

PACC Offshore Services Holdings Ltd

Result Presentation

6 Aug 2019

AGENDA

- Key Highlights and Outlook
- Financial Highlights
- Business Strategy
- Appendices

Q2FY19 Key Highlights

Key Figures

Revenue: US$74.0m

11% decrease (Q2FY18: US$83.1m)
Due to lower contributions from OA and HSER divisions. Offset by higher contributions from OSV and T&I.

Gross Profit: US$8.4m

Q2FY18: US$14.2m

NLAT*: US$8.6m

49% increase (Q2FY18: US$5.8m)

**Net loss attributable to equity holders of the company.*

Outlook

- Long-term fundamentals remain strong despite near-term supply and demand imbalances

- **Near term:**
  - Uptick in EPCI activities
  - OSV: Slight pick up in rates
  - OA: Subdued rates and requirements for SSAVs.

- **Bright spots:**
  - Sustained growth momentum for new businesses: subsea and offshore renewables
  - Improved utilisation and charter rates for OA monohull vessels
  - 13 long-term charters to a National Oil Company in the Middle East

FINANCIAL HIGHLIGHTS



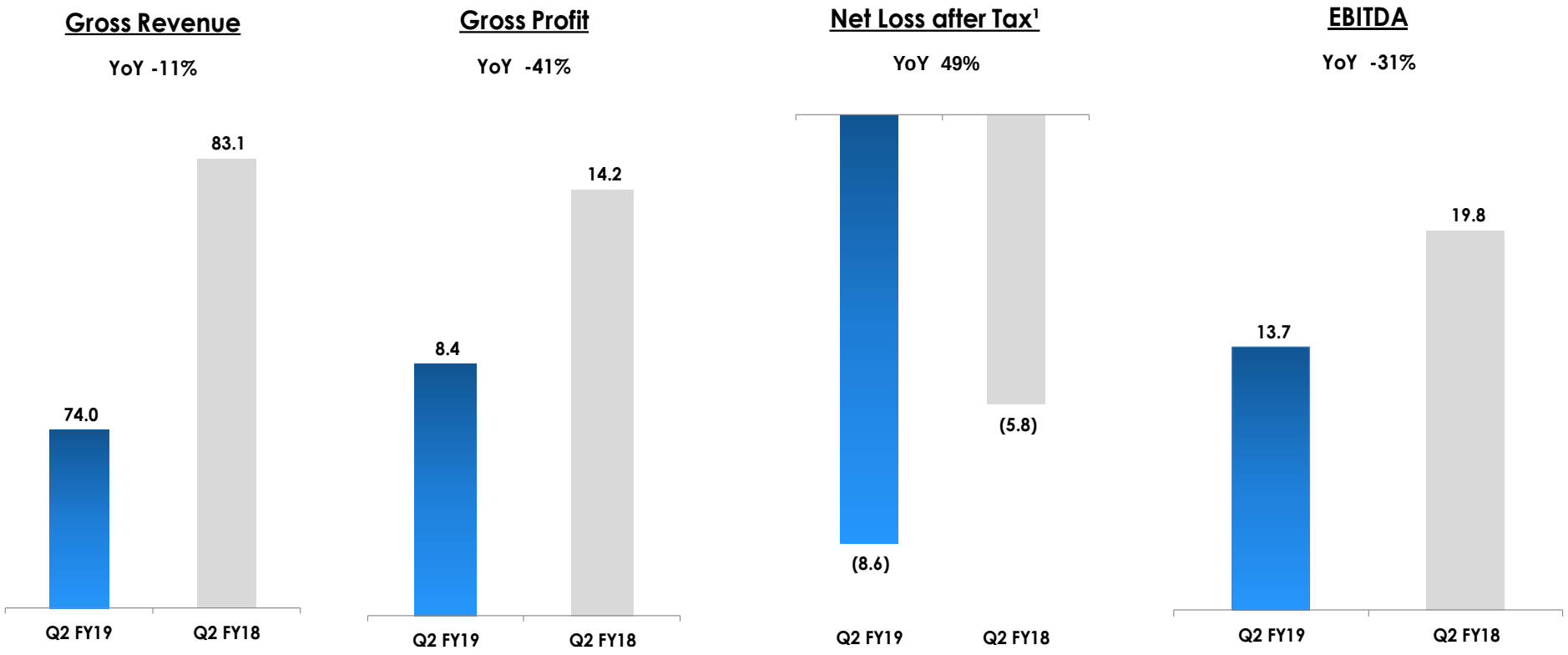
Group Financial Highlights

US$'M	Q2 FY19	Q2 FY18	Change	1H FY19	1H FY18	Change
	Actual	Actual		Actual	Actual	
Gross Revenue	**74.0**	83.1	-11%	**135.8**	153.7	-12%
Gross Profit	**8.4**	14.2	-41%	**15.2**	24.2	-37%
Share of JV Results	**(1.9)**	(1.0)	82%	**(3.4)**	(0.5)	638%
Net Loss after Tax[1]	**(8.6)**	(5.8)	49%	**(21.4)**	(13.0)	64%
EBITDA	**13.7**	19.8	-31%	**24.5**	37.3	-34%

1: Net Loss after tax attributable to equity holders of the Company

Group Financial Highlights – Q2 FY19

In US$'M



- Revenue decreased due to lower contribution from OA and HSER divisions, offset by higher contribution from OSV and T&I divisions.
- Lower Gross Profit in Q2 FY19 in line with lower revenue.
- Higher Net Loss mainly due to lower gross profit, higher G&A, higher loss from JV, partially offset by lower tax.

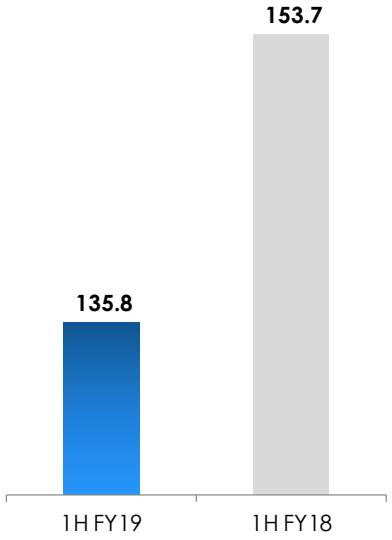
[1]: *Net Loss after tax attributable to equity holders of the Company*

Group Financial Highlights – 1H FY19

In US$'M

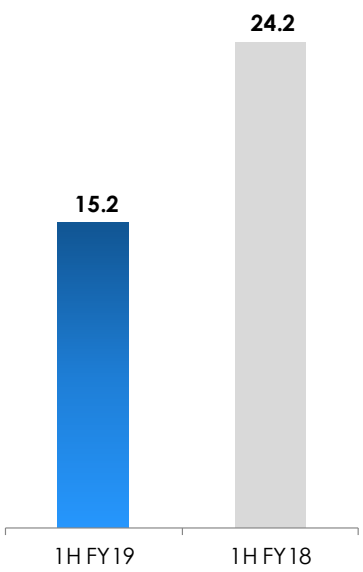
Gross Revenue

YoY -12%



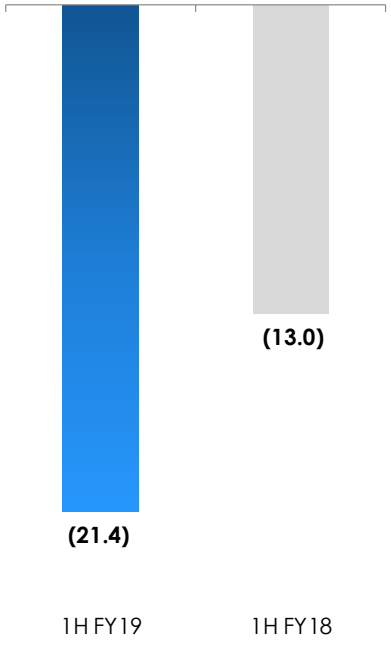
Gross Profit

YoY -37%



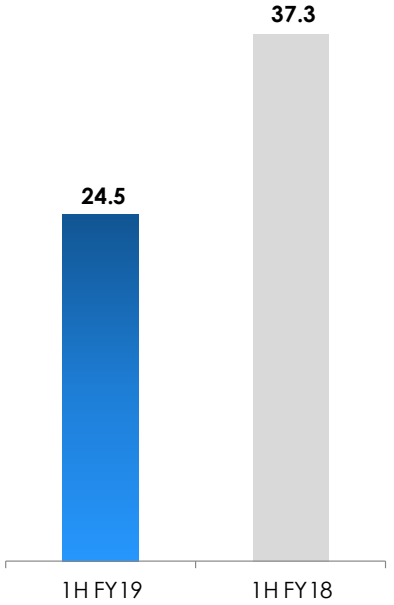
Net Loss after Tax[1]

YoY 64%



EBITDA

YoY -34%

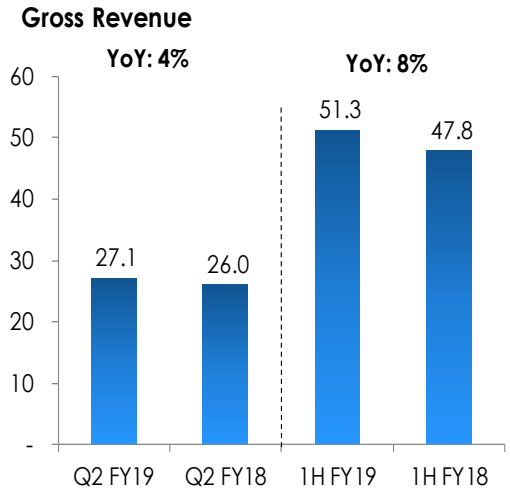


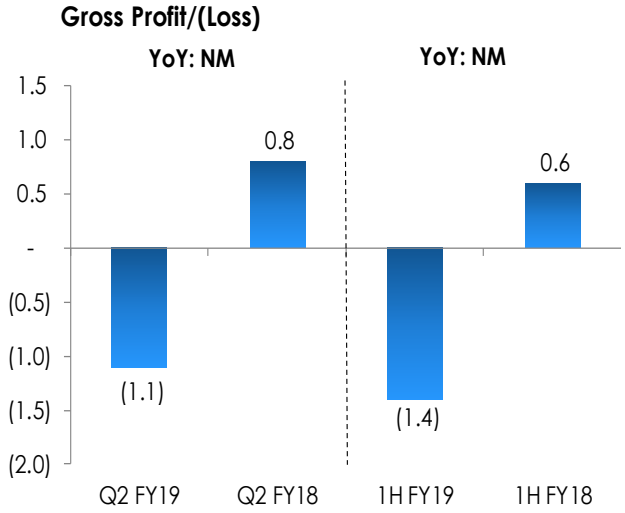
- Revenue decreased due to lower contribution from OA division, offset by higher contribution from OSV, T&I & HSER divisions.
- Lower Gross Profit in 1H FY19 in line with lower revenue.
- Higher Net Loss mainly due to lower gross profit, higher G&A, higher finance costs, higher loss from JV, partially offset by lower tax.

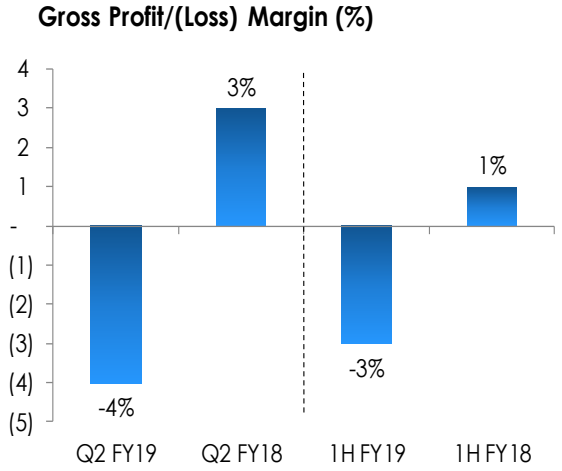
[1]: *Net Loss after tax attributable to equity holders of the Company*

Financial Highlights – OSV

In US$'M



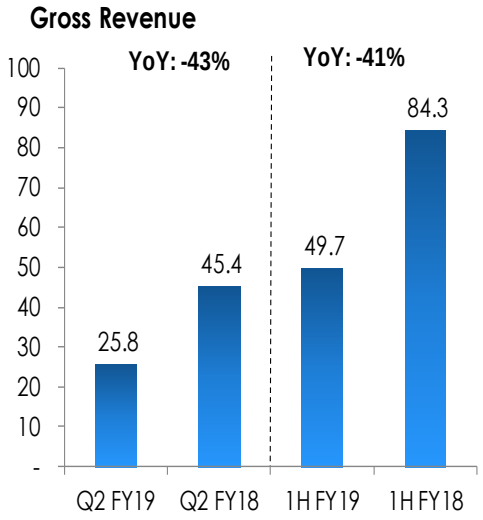


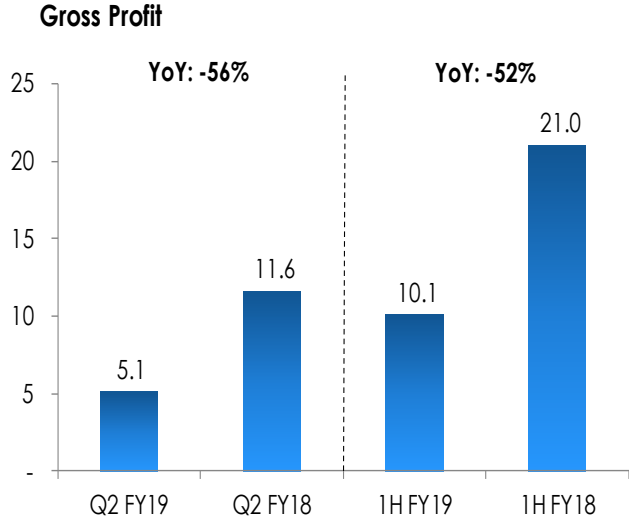


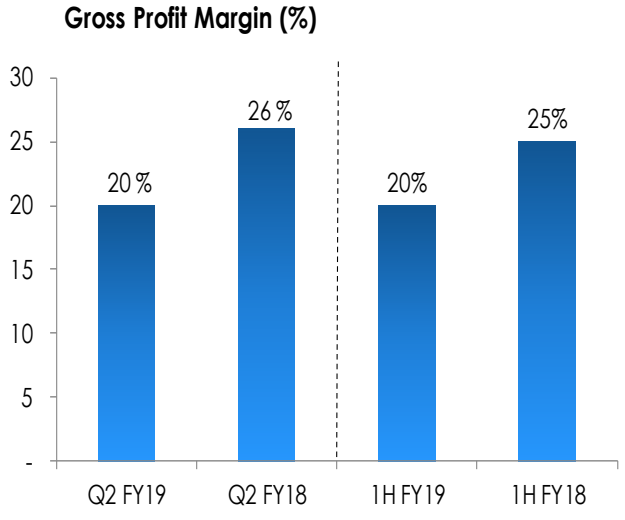
- Revenue increased in Q2 FY19 mainly due to income from mobilising two vessels to work in Mexico.
- Vessel utilisation was at 74% in Q2 FY19 (Q2 FY 18: 76%).
- Gross Loss of US$1.1 million in Q2 FY19, compared to gross profit of US$0.8 million in Q2 FY18 due to higher repair and maintenance and mobilization costs.

Financial Highlights – 0A

In US$'M



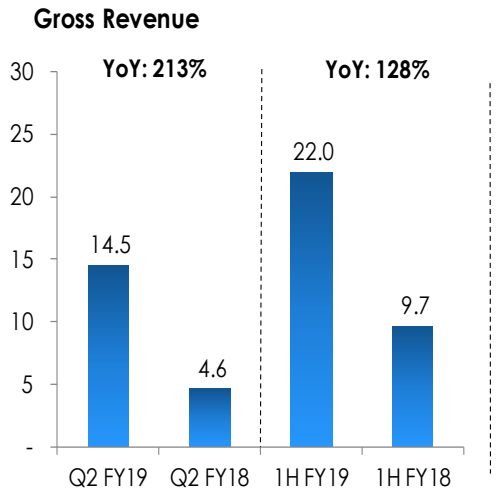


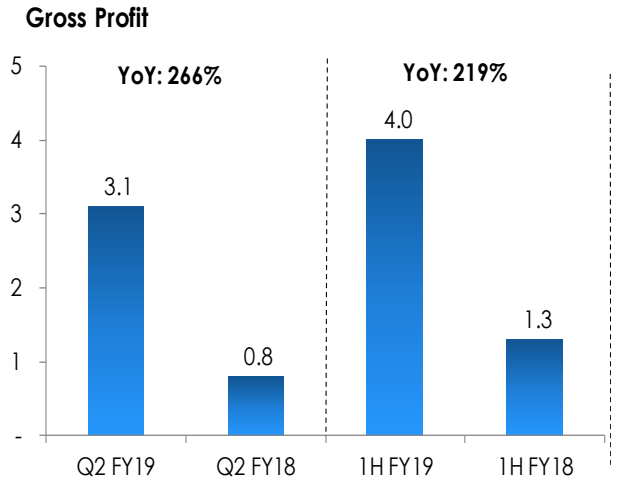


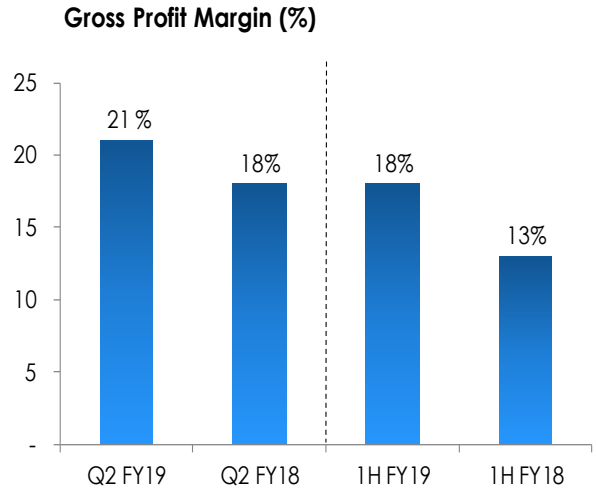
- Revenue decreased in Q2 FY19 mainly due to lower utilisation of the Semi-Submersible Accommodation Vessels ("SSAV") as POSH Arcadia was only on hired in Jun 2019. This was mitigated by higher utilisation of the Monohull vessels.
- Gross Profit in Q2 FY19 was lower in line with lower revenue.

Financial Highlights – T&I

In US$'M



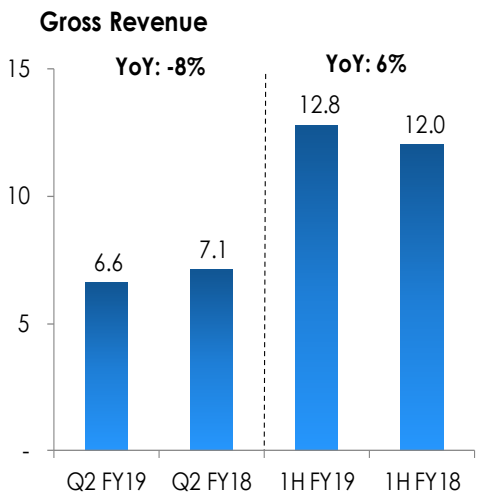


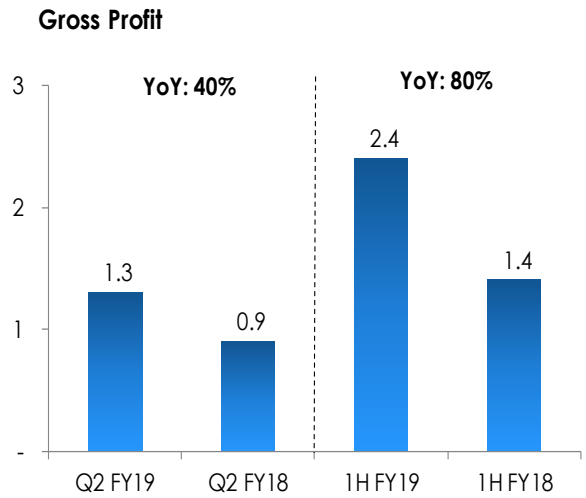


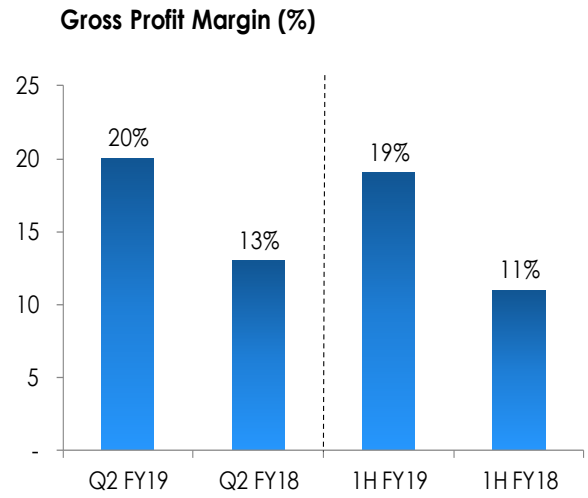
- Revenue increased in Q2 FY19 mainly attributable to contribution from the subsea operations.
- Utilisation remains stable at 76% in Q2 2019, compared to 75% in Q2 FY18.
- As a result, the segment registered higher gross profit of US$3.1 million in Q2 FY19.

Financial Highlights – HSER

In US$'M



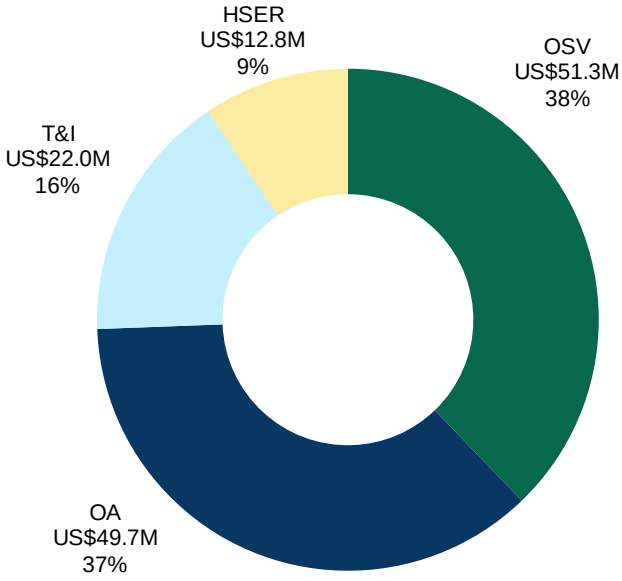




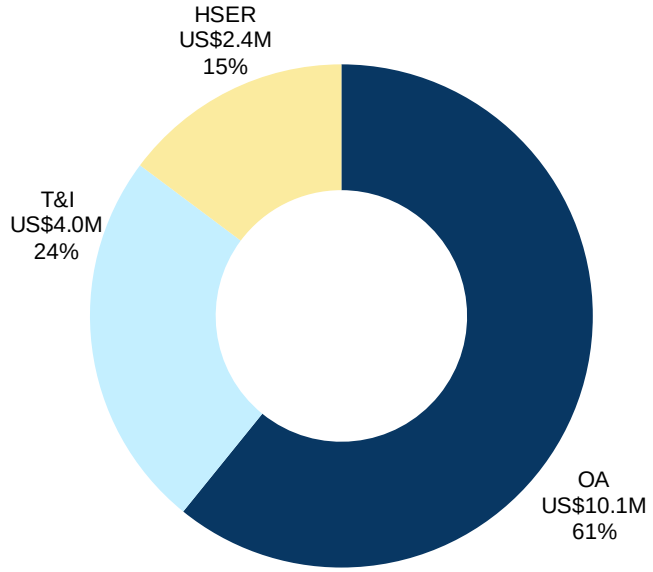
- Revenue decreased mainly due to absence of salvage jobs in Q2 FY19.
- Gross profit increased to US$1.3 million in Q2 FY19 due to higher margin from harbour tugs working overseas.

Segments results[1] & Assets deployed[2]

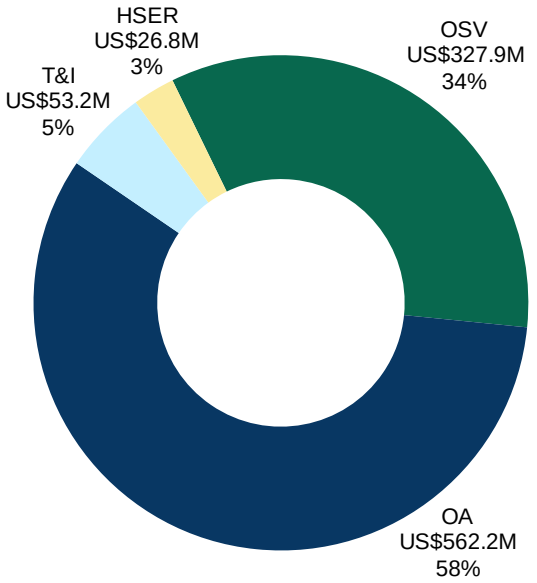
Gross Revenue
$135.8M



Gross Profit
$15.2M[3]



Assets deployed
$970.1M



[1]: *For period ended 30 Jun 19*
[2]: *As at 30 Jun 19*
[3]: *OSV made a Gross Loss of $1.4M in 1H FY19*

Capital Structure

US$'000	30 Jun 19	31 Dec 18
Net Debt	765,629	752,542
Equity[1]	331,594	363,841
Net Debt/Equity	231%	207%

[1]: *Equity attributable to equity holders of the Company*

- The Group has net current liabilities of US$207.3 million mainly due to bank borrowings due within a year.
- The Group has undrawn bank lines of approximately US$90.2 million as at 30 Jun 2019.

Forward Strategy

Comprehensive Business Review

1. Recalibrating and divesting non-performing assets and investments

2. Grow healthy core businesses; mitigate earnings volatility

3. Expand new businesses: subsea and offshore renewables

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 ▪ **Barge:** Transportation, floatovers and launching of platform jackets	▪ **Harbour Services:** Support harbour towage operators and provide heavy lift services to shipyards ▪ **Emergency Response:** Salvage, wreck removal, rescue and oil-spill response operations globally
Fleet	▪ Operates **42 vessels** (JV: 5) including: • 5,150 – 16,000 BHP AHTS • 2,600 – 3,150 BHP MUV • 2,346 – 4,100 DWT PSVs ▪ One of the youngest deepwater and midwater AHTS/PSV fleets globally ▪ Average vessel age of 5.9 years	▪ Operates **12 vessels** (JV: 1) with total capacity of approximately 3,400 persons ▪ Average vessel age of 6.7 years	▪ Operates **38 vessels** (JV: 13) including: • 12,000 – 16,300 BHP AHTs • 4,000 – 8,000 BHP AHTs • Barges, including submersible barges and launch barge • Average vessel age of 10.1 years	▪ Operates **30 vessels** (JV: 18) including: • 3,200 – 5,000 BHP Azimuth Stern Drive (ASD) harbour tugs • Heavy lift crane barges • Average vessel age of 7.8 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 ▪ Retainer agreements for emergency response services

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