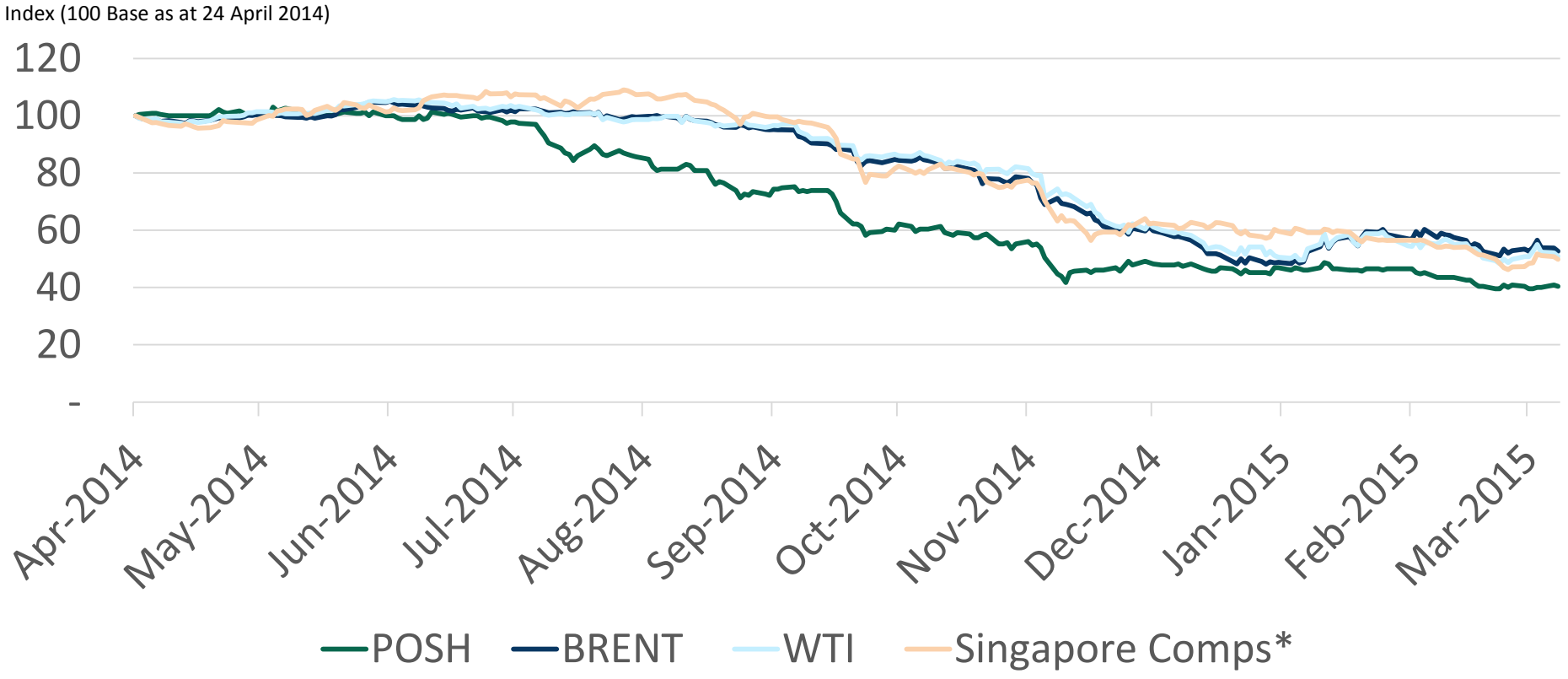
The consequent effect of declining oil prices on national oil companies and oil majors has a snowball impact on all offshore service providers

- **Reduction in offshore capex**
  - Increasingly, bigger and more complex offshore projects which require specialised offshore services are either postponed or cancelled
  - Resulting in less tenders available for offshore services

- **Compressed margins**
  - The compressed margins at the downstream spectrum has spill-over effect across the entire O&G value chain
  - Oil companies are taking the chance to renegotiate down charterhire rates for existing and new contracts

Price Performance

Like most companies in the O&G sector, the Offshore Marine Sector has collectively been declining in tandem with oil prices



Notes:
* Singapore Comps: CH Offshore (excluded as it is undergoing takeover offer); Ezra; Falcon Energy; Marco Polo; Pacific Radiance; Swiber; Swissco; Vallianz; Mermaid Maritime



BUSINESS REVIEW

Execution of Business Strategy

- **Nimble, large and diversified fleet**
  - Large and diversified fleet differentiates us from our competitors
  - Proactive fleet optimisation programme to fine-tune fleet mix against demand
- **New business developments**
  - Focusing efforts to capture higher-growth markets in West Africa, Middle East and SEA
  - Accelerated capacity and growth in OA segment which is more resilient
  - Expanding into Inspection, Maintenance and Repair ("**IMR**") business segment
- **Re-organisation of Mexican operations**
  - Counteractive measures initiated to mitigate further escalation of costs
  - In 2014, we took control of all our vessels in Mexico and begun vessel redeployment process
- **Investment in our community**
  - Hosted our largest CSR event – POSH Charity Walk 2014

Operations Highlights

- **Offshore Supply Vessels ("OSV")**
  - Making headways in expanding presence in West Africa and Middle East
- **Transportation & Installation ("T&I")**
  - Active charters secured in Asia, Australia and Middle East
  - Completion of full injection of deepwater T&I operations into our JV, POSH Terasea
- **Offshore Accommodation ("OA")**
  - Newly delivered POSH Xanadu, world's largest semi-submersible accommodation vessel is chartered to Petrobras under a 1+1 year contract
  - One of our new Light Construction Vessels has been fixed on a long-term charter to a SEA national oil company
- **Harbour Services & Emergency Response ("HSER")**
  - Expanding market share in Singapore after award of public harbour towage license in late 2013



FINANCIAL HIGHLIGHTS

Financial Performance

SUMMARY				
US$'000	**FY2011**	**FY2012**	**FY2013**	**FY2014**
Revenue	240,950	242,966	237,263	234,037
Gross profit	55,408	61,074	72,391	57,204
Other operating income	17,721	40,447	50,379	57,983
Share of JV results	(5,065)	(3,629)	850	(13,557)
Net profit after tax	26,218	53,520	73,371	53,243
EBITDA	71,860	104,861	127,271	106,131
EBITDA Margin	29.8%	43.2%	53.6%	45.3%

Financial Year Ending 31 December

Financial Position

Strong Financial Position to captalise on organic and inorganic opportunities in the future

Capital Structure

US$'000	As at 31 Dec 2013	As at 31 Dec 2014
Net Debt	796,874	548,332
Equity	864,295	1,213,764
Net Debt /Equity	92.2%	45.2%

- Net debt approximately 4.7x of FY14 EBITDA
- The Company has available undrawn bank lines in excess of US$380 million



BUSINESS STRATEGY & OUTLOOK

Business Outlook

- **Persistent depressed oil prices in the near term**
  - Supply concerns remain until oil production level decreases
  - O&G consumption likely to remain unchanged in light of current outlook of global macro-economic conditions
  - Lower oil prices might lead to more capex cuts by upstream oil companies which have a trickle down effect on all O&G services providers
- **Intense competition**
  - Many offshore service providers, large and small, are concentrating efforts to maximise utilisation to stem escalating operating costs of idle vessels
  - Accordingly, charterhire rates are also adversely impacted
- **Increasing lumpy earnings**
  - Income from POSH Xanadu and our LCVs would only be visible in 2Q2015 onwards

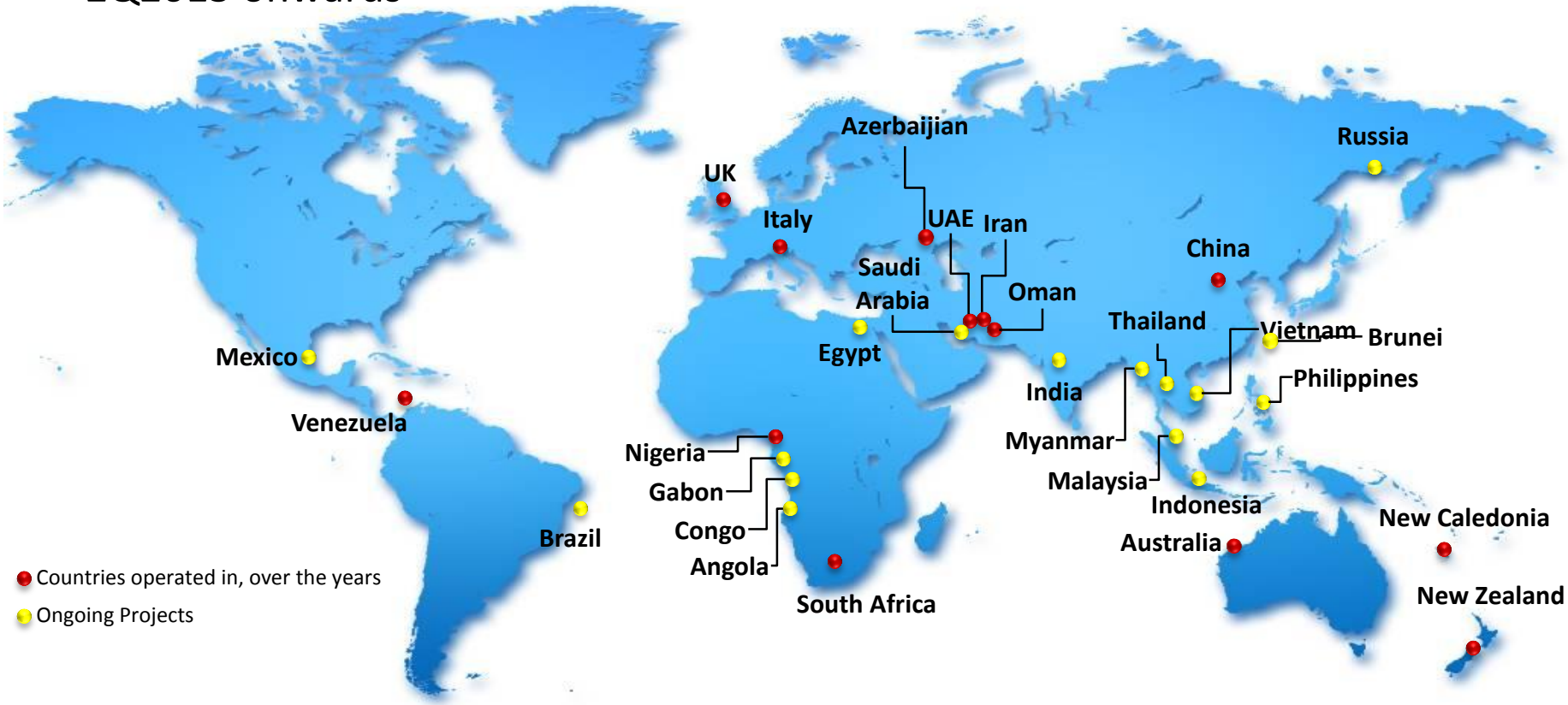
Forward Strategy

- **Cost rationalisation**
  - Cost efficiency committee formalised to identify areas to reduce overheads
  - So far, excess of approx. US$3.5 million of cost-savings projected for FY2015
  - Continuous efforts to maximise cost reduction going forward
- **Maintaining high-levels of operational serviceability and excellence**
  - Strong emphasis on Health, Safety, Environment, Quality and Assurance policies and training for employees
- **Fleet optimisation**
  - Constant re-profiling of fleet mix to maximise (i) utilization, (ii) returns of each vessel and maintain young average age of fleet
- **Pursue inorganic growth opportunistically**

Forward Strategy

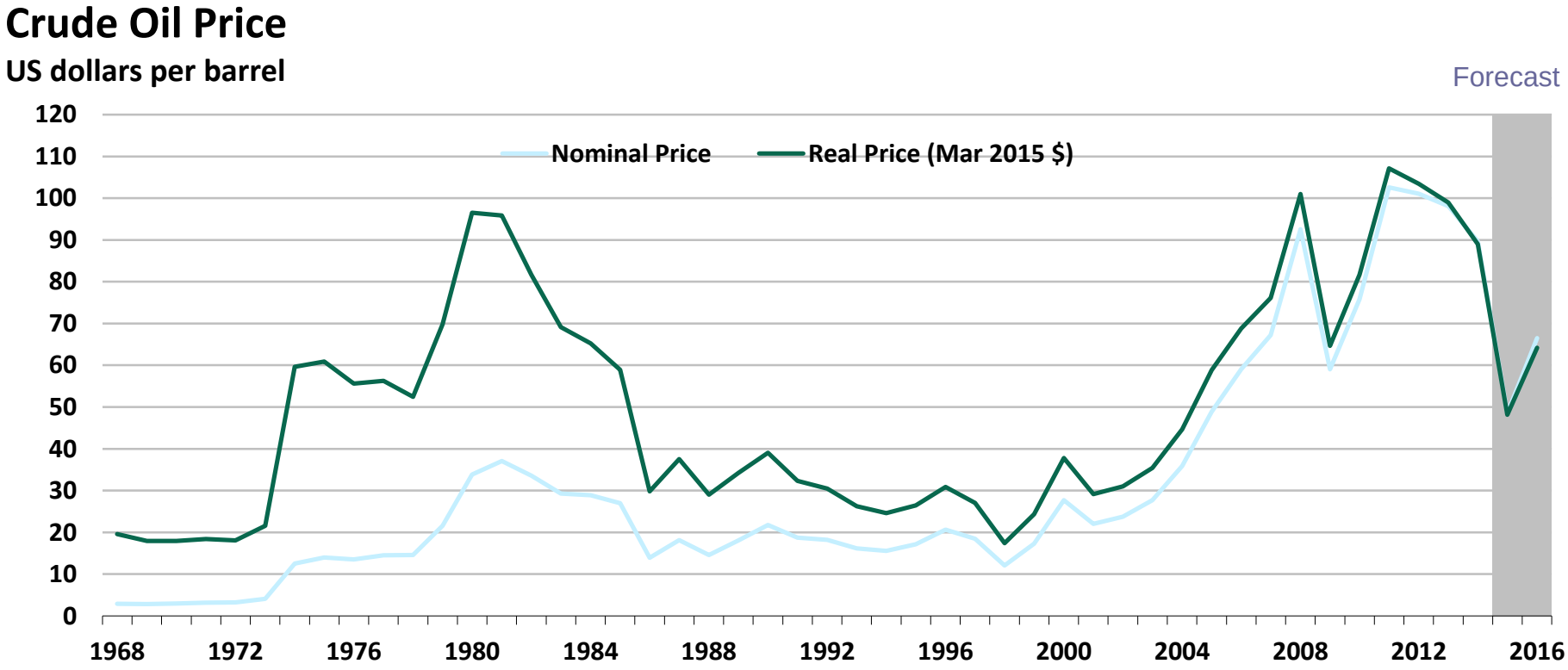
Accelerating market penetration

- Continued efforts to build market share in West Africa, Middle East (ME) & SEA
- In 1Q 2015, long-term contracts secured for our remaining 2 LCVs and 3 OSVs (2 of which were previously our vessels in Mexico); Contracts commence from 2Q2015 onwards



Long Term Value and Commitment

O&G industry has seen volatility historically, and POSH is equipped with the experience and financial stability to weather through down cycles



EIA Short-Term Energy Outlook, March 2015


THANK YOU

Appendix

Diverse Fleet Operating Across O&G Value Chain

Oil & Gas Life Cycle

Exploration & Appraisal → Field Development → Operation & Maintenance → Decommissioning



Anchor Handling Tug Supply vessels (AHTS)
Tow and position drilling rigs



Platform Supply Vessels (PSV)
Transport materials and supplies



Anchor Handling Tugs (AHT)
Provides towage and construction support services



Barges
Transport large marine structures for floatover operations and launch of platform jackets



Accommodation Vessels (AV)
Provides accommodation, lifting, catering, workshop, storage and heli-deck facilities.

Harbour Services & Emergency Response (HSER)



Crane Barges
For heavy lift services



Harbour Tugs
Deployed in harbour towage



Emergency Response
Provides equipment and personnel for salvage, rescue and oil spill response operations

Fleet Optimisation Program

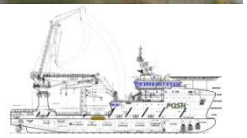
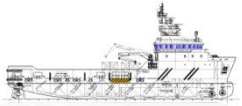
	Fleet as at 31 March 2015		New Vessels Under Construction/Committed
Types of Vessels	**Wholly Owned**	**Owned by JVs**	
AHTS	11	4	**2**
Shallow Draft MPSV	11	2	**2**
IMR	-	-	**2**
AHT	10	9	**2**
Towing Tugs	7	1	**-**
Barges	16	4	**-**
SSAV	1	-	**1**
Accommodation Vessels	5	1	**2**
Harbour Tugs	8	17	**1**
Crane Barge	2	2	**1**
Utility Workboats	3	-	**-**
Total as at to-date	74	40	**13**

- Young fleet of customised new builds to meet customers' needs
- Constant monitoring of capex plan and deferring certain newbuildings by analysing demand trends

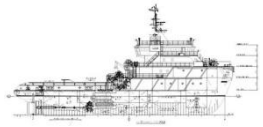
* Includes 2 IMR on option

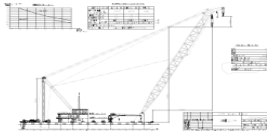
Vessels To Be Delivered – 2015 Onwards

As at 31 March 2015, we have a total of 13 newbuilds contracted for delivery

POSH			Expected Delivery Date	No. of Newbuilds	Size
OA	SSAV		▪ Q2-3 2015	▪ 1 DP3 SSAV	▪ 750-person
	AV		▪ Q2 2015	▪ 1 DP2 AV	▪ 238-person
			▪ Q2 2016	▪ 1 LCV	▪ 88 M
			▪ Q4 2016 ▪ Q1 2017	▪ 2 DP2 IMR vessels	▪ 89 M
OSV	AHTS		▪ Q3 2015	▪ 1 DP2 AHTS	▪ 8,000 BHP
			▪ Q2 2015	▪ 1 DP2 AHTS	▪ 12,000 BHP
	MPSV		▪ Q2 2016 ▪ Q2 2016	▪ 2 DP2 MPSV	▪ 78 M
HSER	Tug		▪ Q2 2015	▪ 1 ASD Harbour Tugs	▪ 4,000 BHP

Vessels To Be Delivered – 2015 Onwards

POSH			Expected Delivery Date	No. of Newbuilds	Size
T & I	AHT		▪ Q1 2016 ▪ Q2 2016	▪ 2 AHT	▪ 6,600 BHP

JV		Expected Delivery Date	No. of Newbuilds	Size
Floating Crane Barge		▪ Q2 2015	▪ 1 Floating Crane Barge	▪ 500T Sheerleg