

PACC Offshore Services Holdings Ltd.

Results Presentation
Q1 FY16 Results
4 May 2016

Agenda

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Key Highlights

- Revenue of US$58.7 million, up marginally by 2% Year-on-Year (YoY)
- Gross profit of US$14.0 million, up 76% YoY due to lower operating costs
- Net profit attributable to shareholders of US$4.5 million, against US$21,000 in Q1 FY2015
- Significant contracts secured in Q1 FY2016:
  - Extension of contract for SSAV POSH Xanadu
  - Secured long term charters for 5 vessels in the Middle East
  - Towage and positioning of world's largest offshore facility, the Shell Prelude floating liquefied natural gas ("FLNG") platform

FINANCIAL HIGHLIGHTS



Group Financial Highlights

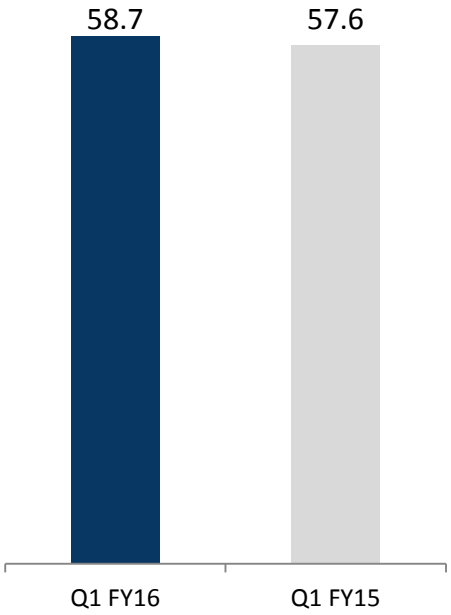
SUMMARY

US$000	Q1 FY16	Q1 FY15	Change
Revenue	58,697	57,585	2%
Gross Profit	14,045	7,994	76%
Other Income	1,765	3,330	-47%
Share of JV Results	4,856	(1,320)	NM
Net Profit After Tax attributable to shareholders	4,451	21	NM
EBITDA	24,088	15,573	55%

Group Financial Highlights – Q1 FY16

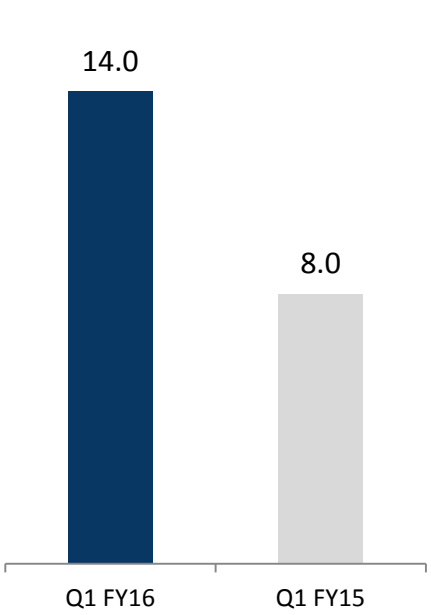
Gross Revenue (US$'M)

YoY +$1.1M (+2%)



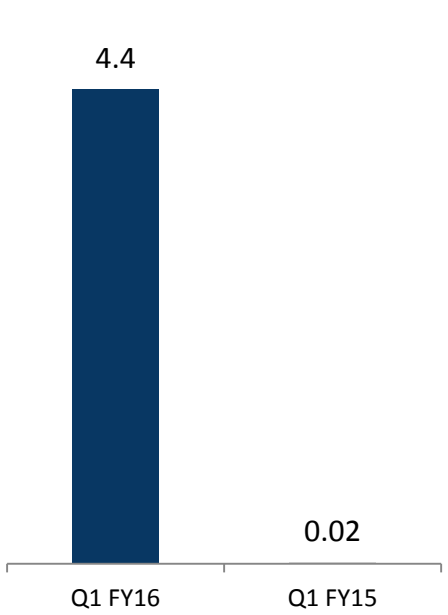
Gross Profit (US$'M)

YoY +$6.0M (+76%)



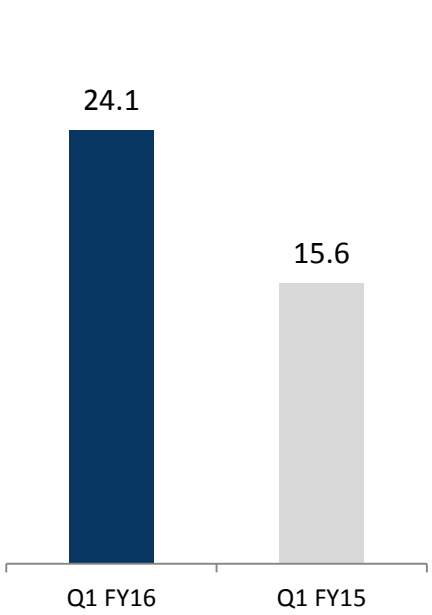
NPAT[1] (US$'M)

YoY +$4.4M (NM)



EBITDA (US$'M)

YoY +$8.5M (+55%)

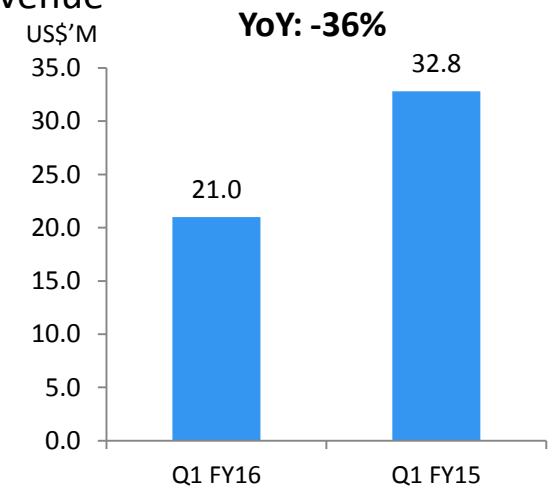


- Q1 FY16 revenue at US$58.7 million, up by 2% year-on-year mainly driven by OA segment
- Gross profit increased due to higher contribution from OA division, offset mainly by lower utilisation and charter rates from other divisions
- Net profit increased due to higher operating profit and better joint venture performance; partly offset by allowance for doubtful debt

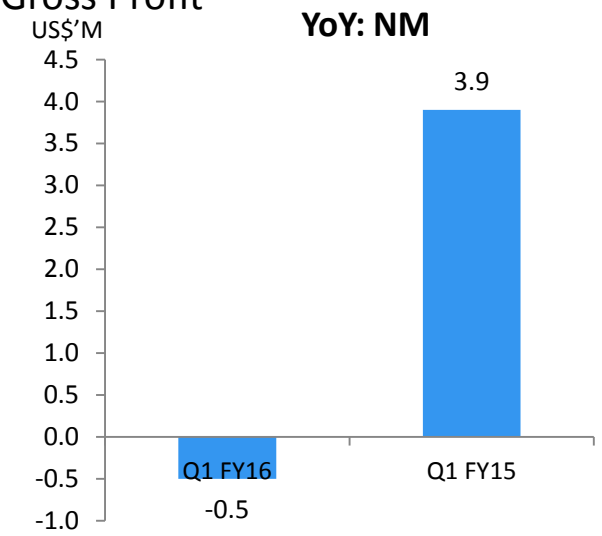
Note 1: Net Profit After Tax attributable to shareholders

Financial Highlights - OSV

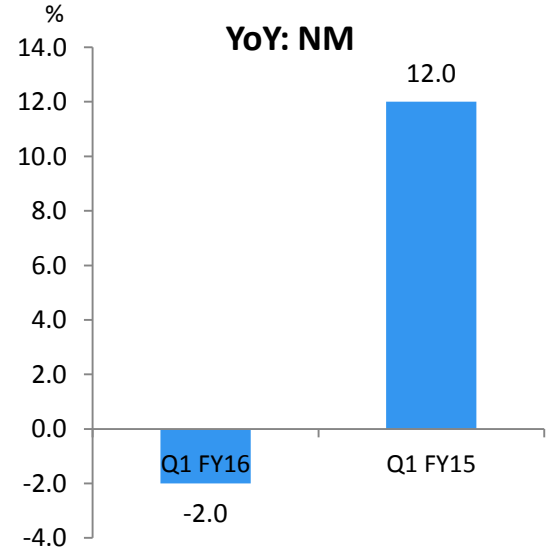
Revenue



Gross Profit



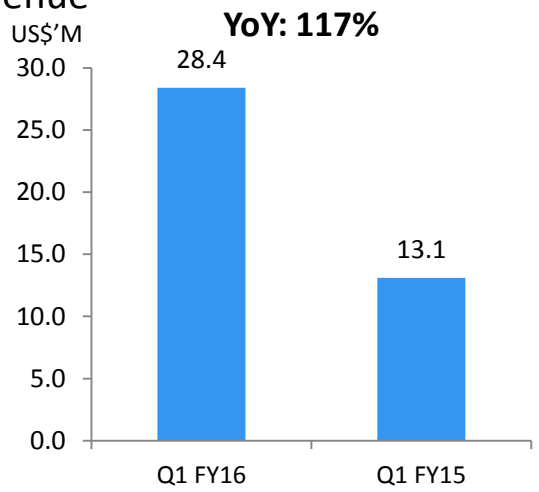
Gross Profit Margin



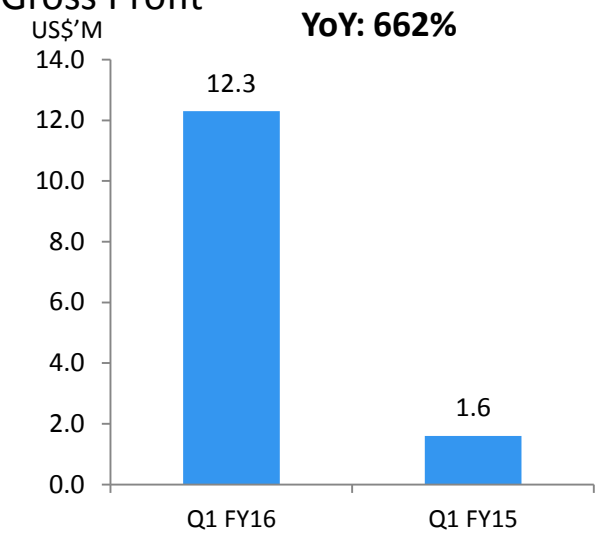
- OSV segment revenue decreased by 36% year-on-year to US$21.0 million mainly due to lower utilisation and charter rates
- Correspondingly, Gross Loss was US$0.5 million

Financial Highlights - OA

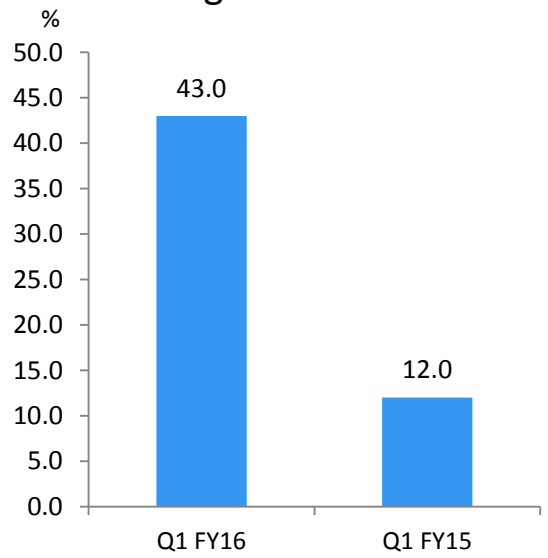
Revenue



Gross Profit



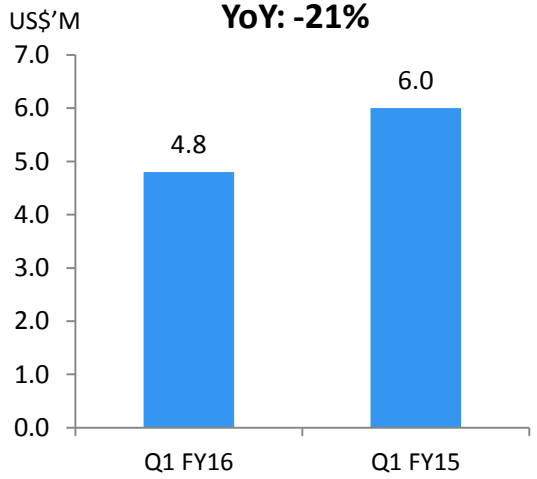
Gross Profit Margin



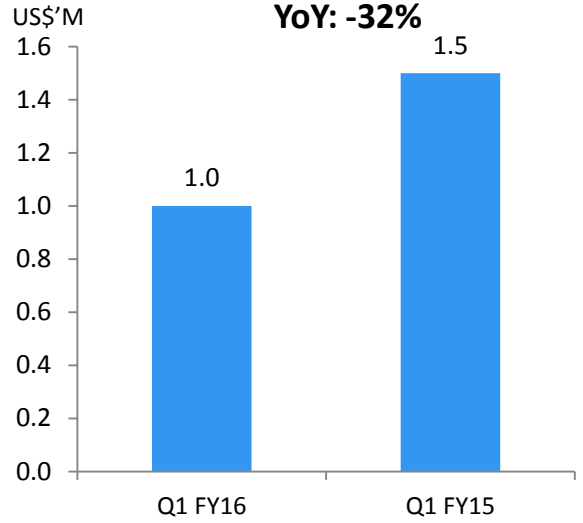
- OA segment revenue increased by 117% year-on-year to US$28.4 million mainly due to full employment of POSH Xanadu and three new light construction vessels
- Correspondingly, Gross Profit increased to US$12.3 million

Financial Highlights – T&I

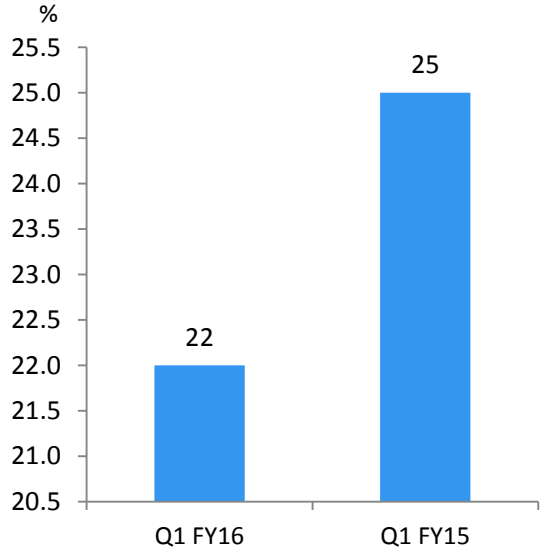
Revenue



Gross Profit



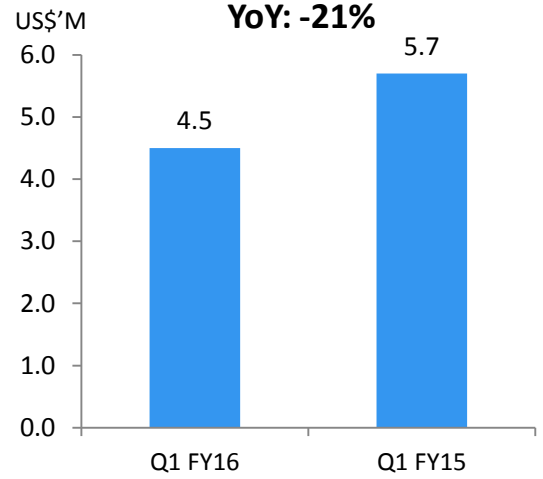
Gross Profit Margin



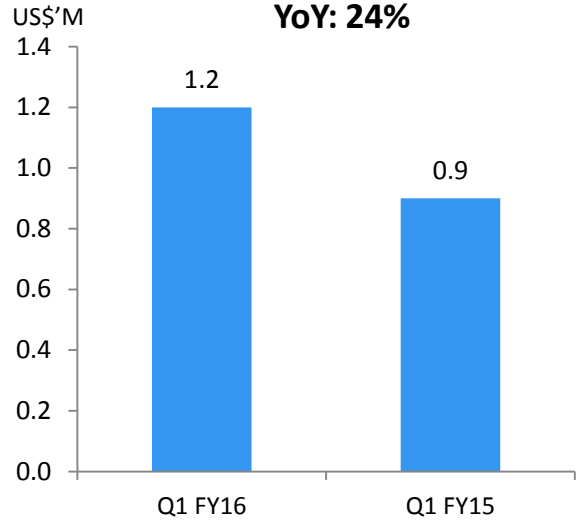
- T&I segment revenue decreased by 21% year-on-year to US$4.8 million mainly due to lower utilisation and charter rates
- Correspondingly, Gross Profit decreased to US$1.0 million

Financial Highlights – HSER

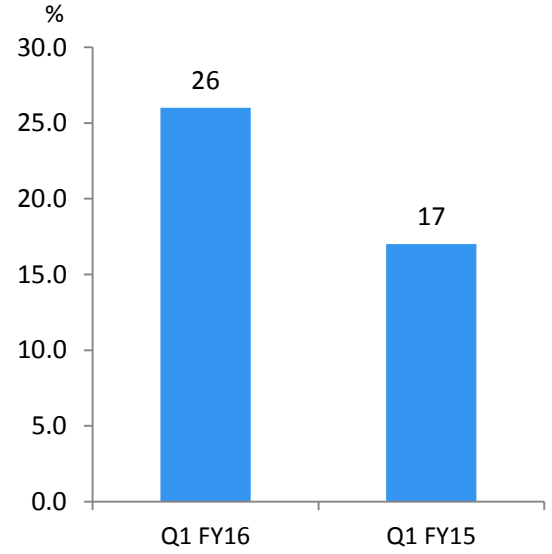
Revenue



Gross Profit



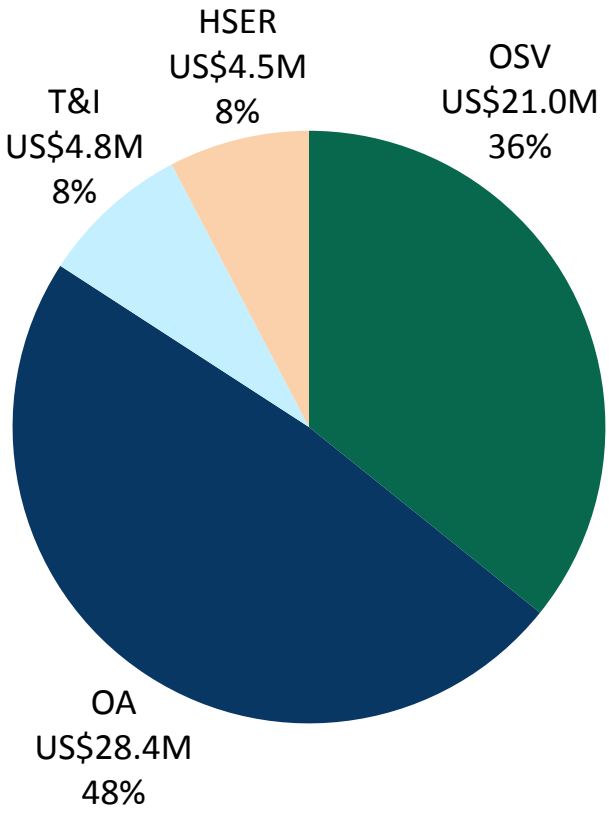
Gross Profit Margin



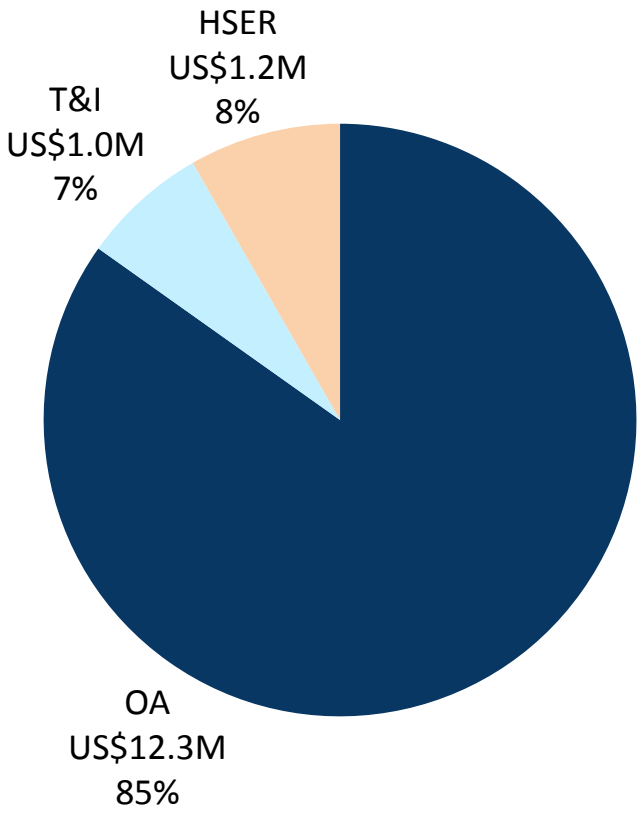
- HSER segment revenue decreased by 21% to US$4.5 million due to lower salvage revenue, partly offset by new charters from harbour services
- Gross Profit recorded was US$1.2 million

Segments results[1] & Assets deployed[2]

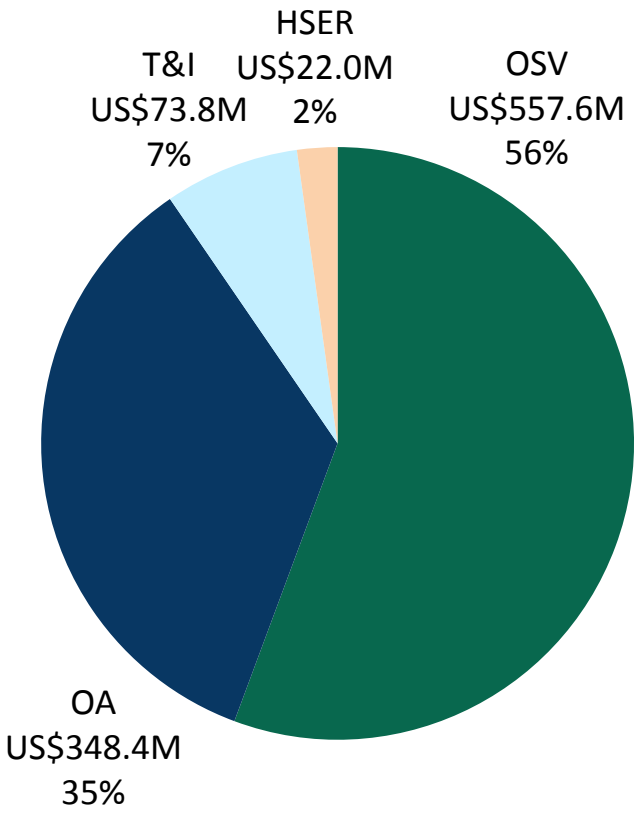
Gross Revenue (US$58.7M)



Gross Profit (US$14.0M[3])



Assets deployed (US$1001.8M)



Note 1: For period Q1 FY16
Note 2: As at 31 Mar 2016
Note 3: OSV made a gross loss of US$0.5m in Q1 FY16

Capital Structure

US$'000	31 Mar 2016	31 Dec 2015
Net Debt	564,067	545,951
Equity	1,065,342	1,061,043
Net Debt /Equity	53%	51%

- POSH has available undrawn bank lines of approximately US$311.7M
- The Group will be prudent in capital management and disciplined in making any new investment

CAPEX Plan

	Wholly Owned	JVs	Under Construction/Order	
Number of vessels[1]	73	38	15	
Net book value[2]	$1,001m	-	-	
CAPEX commitment	-	-	$284M Paid[2]	$145M Outstanding

- As at 31 March 2016, the Group has 15 vessels under construction/order with expected delivery by 2017
- The Group is taking delivery of 11 vessels[2] in FY16 with remaining payments approximating $121M

Note 1: See Appendix for details
Note 2: As of 31 Mar 2016

Business Outlook

- Oil supply remains affected by consensus amongst OPEC members to reach agreement on output target and shale related supply
- Further reduction of capital expenditure by oil companies, with streamlining of operations and cost reductions
- Broader market recovery for oil services sector may take longer than expected due to time lag for development projects
- Sustained pressure on charter rates and utilisation

Focus for 2016

- Operational excellence – continue to invest in training and vessel maintenance to improve on competitive position
- Staying cost competitive – drive cost efficiency across all business lines
- Maximise utilisation rates
- Pursue international growth selectively
- Continue to be prudent in capital management and new investments

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 **29 vessels** (JV: 4) including: • 8,000 – 16,000 BHP AHTS • 2,346 – 4,100 DWT PSVs ▪ **Youngest deepwater and midwater AHTS/PSV fleets globally** ▪ Average vessel age of 4.5 years	▪ Operates **8 vessels** (JV: 1) with total capacity of 2,350 persons ▪ **Capacity expected to increase to 3,338 persons by end 2016** ▪ Average vessel age of 8.3 years	▪ Operates **41 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 8.0 years	▪ Operates **33 vessels** (JV: 20) including: • 3,200 – 5,000 BHP Azimuth Stern Drive (ASD) harbour tugs • Heavy lift crane barges with safe working load capacities of 60 - 1,500 tonnes • Average vessel age of 12.3 years
Typical Contract Type	▪ Mix of short and long-term charters and spot contracts	▪ Long-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

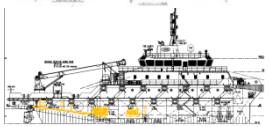
Fleet Optimisation Program

	Current Fleet		New Vessels Under Construction/Committed
Types of Vessels	**Wholly Owned**	**Owned by JVs**	
AHTS	12	4	1
PSV	13	-	2
IMR	-	-	2
AHT	9	9	2
Towing Tugs	4	-	-
Barges	15	4	-
SSAV	1	-	1
Accommodation Vessels	6	1	1
Maintenance Utility Vessels	-	-	2
Harbour Tugs	9	17	4
Crane Barge	1	3	-
Utility Workboats	3	-	-
Total as at 31 Mar 2016	**73**	**38**	**15**

- 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

Vessels to be delivered – Q2 2016 onward

As at 31 March 2016, we have a total of 15 newbuilds contracted for delivery

POSH			Expected Delivery Date	No. of Newbuilds	Size
OA	SSAV		▪ 1H 2016	▪ 1 DP3 SSAV	▪ 750-person
	AV		▪ Q2 2016	▪ 1 LCV	▪ 88 M
			▪ Q2 2017 ▪ Q3 2017	▪ 2 DP2 IMR vessels	▪ 89 M
OSV	AHTS		▪ Q2 2016	▪ 1 DP2 AHTS	▪ 8,000 BHP
	PSV		▪ Q2 2016 ▪ Q3 2016	▪ 2 DP2 PSV	▪ 3000 DWT
T & I	AHT		▪ Q1 2016 ▪ Q2 2016	▪ 2 AHT	▪ 6,600 BHP
	MUV		▪ Q2 2017 ▪ Q2 2017	▪ 2 MUV	▪ 3,200 BHP
HSER	Tug		▪ Q3 2016 ▪ Q3 2016	▪ 2 ASD Harbour Tugs	▪ 5,000 BHP ▪ 5,000 BHP

Vessels to be delivered – Q2 2016 onward (cont'd)

JV		Expected Delivery Date	No. of Newbuilds	Size
Tug		▪ Q3 2016 ▪ Q3 2016	▪ 2 ASD Harbour Tugs	▪ 3,600 BHP

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