

PACC Offshore Services Holdings Ltd.

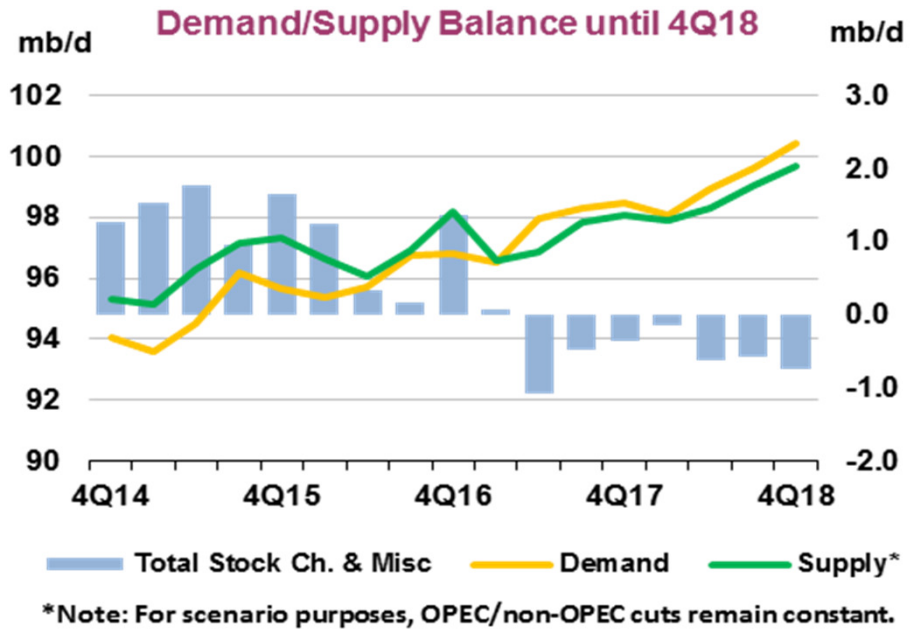
Results Presentation
Q1 FY18 Results
8 May 2018

Agenda

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Industry Outlook

- Forecast for global oil demand growth for 2018 remained at 1.5 mb/d; supported by increase in OECD demand
- Global oil supply eased by 120 kb/d in March, to 97.8 mb/d, after OPEC and non-OPEC producers deepened their cuts to 2.4 mb/d; in March, OPEC and non-OPEC reached compliance rate of 163% and 90% respectively for production cuts
- Tighter compliance with output deal alongside with the political uncertainty in the Middle East helped propel Brent crude oil price back above US$ 70/bbl



Source: International Energy Agency, Oil Market Report, 13 April 2018

Key Highlights – Q1 FY2018

- Revenue of US$70.6 million; an increase of 104% (Q1 FY17: US$34.6 million) mainly due to higher contribution from OA and OSV segments.
- Net loss attributable to shareholder reduced 61% to US$7.2 million (Q1 FY17: US$18.6 million)
- The Group reported a gross profit of US$9.9 million compared with a gross loss of US$4.9 million in Q1 FY17.
- All the 12 vessels for Middle East Long-term contracts have been fully deployed.
- Continue to participate actively in tenders in the Middle East & Africa which remain active in current market conditions.

FINANCIAL HIGHLIGHTS



Group Financial Highlights

SUMMARY

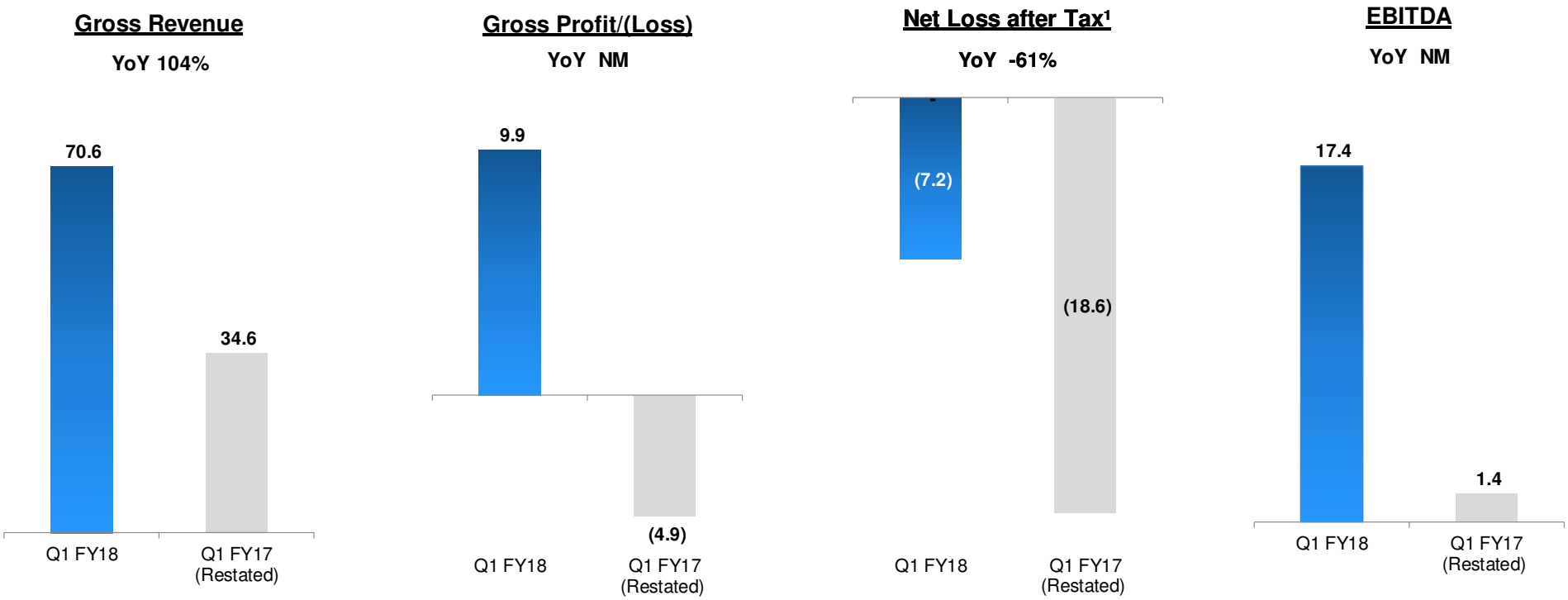
US$'M	Q1 FY18 Actual	Q1 FY17 (Restated)[1]	Change
Gross Revenue	**70.6**	34.6	104%
Gross Profit/(Loss)	**9.9**	(4.9)	NM
Share of JV Results	**0.6**	(4.8)	NM
Net Loss after Tax[2]	**(7.2)**	(18.6)	-61%
EBITDA	**17.4**	1.4	NM

[1]: The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") framework for the financial year ending 31 December 2018 and has applied SFRS(I) with 1 January 2017 as the date of transition.

[2]: Net (Loss)/Profit after tax attributable to shareholders

Group Financial Highlights – Q1 FY18

In US$'M



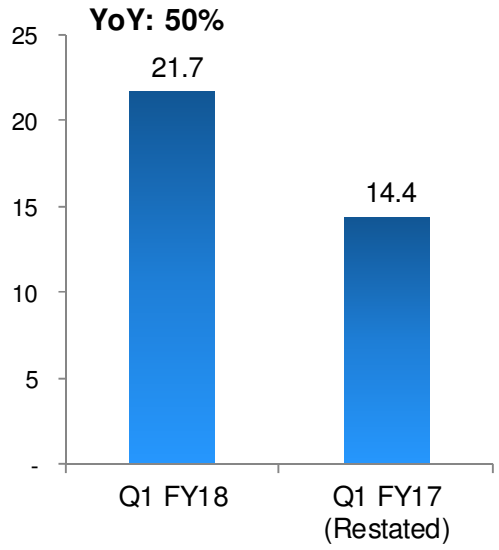
- Revenue increased mainly due to higher contribution from OA and OSV segments.
- Gross profit instead of gross loss mainly due to higher contribution from OA and OSV.
- Lower Net Loss mainly due to higher gross profit from OA, higher contribution from JVs, offset by higher G&A, finance cost & taxation.

[1]: Net (Loss)/Profit after tax attributable to shareholders

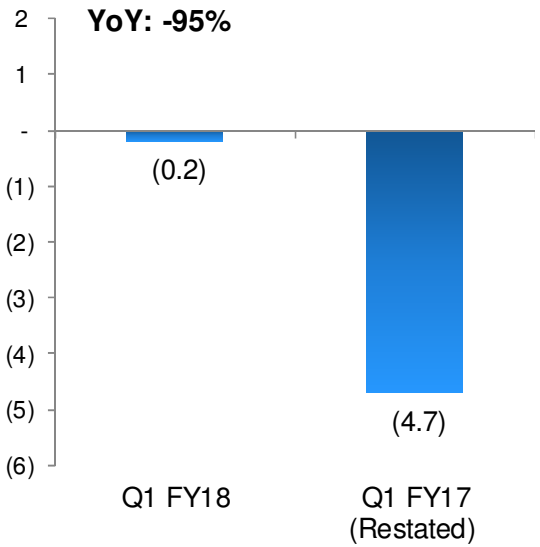
Financial Highlights - OSV

In US$'M

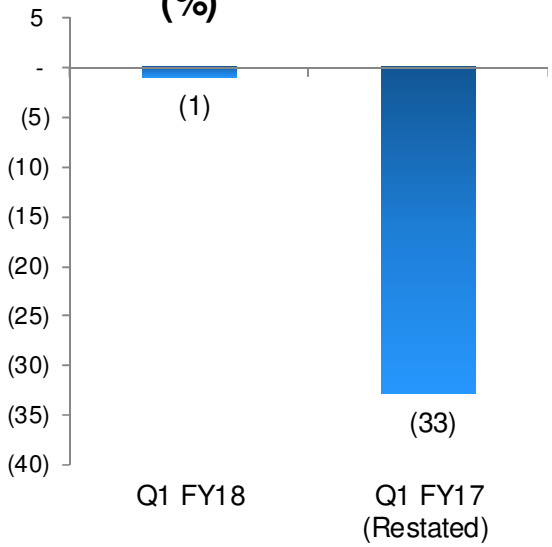
Gross Revenue



Gross Loss



Gross Loss Margin (%)

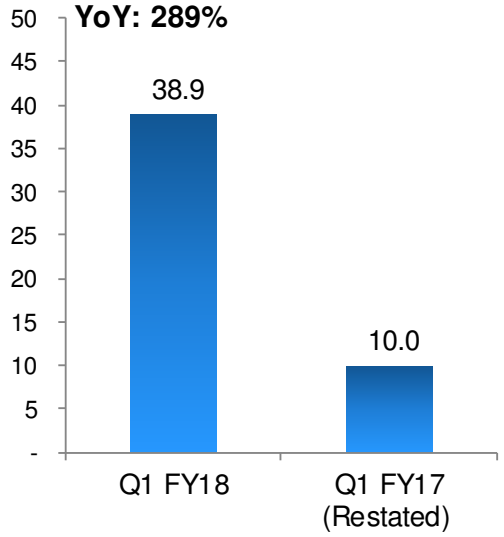


- Revenue increased mainly due to revenue from long-term charters to the Middle East.
- Utilisation rate was 68% in Q1 FY18 compared to 59% in Q1 FY17.

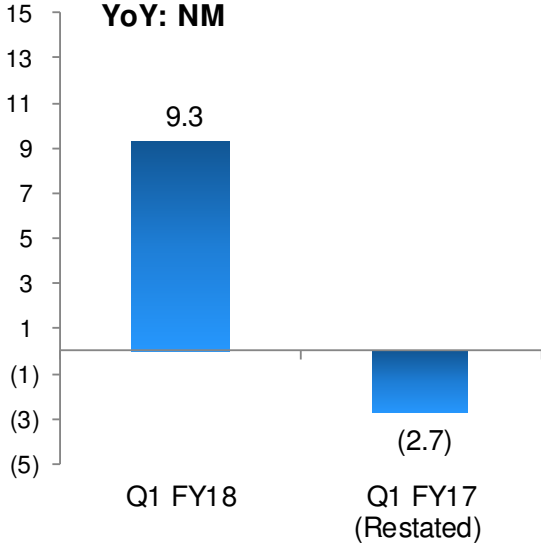
Financial Highlights - OA

In US$'M

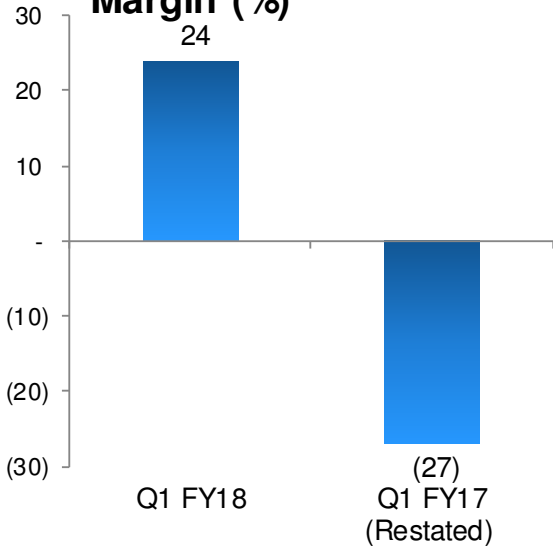
Gross Revenue



Gross Profit/(Loss)



Gross Profit/(Loss) Margin (%)

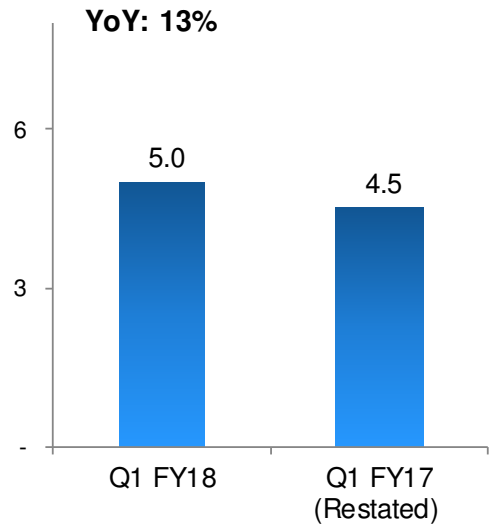


- Revenue increased mainly due to POSH Arcadia, a Semi-submersible Accommodation Vessel ("SSAV") continuing her charter on the Shell Prelude project; and three out of four Light Construction Vessels ("LCVs") were on charter as compared to one vessel on charter in Q1 FY17.
- Gross profit in Q1 FY18 instead of gross loss, as a result of higher revenue.

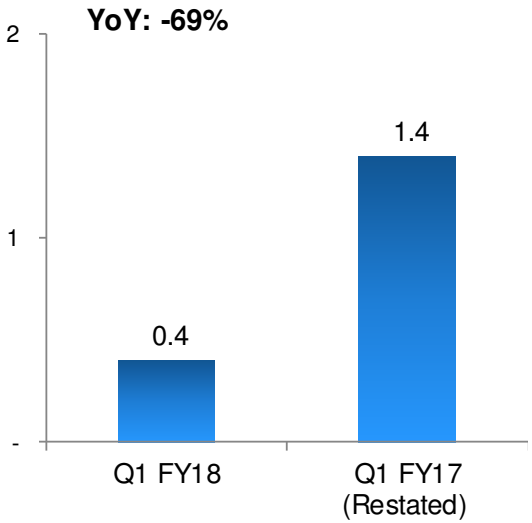
Financial Highlights – T&I

In US$'M

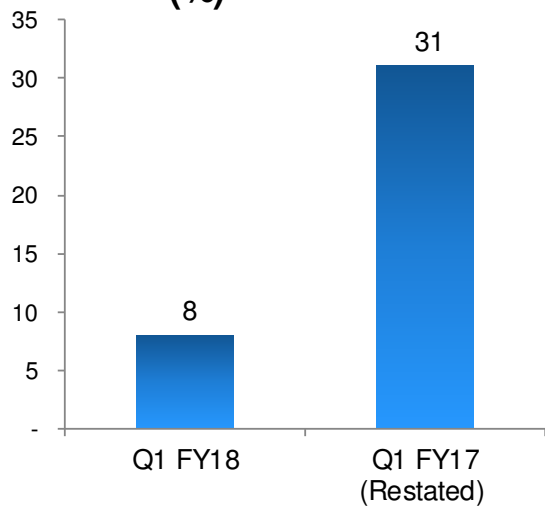
Gross Revenue



Gross Profit



Gross Profit Margin (%)

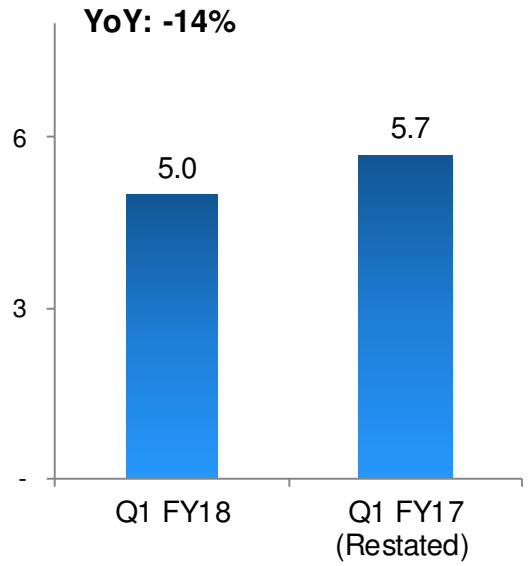


- Revenue increased in Q1 FY18 mainly due to higher utilisation.
- Utilisation rate was 53% in Q1 FY18, compared to 33% in Q1 FY17.
- While utilisation improved, charter rates remain depressed, resulted to lower gross profit.

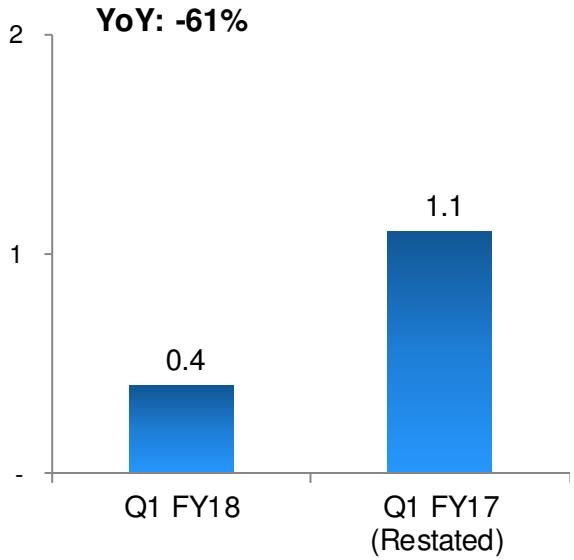
Financial Highlights – HSER

In US$'M

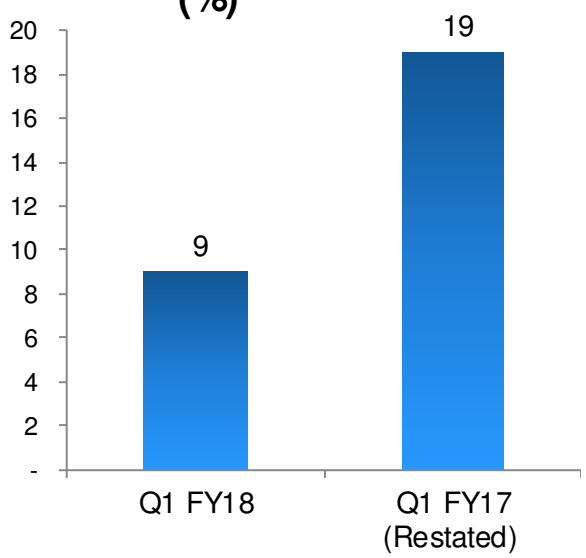
Gross Revenue



Gross Profit

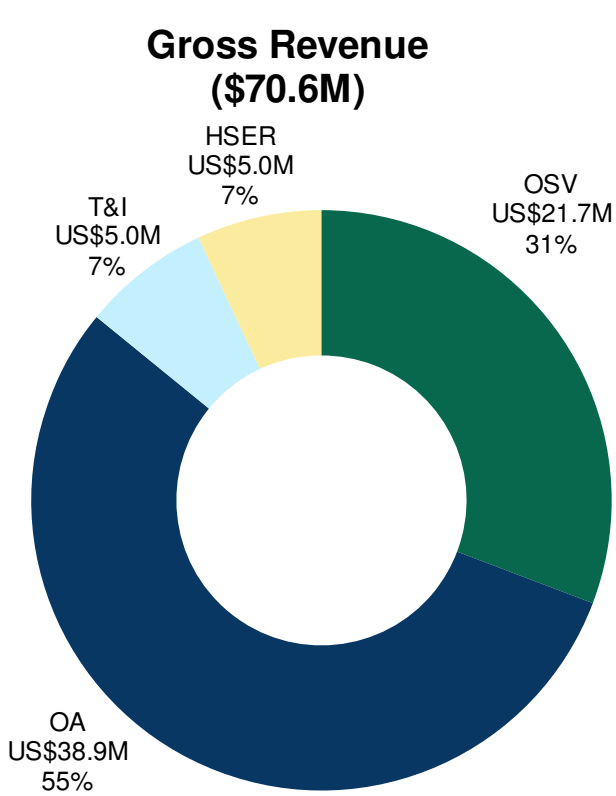


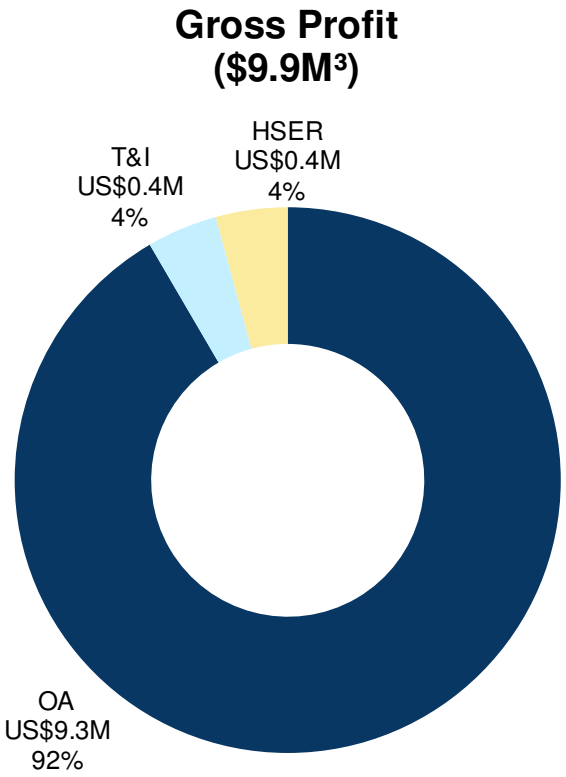
Gross Profit Margin (%)

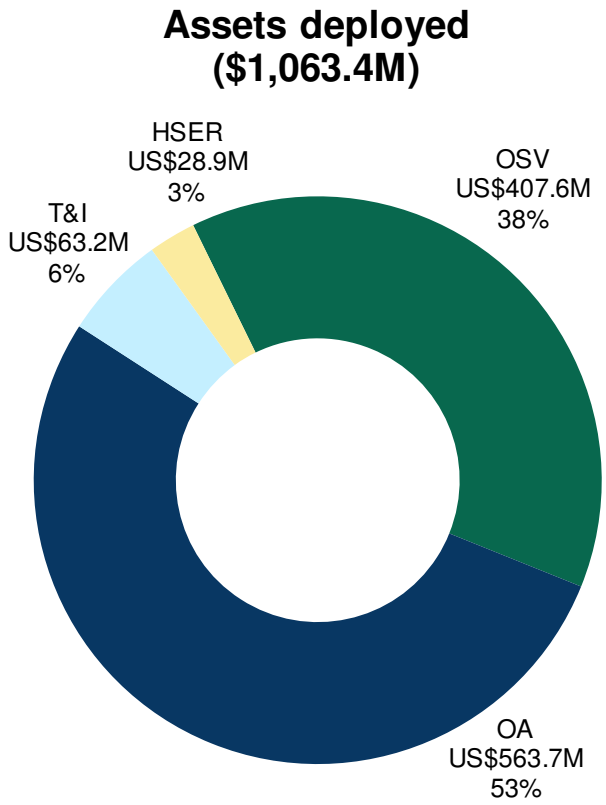


- Lower revenue mainly due to absence of salvage jobs in Q1 FY18.

Segments results[1] & Assets deployed[2]







[1]: For period ended 31 Mar 18
[2]: As at 31 Mar 18
[3]: OSV made a Gross Loss of $0.2M in Q1 FY18

Capital Structure

US$'000	31 Mar 18	(Restated) 31 Dec 17
Net Debt	**745,664**	**751,837**
Equity[1]	**458,251**	**460,183**
Net Debt/Equity	**163%**	**163%**

[1]: Equity attributable to shareholders of the Company

- The Group has net current liabilities of US$179.3 million mainly due to bank borrowings due within a year.

- The Group has undrawn bank lines of approximately US$136.8 million as at 31 Mar 18.

CAPEX Plan

	Wholly owned	Owned by JVs	Under Construction
Number of Vessels[1]	88	37	1
Net Book Value[2]	US$1,063.4M	-	-
CAPEX Commitment	-	-	US$14.2M Outstanding[3]

[1]: See Appendix for details
[2]: as at 31 Mar 18
[3]: For commercial sensitivity reason, only outstanding amount as at 31 Mar 18 is shown here.

- As at 31 Mar 2018, the Group has one vessel under construction with expected delivery in Q2 2018. The vessel will be immediately deployed to start the long term charter with a Middle East National Oil Company.

Strategic Initiatives 2018

STRATEGIC GROWTH INITIATIVES

Pursuing Growth in the Maintenance Space

- The offshore maintenance segment is expected to pick up due to previously deferred maintenance jobs
- Leverage on our ability to provide a wide spectrum of walk-to-work solutions
- Actively explore entry into adjacencies including the subsea Inspection, Maintenance and Repair (IMR) sector

Getting Closer to Our Customers

- Looking to establish and expand offices in key markets to interface directly with and better serve our customers
- Aim to expand suite of services to provide more value-add and be a one-stop solutions provider to customers

UNDERPINNED BY

Excellence in Service and Safety

Uncompromising commitment to operational and safety excellence

Upgrading our Human Capital

Continual investment in talent development and capability building

Exercising Fiscal Prudence

Prudent capital management, pursue charters that generate positive cash flow and EBITDA

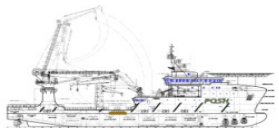
Appendix

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 **44 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 4.7 years	▪ Operates **11 vessels** (JV: 1) with total capacity of approximately 3,300 persons ▪ Average vessel age of 5.9 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 8.9 years	▪ Operates **32 vessels** (JV: 18) including: • 3,200 – 5,000 BHP Azimuth Stern Drive (ASD) harbour tugs • Heavy lift crane barges • Average vessel age of 7.6 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

Vessels to be delivered – Q2 FY18 onward

As at 31 Mar 18, we have one newbuild contracted for delivery.

POSH			Expected Delivery Date	No. of Newbuilds	Size	Contract
OA	IMR & MPSV		▪ Q2 FY18	▪ 1 DP2 IMR	▪ 108 pax	▪ Firm 5 years plus 2 years extension

Fleet Optimisation Program

Type of vessels	Current fleet		New vessel under contruction/ committed
	Wholly owned	Owned by JVs	
AHTS	22	4	-
PSV	13	1	-
Maintenance Utility Vessels	4	-	-
AHT	9	9	-
Towing Tugs	2	-	-
Barges	14	4	-
SSAV	2	-	-
Accommodation Vessels	6	1	-
IMR/MPSV	2	-	1
Harbour Tugs	11	16	-
Crane Barges	-	2	-
Utility Workboats	3	-	-
Total as at 31 Mar 18	**88**	**37**	**1**

- 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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