

PACC Offshore Services Holdings Ltd

Result Presentation

4 November 2019

AGENDA

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

Q3FY19 Key Highlights

Key Figures

Revenue: US$73.3m

8% decrease (Q3FY18: US$79.7m),
Due to lower contributions from OA. Offset by higher contributions from OSV, T&I and HSER.

Gross Profit: US$16.1m

18% increase (Q3FY18: US$13.6m).

NLAT*: US$40.4m

656% increase (Q3FY18: US$5.3m).
Mainly due to impairments related to POSH Terasea JV.

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

Highlights

Contract Wins

- **POSH Saudi**: 3 long-term charters to support a National Oil Company in the Middle East.
- **POSH Subsea**: 2 contracts to support a National Oil Company in India.
- **OA Monohull**: 1 long-term charter to support maintenance campaign in Brunei.

Strategic Review Update

- **Pacific Workboats**: Acquisition of Pacific Workboats JV completed. PWPL now a wholly owned subsidiary of POSH.
- **Emergency Response**: Divestment of Emergency Response (non-core business) completed. POSH to reposition resources to segments that are better aligned with longer-term growth strategies.

FINANCIAL HIGHLIGHTS

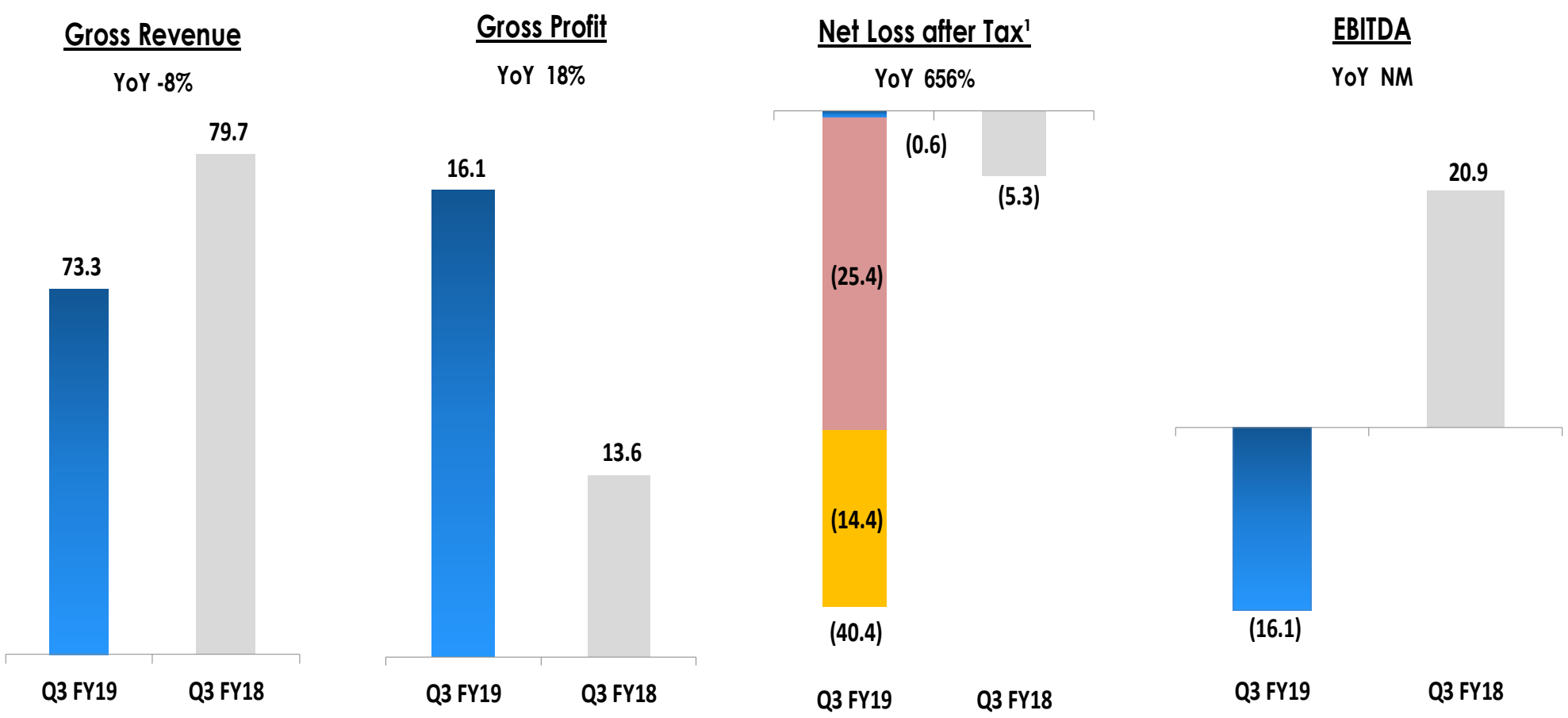


Group Financial Highlights

US$'M	Q3 FY19 Actual	Q3 FY18 Actual	Change	9M FY19 Actual	9M FY18 Actual	Change
Gross Revenue	**73.3**	79.7	-8%	**209.1**	233.4	-10%
Gross Profit	**16.1**	13.6	18%	**31.3**	37.8	-17%
Share of JV Results	**(0.8)**	(0.8)	1%	**(4.2)**	(1.3)	236%
Net Loss after Tax[1]	**(40.4)**	(5.3)	656%	**(61.8)**	(18.3)	237%
Normalised Net Loss after Tax[2]	**(0.6)**	(5.3)	-89%	**(22.0)**	(18.3)	20%
EBITDA	**(16.1)**	20.9	NM	**8.4**	58.1	-86%
Normalised EBITDA	**23.7**	20.9	13%	**48.2**	58.1	-17%

1: Net Loss after tax attributable to equity holders of the Company
2: Excluding one-time, non-cash impairment of interest in JV of US$25.4M and loan to JV of US$14.4M for POSH Terasea JV

Group Financial Highlights – Q3 FY19

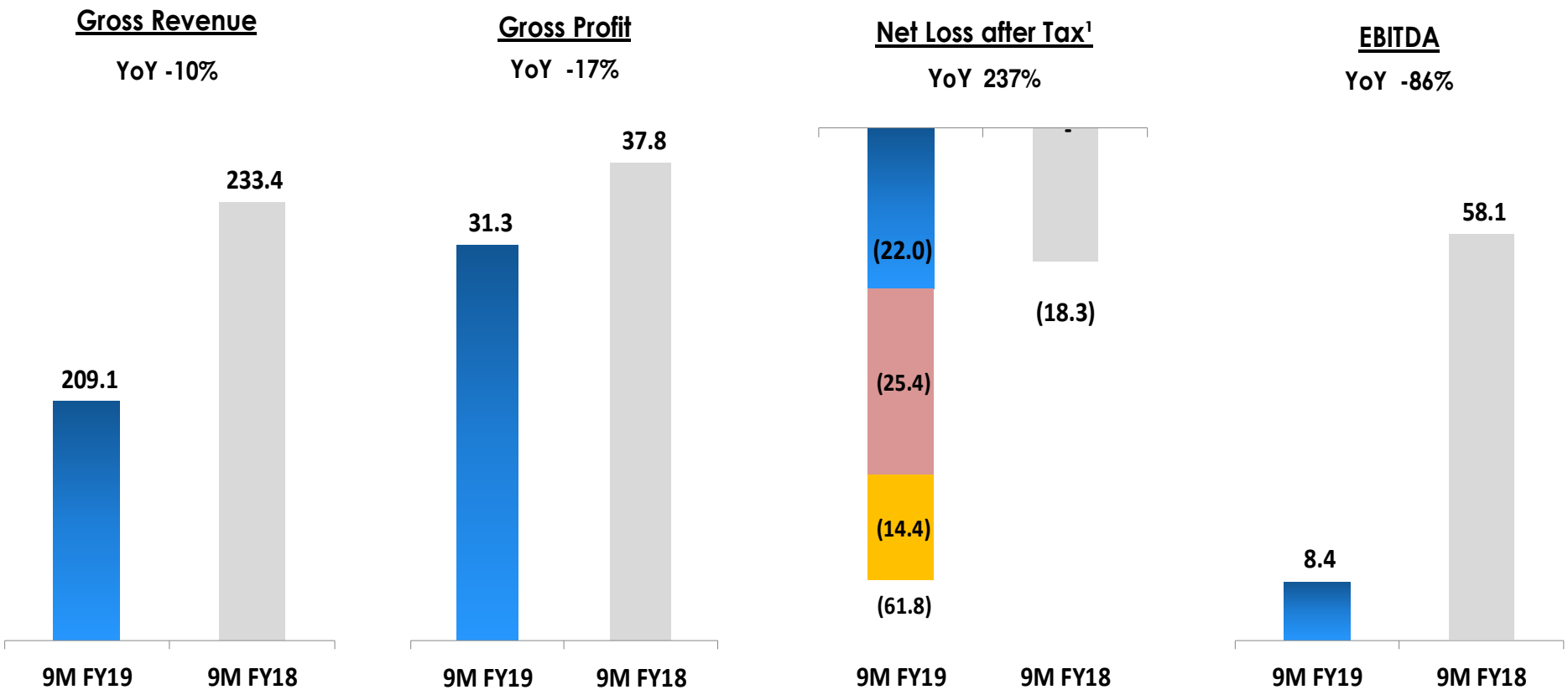


- The Group registered revenue of US$73.3 million in Q3 FY19, 8% decrease from US$79.7 million in Q3 FY18. Higher revenue in OSV, T&I and HSER segments were offset by lower contributions from OA.
- Higher Net Loss after Tax mainly due to the Group recorded an impairment amount of US$25.4 million for its investment in POSH Terasea Pte Ltd ("PTPL"), which is a 50% owned joint venture by the Group. In addition, the Group also impaired loan amount of US$14.4 million due from PTPL.
- Without PTPL's effects, Net Loss after Tax and EBITDA would have been a loss of US$0.6 million and a gain of US$23.7 million respectively.

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

Group Financial Highlights – 9M FY19

In US$'M

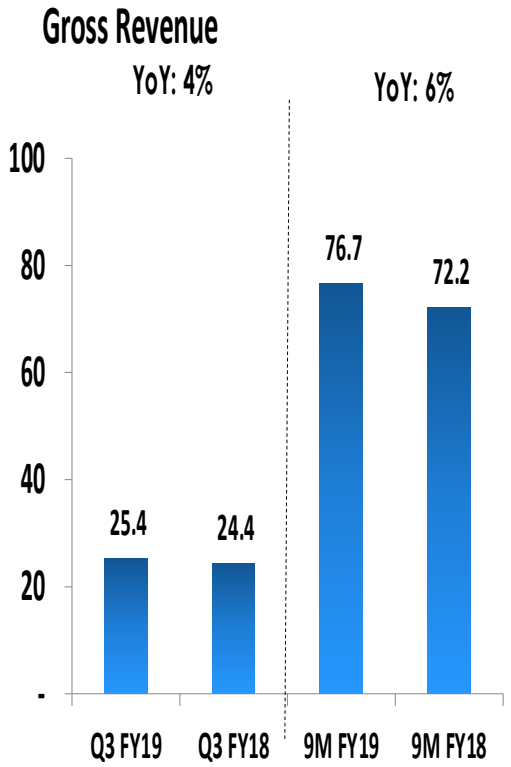


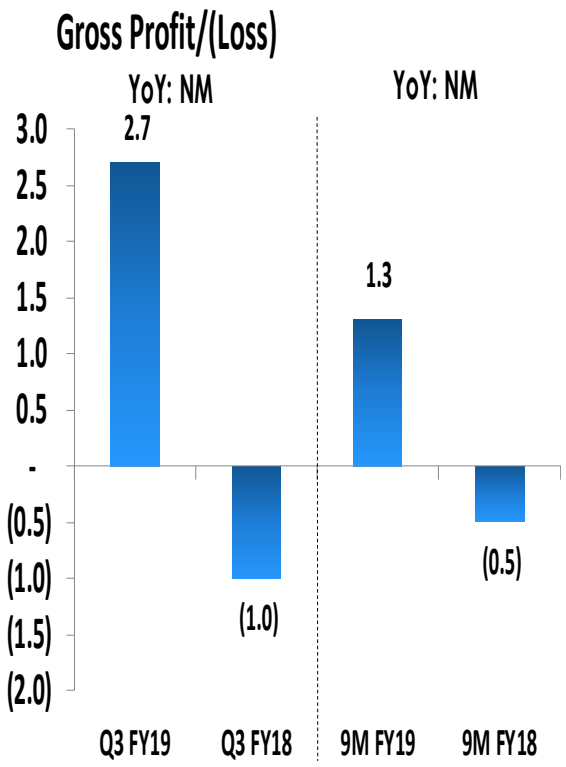
- The Group registered revenue of US$209.1 million in 9M FY19, 10% decrease from US$233.4 million in 9M FY18. Higher revenue in the OSV, T&I and HSER segments were offset by lower contribution from OA.
- Lower Gross Profit in 9M FY19 in line with lower revenue.
- The Group recorded a net loss attributable to equity holders of the Company of US$61.8 million in 9M FY19 as compared to US$18.3 million loss in 9M FY18, mainly due to impairments of US$25.4 million for its investment in PTPL and US$14.4 million loan amount due from PTPL.
- Without PTPL's effects, Net Loss after Tax and EBITDA would have been a loss of US$22.0 million and a gain of US$48.2 million respectively.

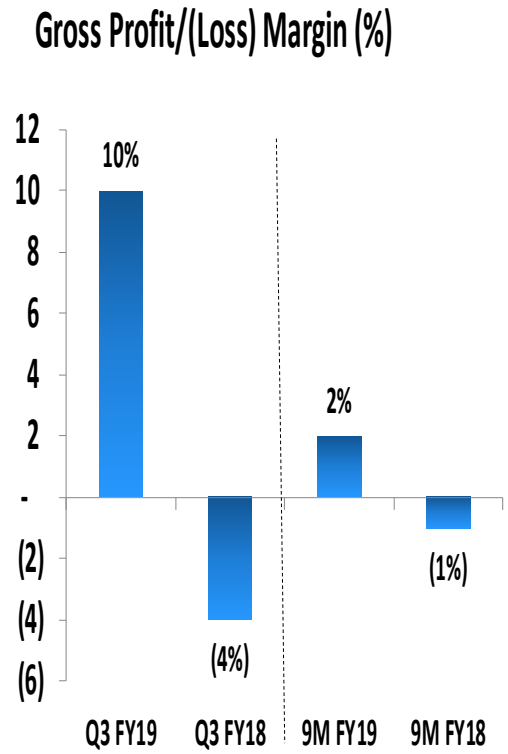
[1]: *Net Loss after tax attributable to equity holders of the Company*

Financial Highlights – OSV

In US$'M



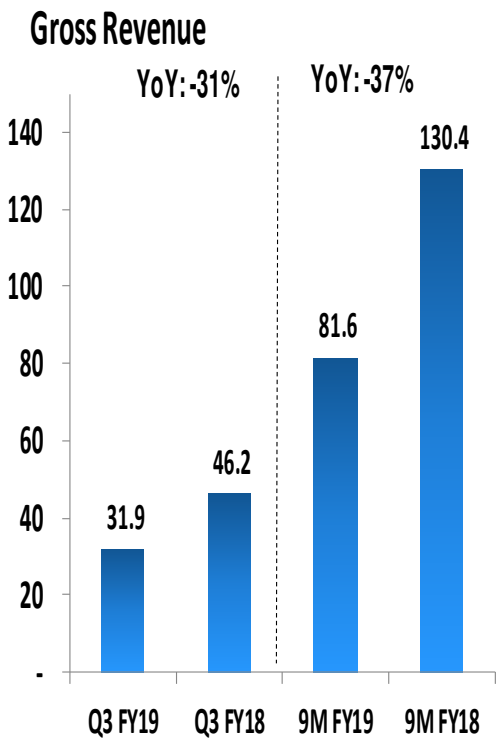


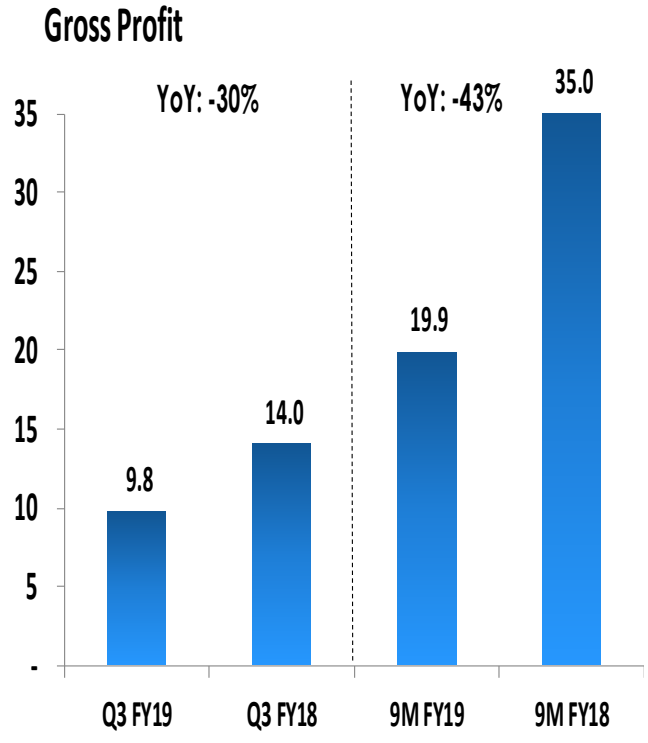


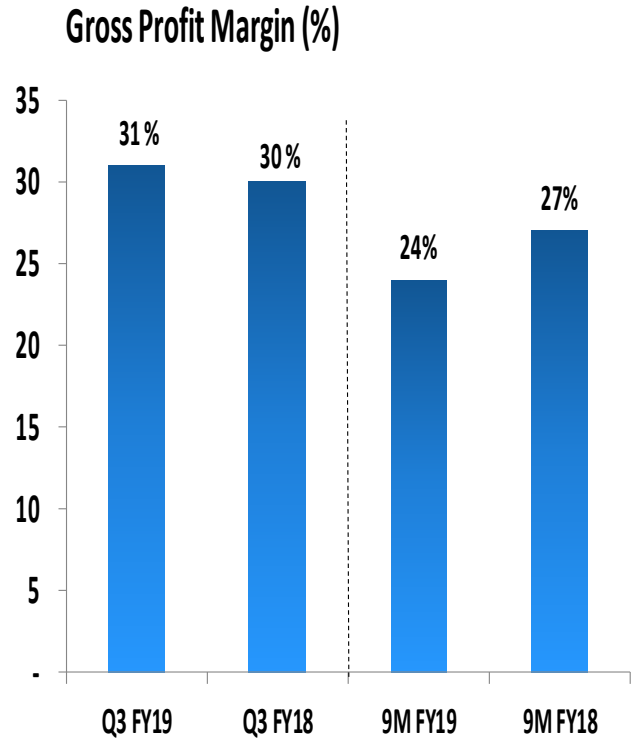
- Revenue increased in Q3 FY19 mainly due to improved vessel utilisation of 76% (Q3 FY18: 75%).
- Gross Profit of US$2.7 million in Q3 FY19 compared to US$1.0 million gross loss in Q3 FY18. This was mainly attributable to lower project costs and vessel operating expenses in Q3 FY19.

Financial Highlights – OA

In US$'M



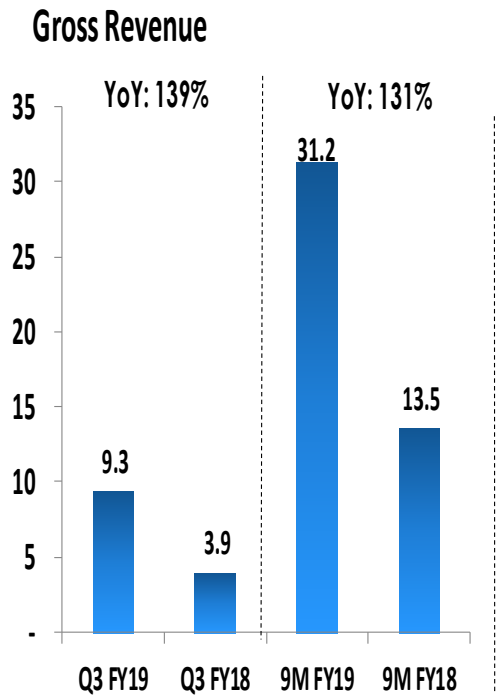


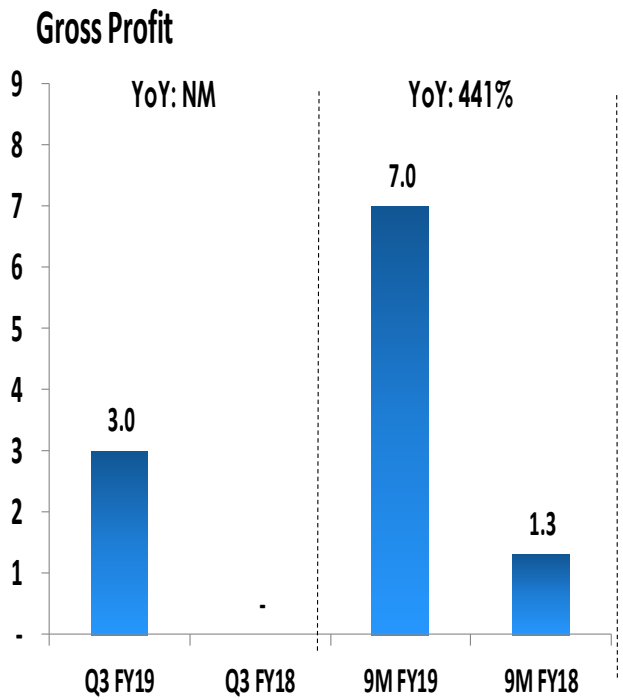


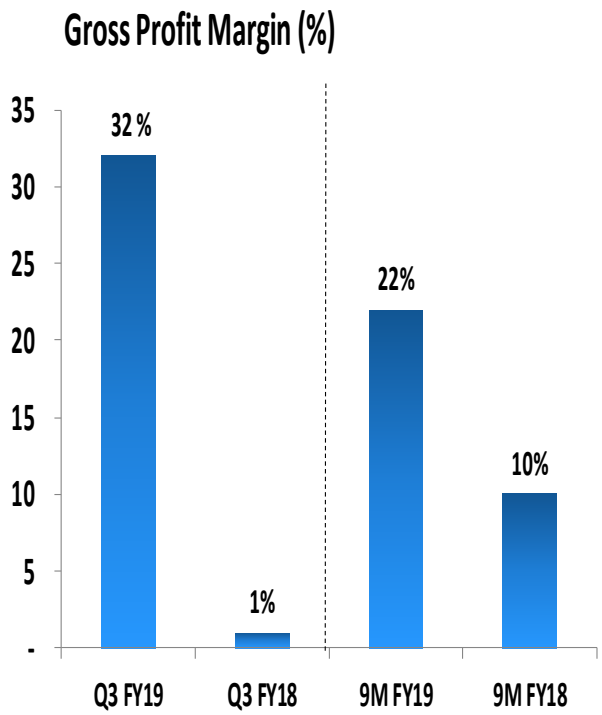
- Revenue decreased 31% to US$31.9 million (Q3 FY 18: US$46.2 million). POSH Xanadu continued to be on charter to Petrobras and POSH Arcadia was off-hired in July 2019 after her short-term charter in South-East Asia.
- Correspondingly, Gross Profit declined 30% to US$9.8 million (Q3 FY18 : US$14.0 million).

Financial Highlights – T&I

In US$'M



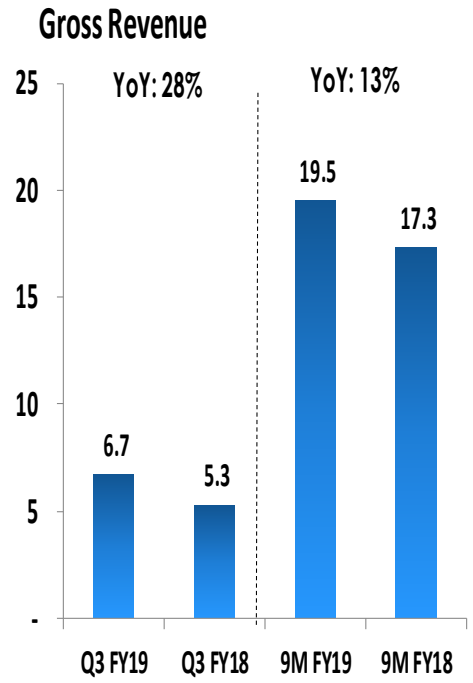


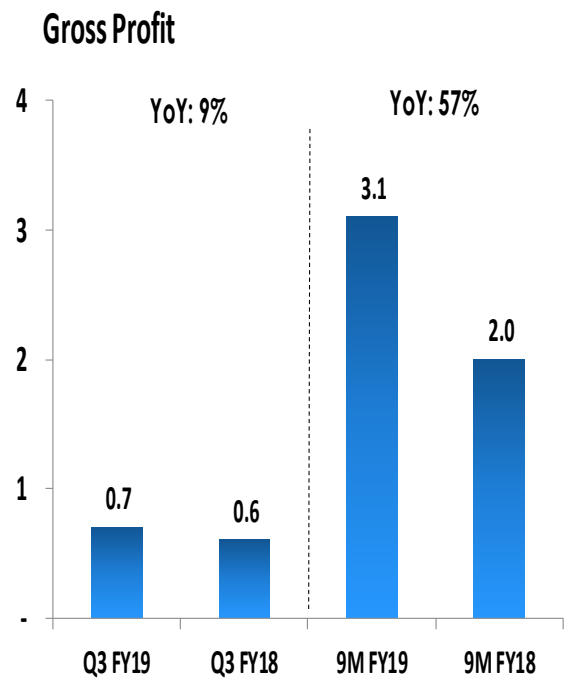


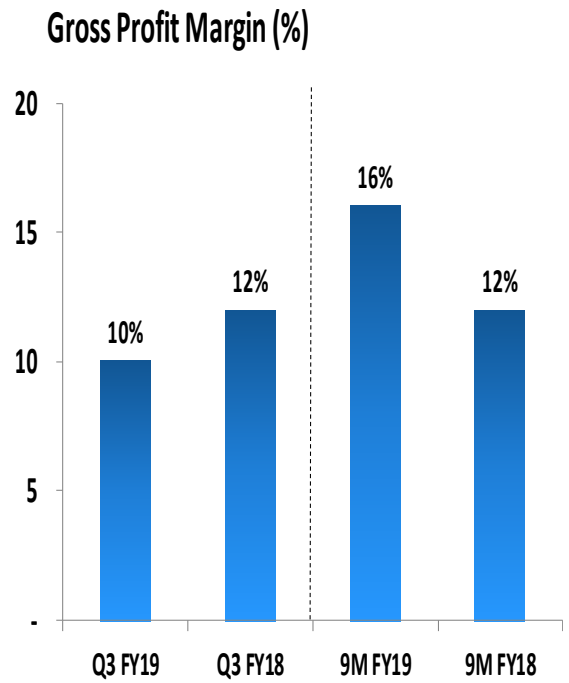
- Revenue for 3Q FY19 increased 139% to US$9.3 million (Q3 FY18: US$3.9 million), mainly attributable to contribution from the offshore renewables operations and improved vessel utilisation of 77% from the T&I fleet (Q3 FY18: 67%).
- The segment registered higher gross profit of US$3.0 million in Q3 FY19 (Q3 FY18: US$29,000).

Financial Highlights – HSER

In US$'M

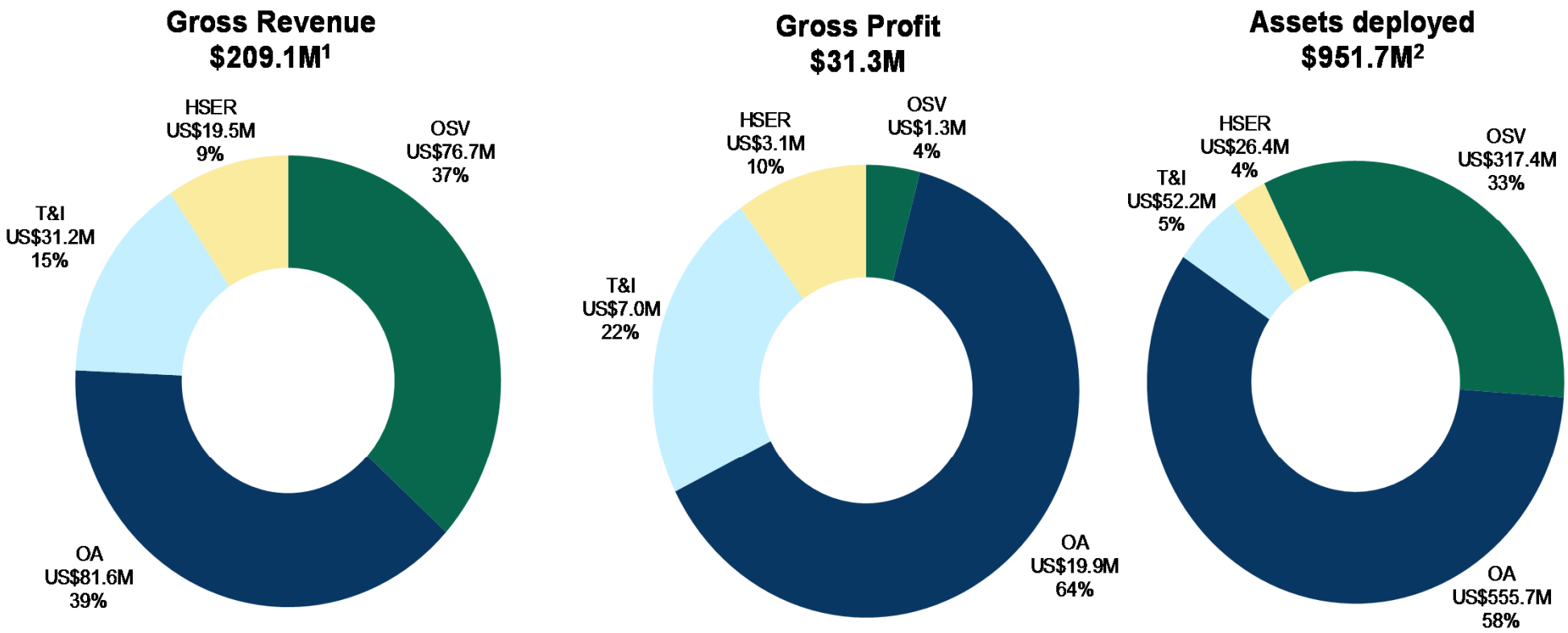






- Revenue increased by 28% to US$6.7 million (Q3 FY18: US$5.3 million) mainly due to higher revenue generated from overseas jobs.
- Gross profit grew by 9% to US$0.7 million (Q3 FY18: US$0.6 million).

Segments results[1] & Assets deployed[2]



[1]: *For period ended 30 Sep 19*
[2]: *As at 30 Sep 19*

Capital Structure

US$'000	30 Sep 19	31 Dec 18
Net Debt	760,572	752,542
Equity[1]	289,929	363,841
Net Debt/Equity	262%	207%

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

- The Group has net current liabilities of US$266.5 million mainly due to bank borrowings due within a year.
- The Group has undrawn bank lines of approximately US$83.5 million as at 30 Sep 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 **41 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 6.1 years	▪ Operates **12 vessels** (JV: 1) with total capacity of approximately 3,400 persons ▪ Average vessel age of 7.0 years	▪ Operates **37 vessels** (JV: 12) including: • 12,000 – 16,300 BHP AHTs • 4,000 – 8,000 BHP AHTs • Barges, including submersible barges and launch barge • Average vessel age of 10.3 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 8.0 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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