



# PACC Offshore Services Holdings Ltd.

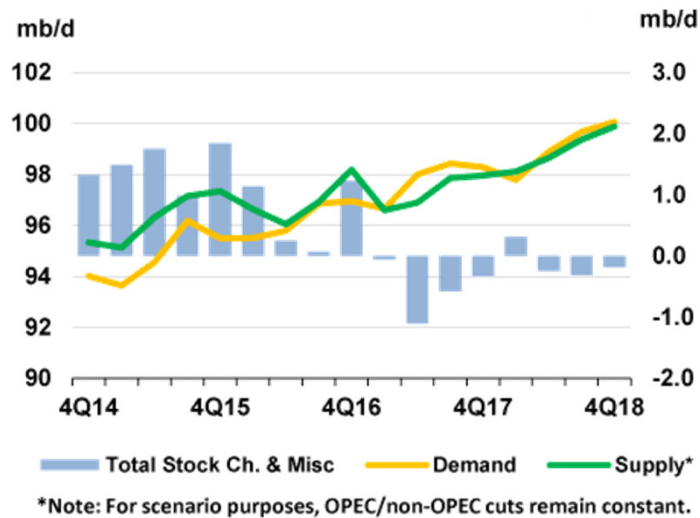
*Results Presentation  
Q4 & FY17 Results  
20 February 2018*



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# Industry Outlook

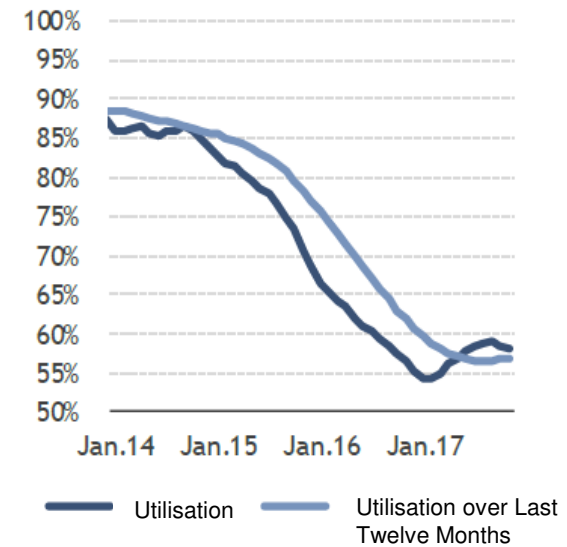
## OPEC production cuts sees market rebalancing



Source: International Energy Agency, Oil Market Report, 19 January 2018

- OPEC's success with its oil production cuts helped crude oil benchmarks break resistance levels and sustained above the US\$60/bbl mark, with Saudi Arabia and Venezuela seen as top performers; OPEC's rate of compliance in December 2017 was at 137%

## Global OSV utilisation to remain depressed



Source: Arctic Securities Research, HIS

- Vessel oversupply and downward pressure on charter rates and vessel utilisation likely to continue despite market bottoming out
- Emergence of competitors from restructuring means stiff competition in an already challenged market



# Operational Milestones in 2017



Provision of accommodation support for ENI's Jangkrik Floating Production Unit (FPU)



Towage and positioning of the INPEX-operated Ichthys CPF, the world's largest semi-submersible platform



Towage and positioning of the INPEX-operated Ichthys Venturer FPSO facility



Towage and positioning of the Shell Prelude FLNG facility, the world's largest offshore floating facility



Provision of accommodation support for Shell Prelude FLNG facility



Towage and positioning of the Total Egina FPSO vessel, the world's largest FPSO

# Key Highlights – Q4 FY2017

- Revenue of US\$62.7 million; an increase of 71% (Q4 FY16: US\$36.7 million) mainly due to higher contribution from OSV and OA segments.
- Net loss attributable to shareholder was US\$193.0 million mainly due to US\$108.3 million of vessels impairment and US\$57.1 million of goodwill impairment. Excluding these impairments and fixed assets disposal gain/(loss), net loss for Q4 FY17 was US\$26.4 million.
- Amid challenging macro conditions, the Group managed to reduced its Q4 FY17 gross loss to US\$1.3 million from US\$9.5 million in Q4 FY16.
- Completed new build programme for our Middle East Long-term contracts.
- Continue to participate actively in tenders in the Middle East & Africa which remain active in current market conditions.



# FINANCIAL HIGHLIGHTS

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# Group Financial Highlights

## SUMMARY

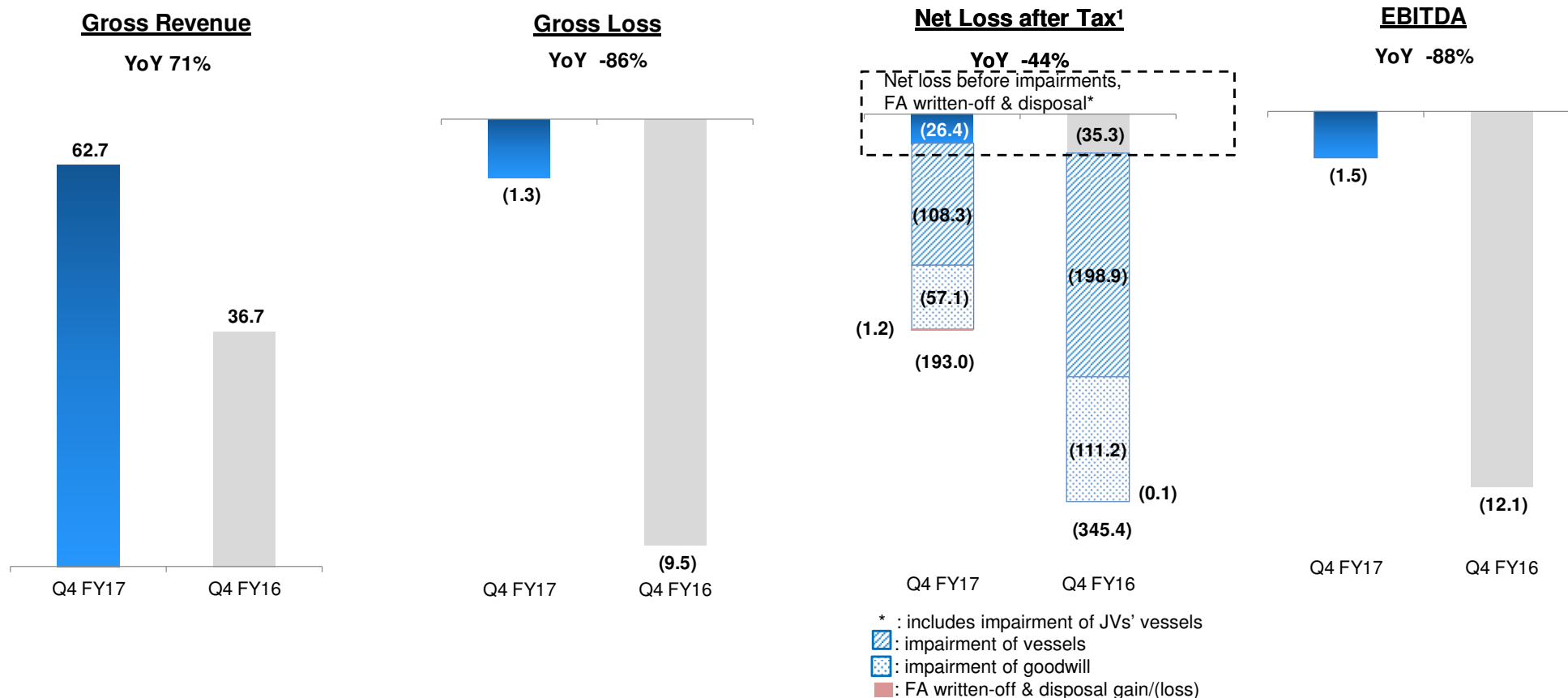
US\$'M	Q4 FY17	Q4 FY16	Change	FY17	FY16	Change
	Actual	Actual		Actual	Actual	
Gross Revenue	62.7	36.7	71%	192.2	183.1	5%
Gross (Loss)/Profit	(1.3)	(9.5)	-86%	(13.4)	5.0	NM
Share of JV Results	(9.7)	(15.5)	-38%	2.4	(13.8)	NM
Net (Loss)/Profit after Tax <sup>1</sup>	(193.0)	(345.4)	-44%	(230.3)	(371.4)	-38%
Impairment of goodwill	(57.1)	(111.2)	-49%	(57.1)	(111.2)	-49%
Impairment of fixed assets ("FA")	(108.3)	(198.9)	-46%	(108.3)	(198.9)	-46%
Net (Loss)/Profit <sup>1</sup> excluding impairments, FA written-off and disposal gain/(loss)	(26.4)	(35.3)	-25%	(61.8)	(61.2)	1%
EBITDA	(1.5)	(12.1)	-88%	26.5	23.9	11%

<sup>1</sup>: Net (Loss)/Profit after tax attributable to shareholders



# Group Financial Highlights – Q4 FY17

In US\$'M



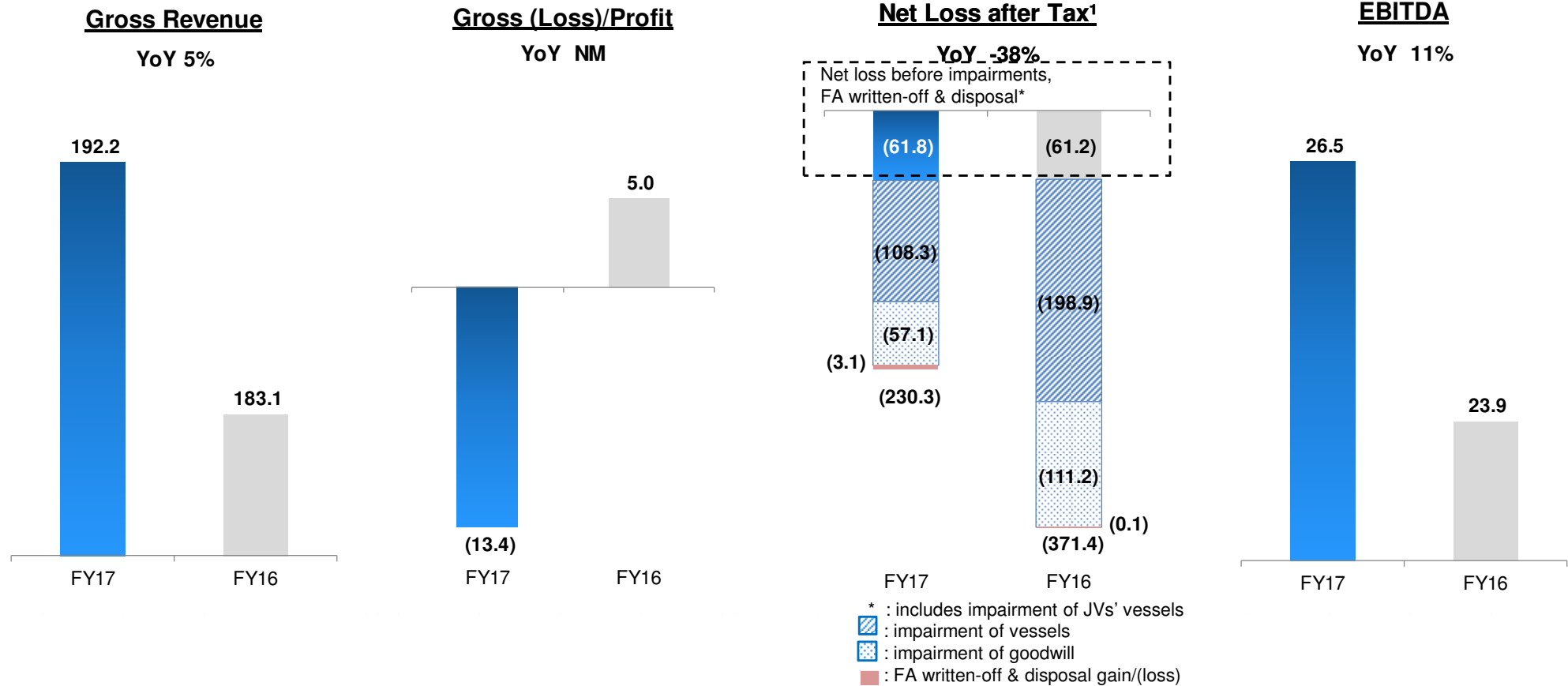
- Revenue increased mainly due to higher contribution from OSV and OA segments.
- Lower Gross Loss mainly due to higher contribution from OA, T&I and HSER, offset by lower performance of OSV.
- Lower Net Loss mainly due to higher gross profit from OA and HSER, lower gross loss from T&I & higher contribution from POSH Terasea (JV), lower allowance for doubtful debt of US\$1.3M (Q4 FY16: US\$2.6M), lower impairment of goodwill and vessels, offset by higher finance cost.

<sup>1</sup>: Net (Loss)/Profit after tax attributable to shareholders



# Group Financial Highlights – FY17

In US\$'M



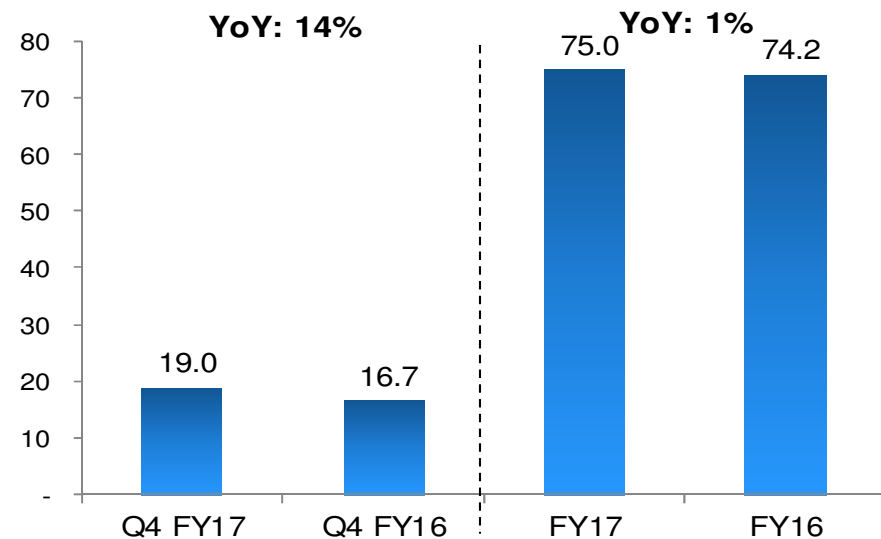
- Revenue increased mainly due to higher revenue from OA segment.
- Gross Loss instead of Gross Profit mainly due to lower contribution from OA, partly offset by improved performance in other segments.
- Lower Net Loss mainly due to lower impairment of goodwill and vessels, lower allowance for doubtful debt of US\$3.2M (FY16: US\$13.8M), higher contribution from POSH Terasea (JV), offset by lower gross operating profit.

<sup>1</sup>: Net (Loss)/Profit after tax attributable to shareholders

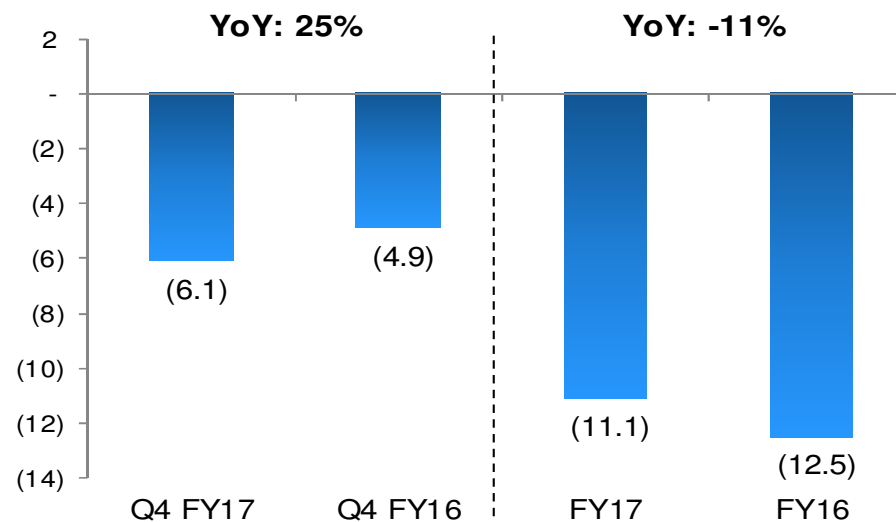
# Financial Highlights - OSV

In US\$'M

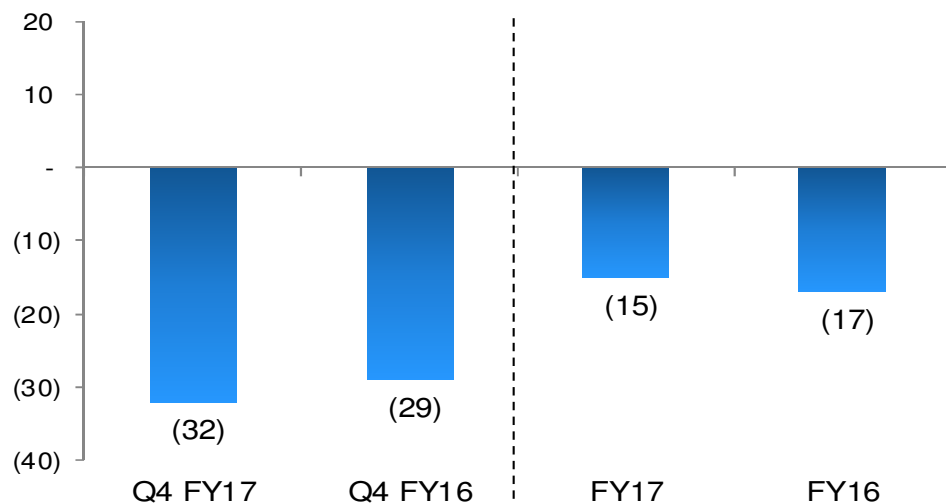
## Gross Revenue



## Gross Loss



## Gross Loss Margin (%)

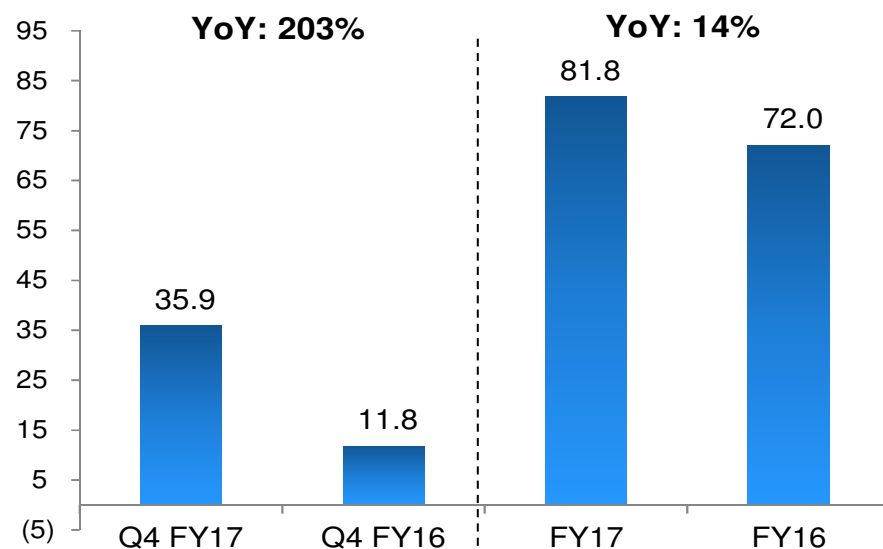


- Revenue increased mainly due to revenue from long-term charters to the Middle East and vessels chartered to the Shell Prelude project.
- Utilisation rate was 61% in Q4 FY17 compared to 62% in Q4 FY16.

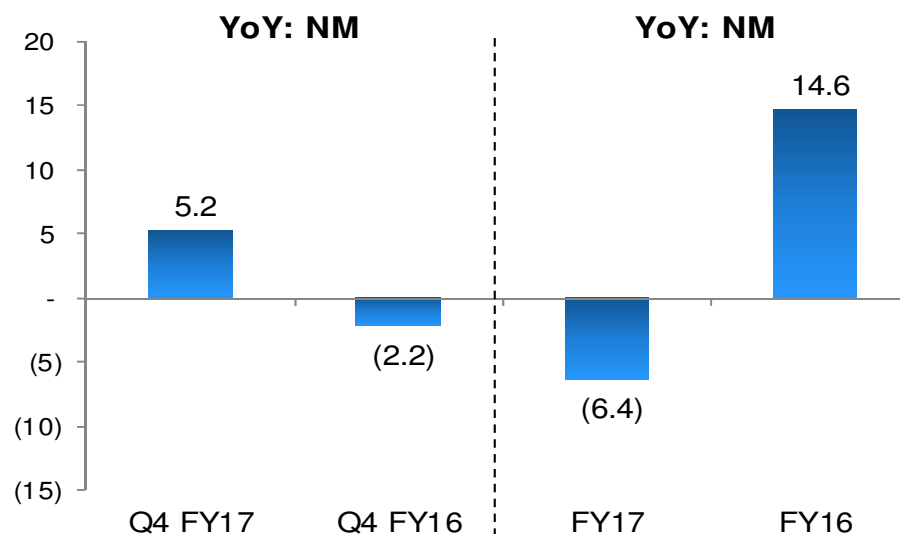
# Financial Highlights - OA

In US\$'M

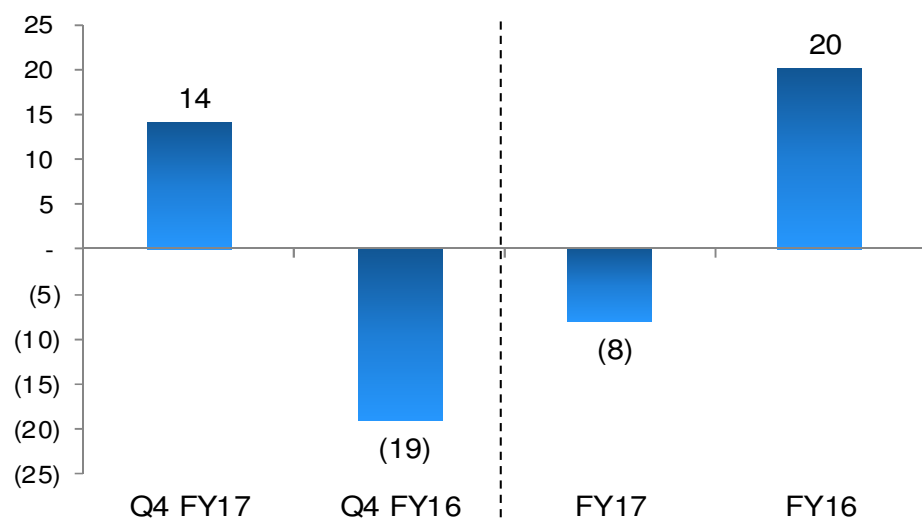
## Gross Revenue



## Gross Profit/(Loss)



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



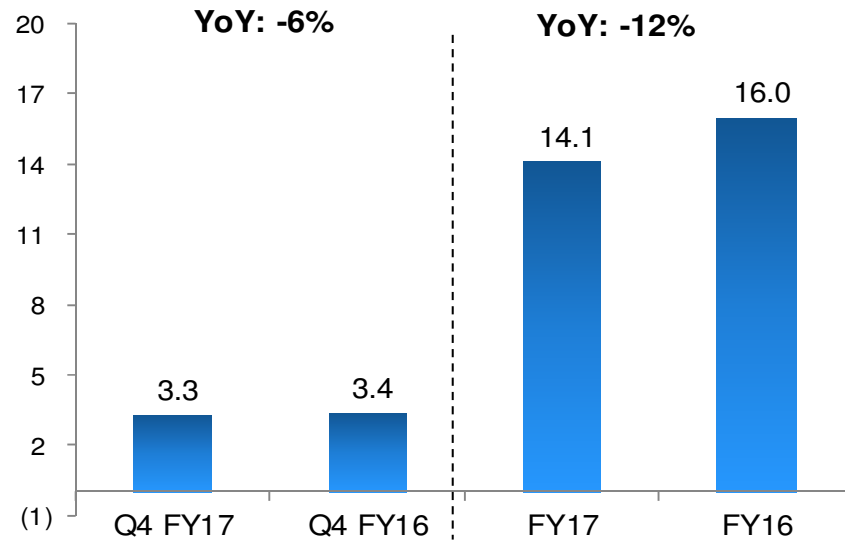
- Revenue increased mainly due to POSH Arcadia, a Semi-submersible Accommodation Vessel (“SSAV”) continuing her charter on the Shell Prelude project; three of the Light Construction Vessels were on charter in Q4 FY17.
- Higher revenue reverse Gross Loss to Gross Profit in Q4 FY17.



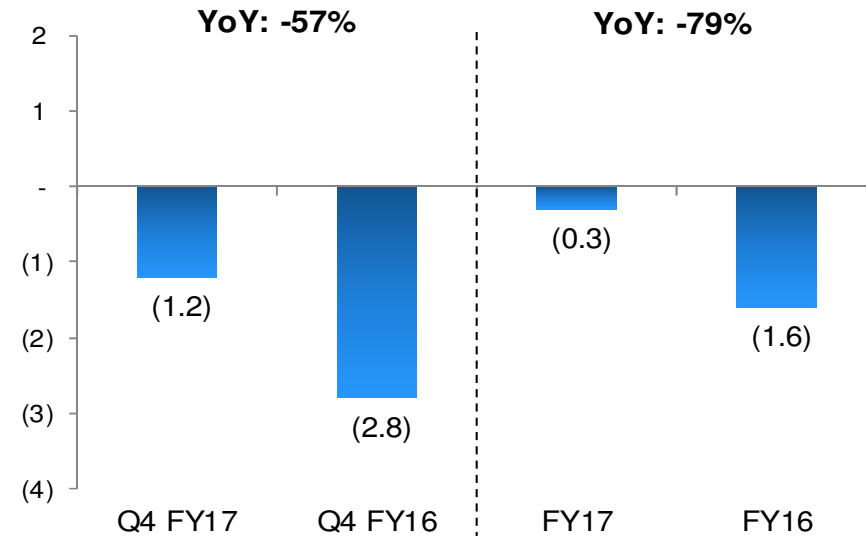
# Financial Highlights – T&I

In US\$'M

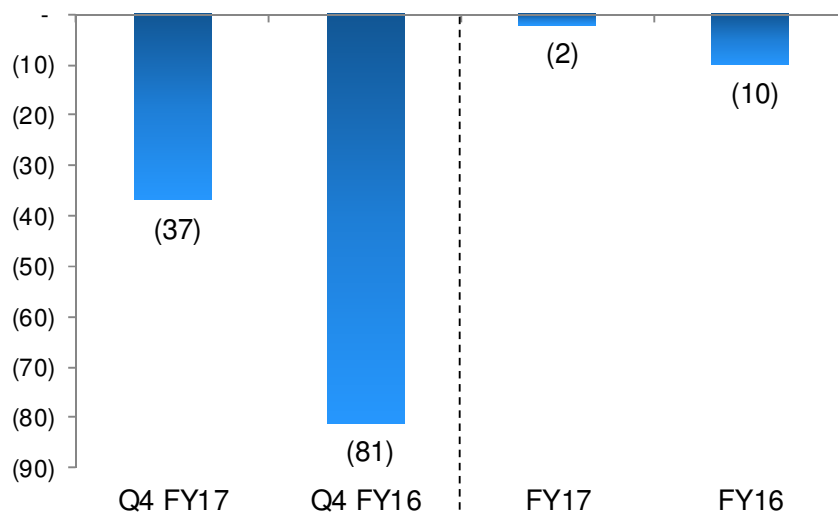
## Gross Revenue



## Gross Loss



## Gross Loss Margin (%)

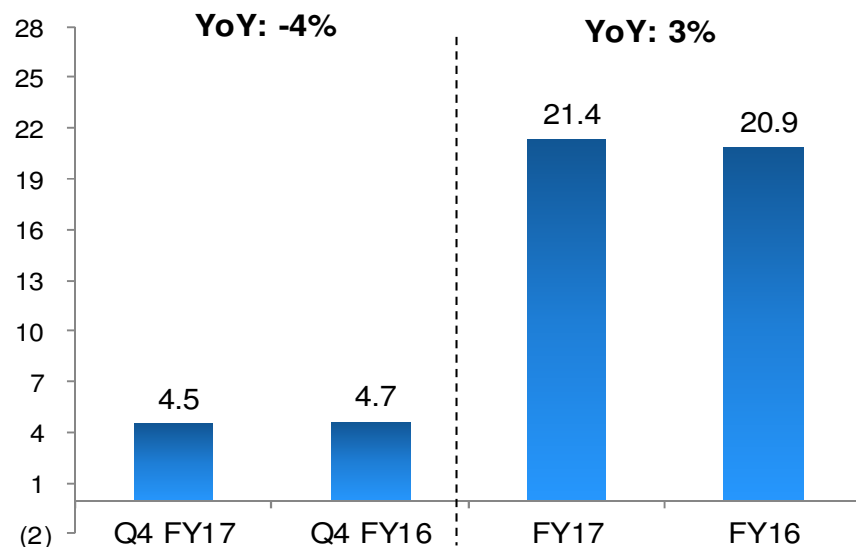


- Revenue decreased in Q4 FY17 mainly due to lower charter rates.
- Utilisation rate was 42% in Q4 FY17, compared to 34% in Q4 FY16.

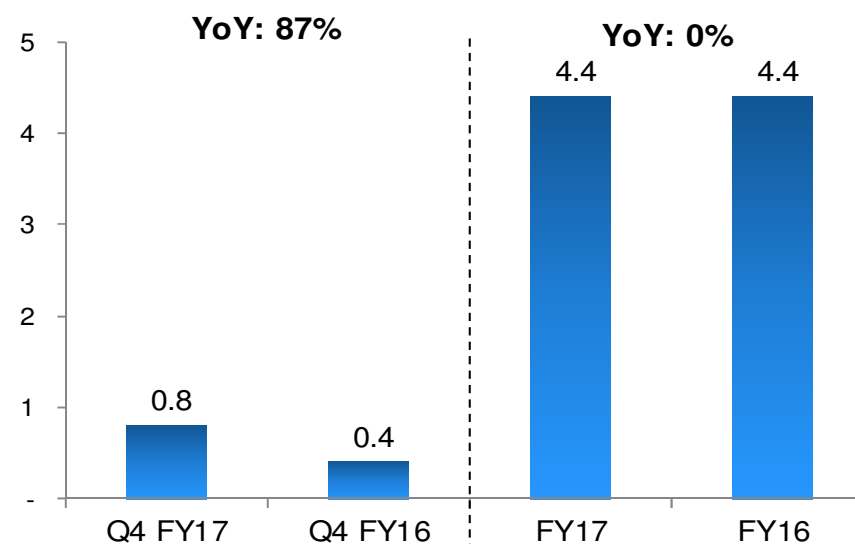
# Financial Highlights – HSER

In US\$'M

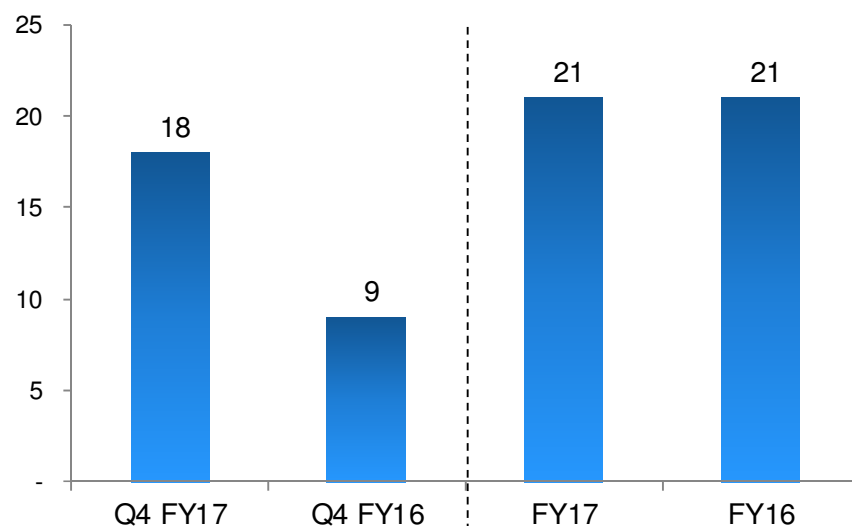
## Gross Revenue



## Gross Profit



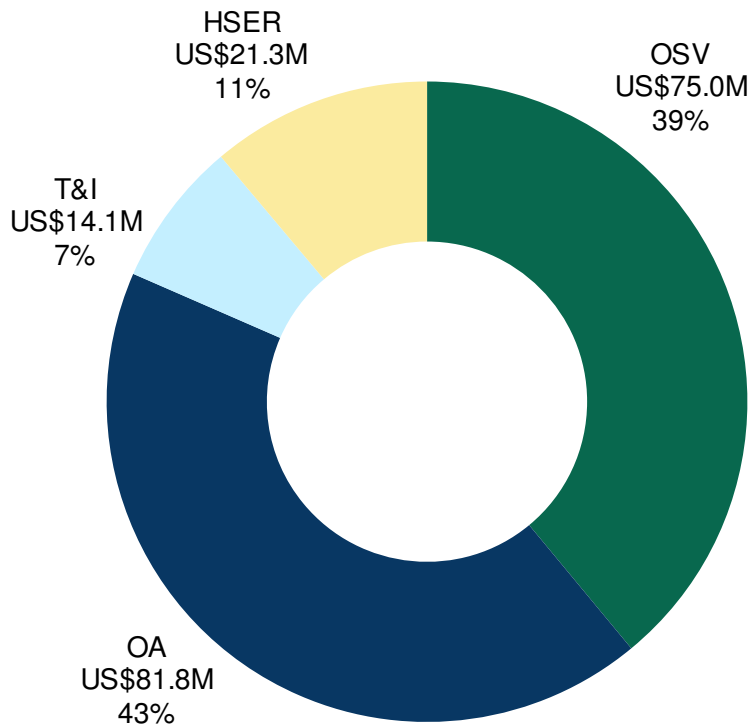
## Gross Profit Margin (%)



- Lower revenue mainly due to lower overseas and spot charters for Harbour Tugs in Q4 FY17.

# Segments results<sup>1</sup> & Assets deployed<sup>2</sup>

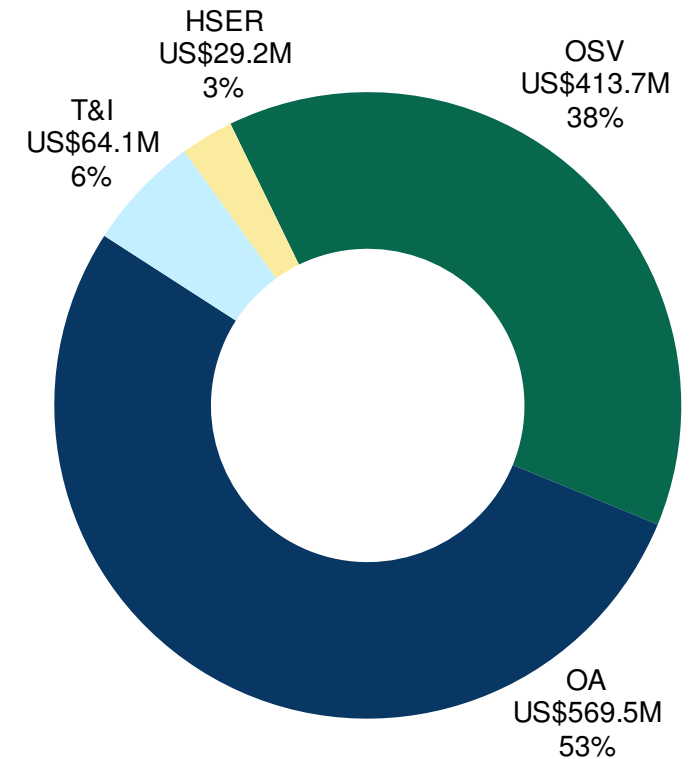
**Gross Revenue  
(\$192.2M)**



**Gross Profit  
(-\$13.4M<sup>3</sup>)**



**Assets deployed  
(\$1,076.5M)**



<sup>1</sup>: For year ended 31 Dec 17

<sup>2</sup>: As at 31 Dec 17

<sup>3</sup>: OSV, OA and T&I made a Gross Loss of \$11.1M, \$6.4M and \$0.3M respectively



# Capital Structure

US\$'000	31 Dec 17	31 Dec 16
<b>Net Debt</b>	<b>751,837</b>	<b>693,274</b>
<b>Equity<sup>1</sup></b>	<b>460,275</b>	<b>688,332</b>
<b>Net Debt/Equity</b>	<b>163%</b>	<b>101%</b>

<sup>1</sup>: Equity attributable to shareholders of the Company

- The Group has net current liabilities of US\$188.4 million mainly due to bank borrowings due within a year.
- The Group has undrawn bank lines of approximately US\$132.6 million as at 31 Dec 17.

	Wholly owned	Owned by JVs	Under Construction
<b>Number of Vessels<sup>1</sup></b>	88	37	1
<b>Net Book Value<sup>2</sup></b>	US\$1,076.5M	-	-
<b>CAPEX Commitment</b>	-	-	US\$14.0M
			Outstanding <sup>3</sup>

<sup>1</sup>: See Appendix for details

<sup>2</sup>: as at 31 Dec 17

<sup>3</sup>: For commercial sensitivity reason, only outstanding amount as at 31 Dec 17 is shown here.

- As at 31 Dec 17, the Group has one vessel under construction with expected delivery by Q2 2018.

## Our four strategic areas of focus

### Drive Operational Excellence

- Uncompromising commitment to uphold operational and safety standards
- Continue to invest in talent development

### Maintain Fiscal Discipline

- Prudent capital management
- Pursue charters that generate positive cash flow and EBITDA

### Continue Cost Efficiency and Optimisation

- Continue to reduce operating expenses across operations
- 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
- Re-profile and optimise asset portfolio



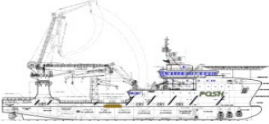
# Appendix

# Overview of Business Segments

	Offshore Supply Vessels (OSV)	Offshore Accommodation (OA)	Transportation and Installation (T&I)	Harbour Services and Emergency Response (HSER)
Description	<ul style="list-style-type: none"> <li>▪ <b>AHTS and PSV:</b> Mid to deepwater oilfield operations in exploration, development, construction and production phases</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Offshore accommodation, workshop and storage facilities:</b> Offshore construction and maintenance operations</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>AHT:</b> Ocean towage of FPSOs and large offshore structures; shallow-water pipelay and construction works</li> <li>▪ <b>Barge:</b> Transportation, floatovers and launching of platform jackets</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Harbour Services:</b> Support harbour towage operators and provide heavy lift services to shipyards</li> <li>▪ <b>Emergency Response:</b> Salvage, wreck removal, rescue and oil-spill response operations globally</li> </ul>
Fleet	<ul style="list-style-type: none"> <li>▪ Operates <b>44 vessels</b> (JV: 5) including:               <ul style="list-style-type: none"> <li>• 7,000 – 16,000 BHP AHTS</li> <li>• 2,346 – 4,100 DWT PSVs</li> </ul> </li> <li>▪ <b>Youngest deepwater and midwater AHTS/PSV fleets globally</b></li> <li>▪ Average vessel age of 4.5 years</li> </ul>	<ul style="list-style-type: none"> <li>▪ Operates <b>11 vessels</b> (JV: 1) with total capacity of approximately 3,300 persons</li> <li>▪ Average vessel age of 5.7 years</li> </ul>	<ul style="list-style-type: none"> <li>▪ Operates <b>38 vessels</b> (JV: 13) including:               <ul style="list-style-type: none"> <li>• 12,000 – 16,300 BHP AHTs</li> <li>• 4,000 – 8,000 BHP AHTs</li> <li>• Barges, including submersible barges and launch barge</li> <li>• Average vessel age of 8.7 years</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Operates <b>32 vessels</b> (JV: 18) including:               <ul style="list-style-type: none"> <li>• 3,200 – 5,000 BHP Azimuth Stern Drive (ASD) harbour tugs</li> <li>• Heavy lift crane barges</li> <li>• Average vessel age of 7.3 years</li> </ul> </li> </ul>
Typical Contract Type	<ul style="list-style-type: none"> <li>▪ Mix of short and long-term charters and spot contracts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mix of long and short-term contracts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Short-term charters or lump-sum project contracts</li> </ul>	<ul style="list-style-type: none"> <li>▪ MPA license to provide port towage services in Singapore</li> <li>▪ Retainer agreements for emergency response services</li> </ul>

# Vessels to be delivered – Q1 FY18 onward

*As at 31 Dec 17, we have one newbuild contracted for delivery.*

POSH			Expected Delivery Date	No. of Newbuilds	Size	Contract
OA	IMR & MPSV		<ul style="list-style-type: none"> <li>Q2 FY18</li> </ul>	<ul style="list-style-type: none"> <li>1 DP2 IMR</li> </ul>	<ul style="list-style-type: none"> <li>108 pax</li> </ul>	<ul style="list-style-type: none"> <li>Firm 5 years plus 2 yrs extension</li> </ul>

# Fleet Optimisation Program

Type of vessels	Current fleet		New vessel under construction/ committed
	Wholly owned	Owned by JVs	
<b>AHTS</b>	22	4	-
<b>PSV</b>	13	1	-
<b>Maintenance Utility Vessels</b>	4	-	-
<b>AHT</b>	9	9	-
<b>Towing Tugs</b>	2	-	-
<b>Barges</b>	14	4	-
<b>SSAV</b>	2	-	-
<b>Accommodation Vessels</b>	6	1	-
<b>IMR/MPSV</b>	2	-	1
<b>Harbour Tugs</b>	11	16	-
<b>Crane Barges</b>	-	2	-
<b>Utility Workboats</b>	3	-	-
<b>Total as at 31 Dec 17</b>	<b>88</b>	<b>37</b>	<b>1</b>

- 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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