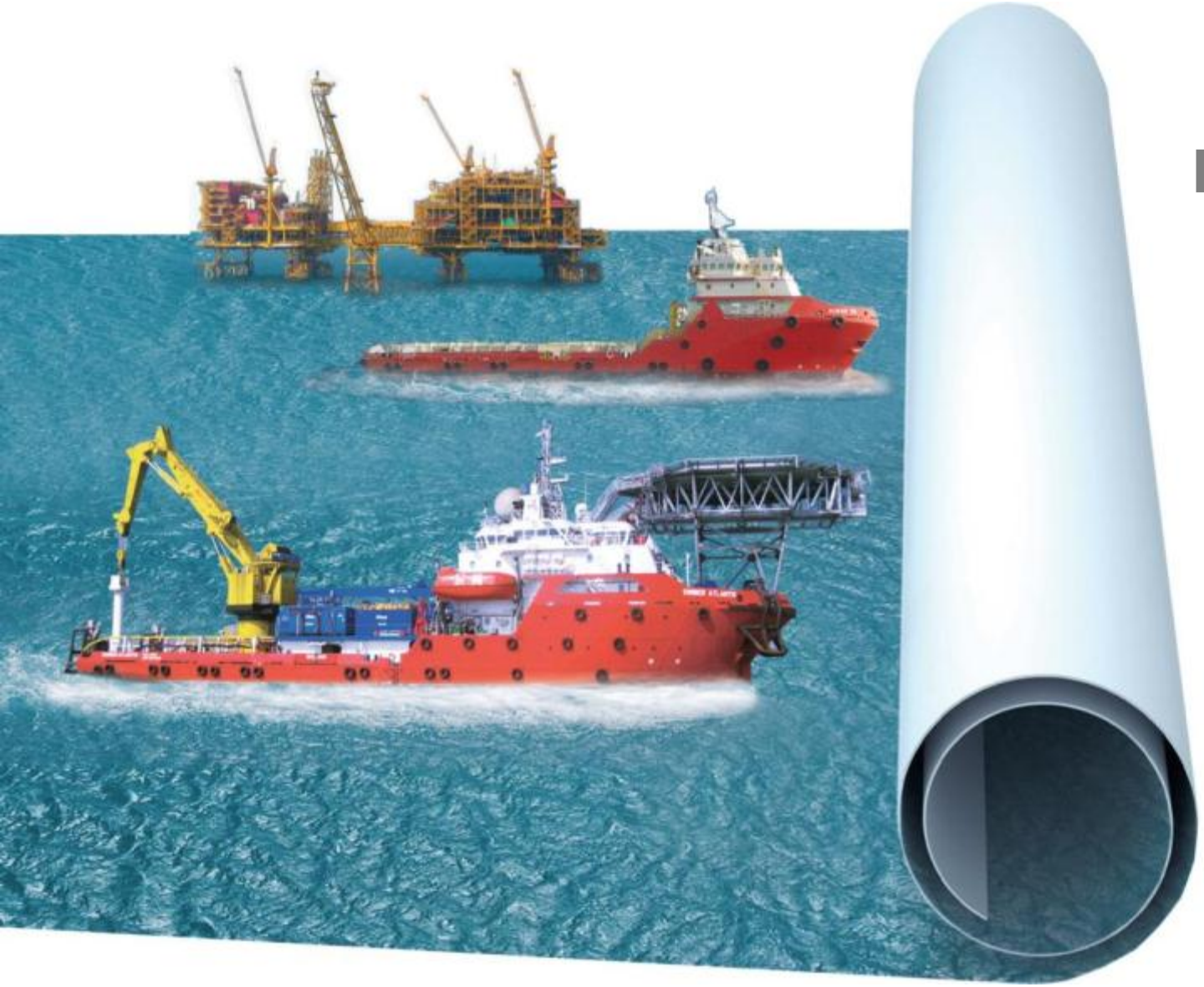


# Corporate Presentation

## 25 February 2015

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Vallianz

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# OVERVIEW

- Fast Growing OSV Player
- Strong foothold in Middle East; Entering New and Cabotage-Protected Markets
- Longer-term Charter Contracts
- Expansion in Earnings





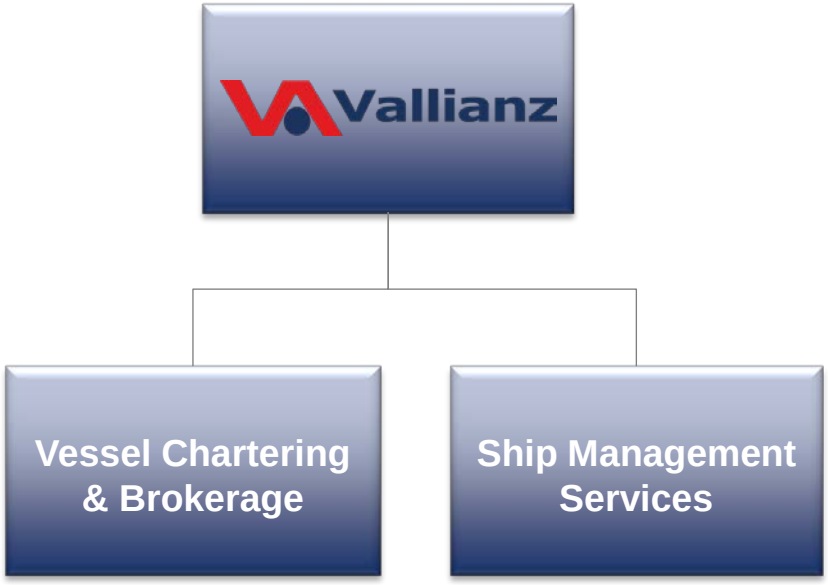



**Fast Growing OSV Player**

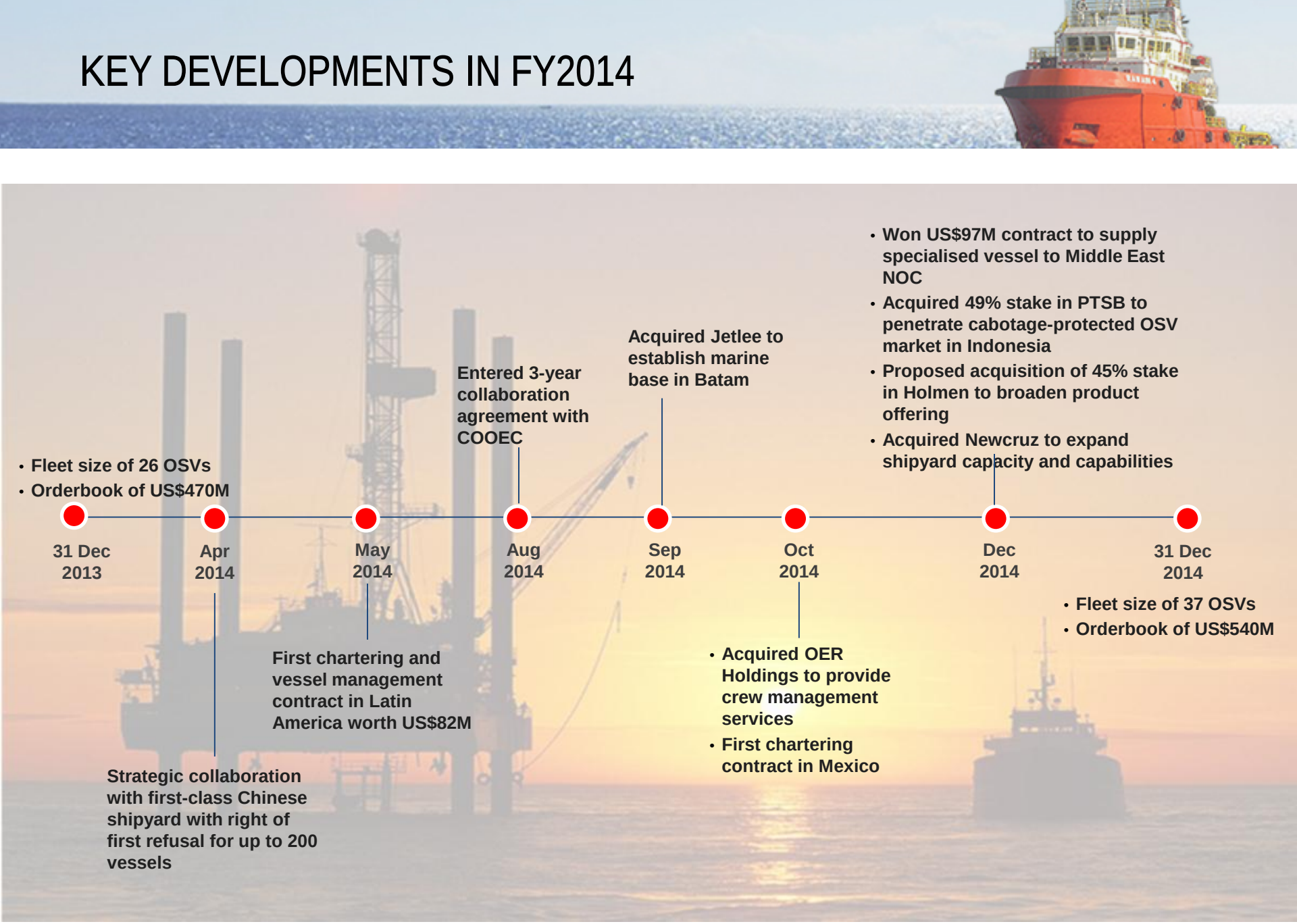
# BUSINESS OVERVIEW

## Fast Growing Provider of Offshore Support Vessels and Integrated Marine Solutions

- **Integrated marine services** – vessel ownership, leasing and ship management services
- Own and operate **a young and growing fleet of offshore support vessels**
- **Geographical coverage** across the Middle East, Asia Pacific and Latin America
- Serve **national oil companies** and **oil majors** worldwide
- Helmed by **industry veterans** with relevant and complementary track records



# KEY DEVELOPMENTS IN FY2014



# YOUNG AND GROWING FLEET

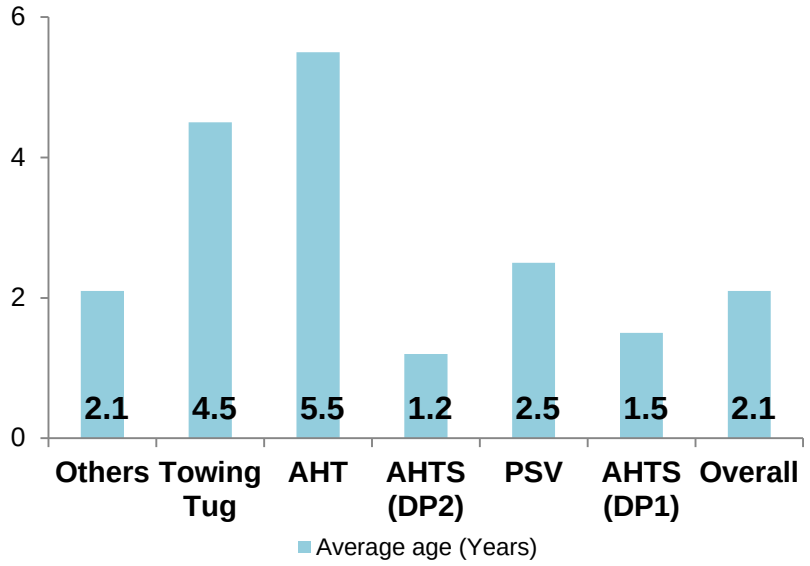
## Own 37 Offshore Support Vessels

**Owned Fleet**

| Owned Fleet | Capacity | Vessels |
|---|---|---|
| AHT | 4200 – 4750 BHP | 2 |
| AHTS (DP1) | 5150 – 6400 BHP | 14 |
| AHTS (DP2) | 6000 – 7300 BHP | 5 |
| PSV (DP2) | 2529 – 3300T DW | 6 |
| Towing Tug | 3200 BHP | 2 |
| Others | 1350 - 2400 BHP | 8 |
| **TOTAL** | | **37** |

*As at 31 December 2014*

**Owned Fleet Average Age = 2.1 Years**



# INTEGRATED CAPABILITIES



## In-house Marine Base and Shipyard Facility to Support Growing Fleet

**Marine Base in Batam, Indonesia**
Land area of 8.8 hectares with 390-metre water frontage

**Shipyard in Tuas, Singapore**
Land area of 3.6 hectares with 220-metre water frontage

**Comprehensive suite of fabrication and repair services**

- Batam yard designated for more labour-intensive projects, while Singapore shipyard will focus on complex, and specialised fabrication works
- Higher brand premium associated with Singapore shipyard
- Combining the experience and expertise of the management of Batam and Singapore shipyard businesses

## Complete Solution to Address Customers' Manpower Requirements

**Crew Management Services for the Offshore Industry provided by OER Holdings** (wholly-owned subsidiary)

- Supply professional crew to customers worldwide including Brunei, Indonesia, Malaysia, Vietnam, Thailand, India and Mexico
- Consolidation of crew management resources results in improved operational efficiency and economies of scale

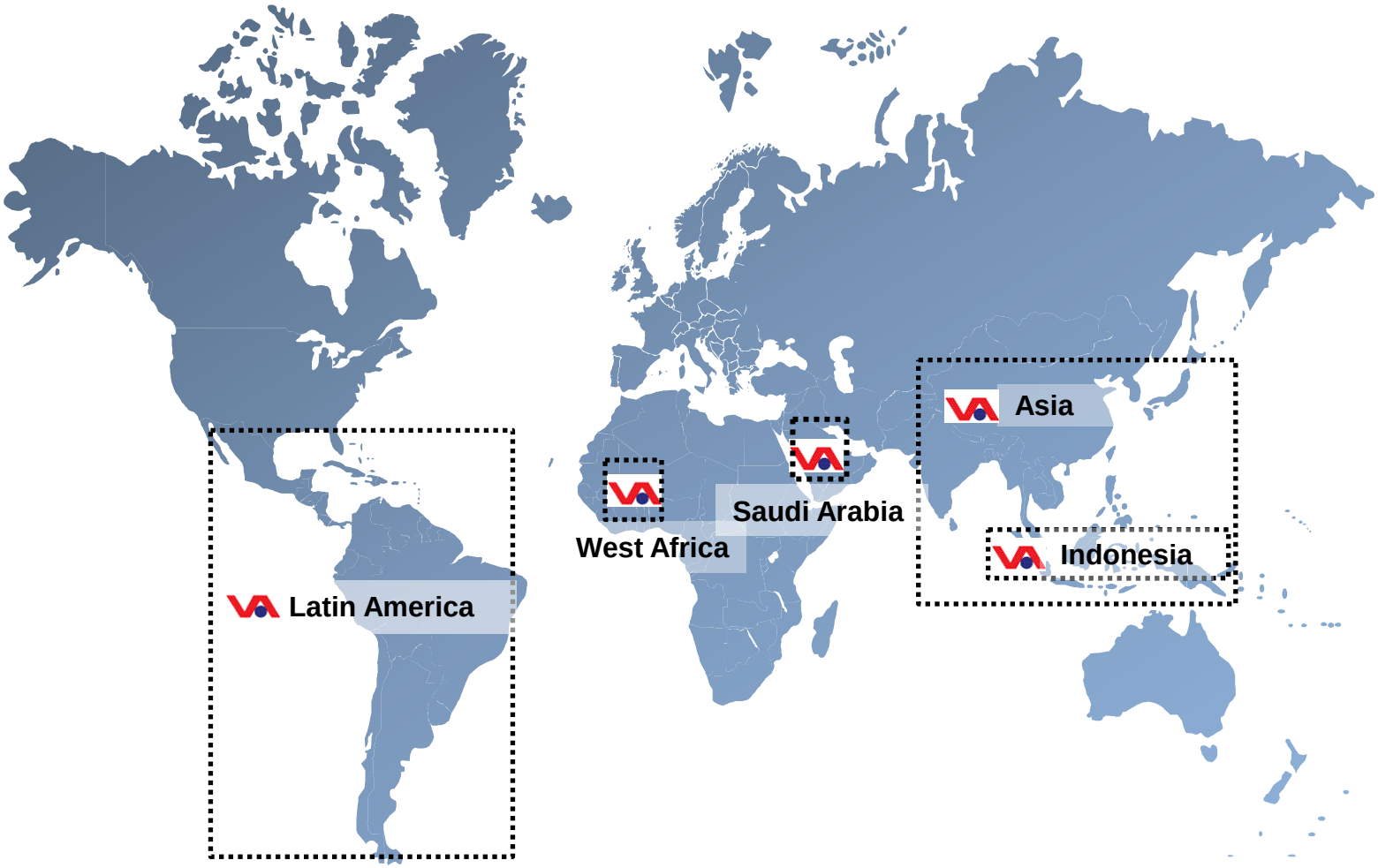





**Strong foothold in Middle East;**
**Entering New and Cabotage-Protected Markets**

# GLOBAL OPERATIONS

## Majority of vessel charters are based in the Middle East




Existing and Target Markets

# BUILDING NEW EARNINGS DRIVERS



## Successfully entered the Indonesia and Mexico Markets

### Plugged into Cabotage-Protected OSV Market in Indonesia

**PTSB is an established OSV operator with 18 year track record**

- Engaged in vessel ownership, leasing and fleet management
- Owns and operates 18 OSVs
- Serves national oil companies and oil majors

**Government encouraging exploration activity due to declining oil production**

- Contract awards expected to pick up in 2015 as new government settles in

**Cabotage rules are driving demand for Indonesian-flagged vessels**

- Higher utilisation and charter rates than other markets in the region

### Mexico's O&G Market Undergoing Transformation

**Energy reforms will open the market to foreign investments**

- Creates new opportunities for oilfield service companies

**Building local presence and networks**

- Entered Mexico market in 2014 with vessel charter contract
- Investing in resources and making necessary preparations to capitalise on Mexico and Latin America markets

# DEFENSIVELY POSITIONED IN CURRENT ENVIRONMENT

## Our Fleet Focuses on Shallow Water Operations

### Shallow water fields have lower breakeven costs

### Group has higher exposure to NOCs

- NOCs spending forecasted to ease only 1%
- Lower volatility in NOC spending

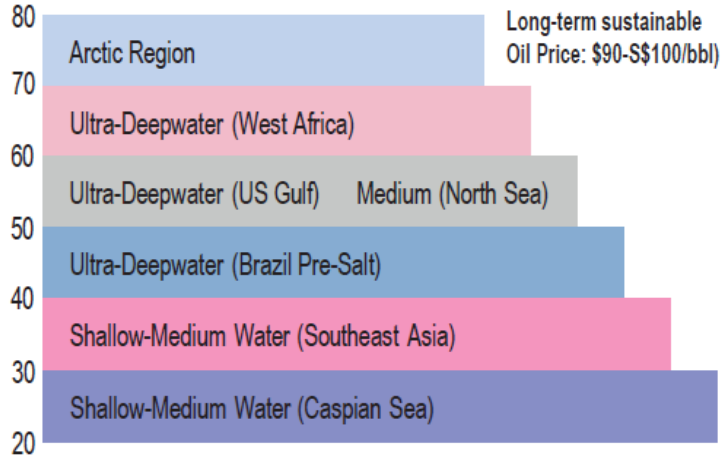
### Existing production mostly untouched by current oil prices

- Analysts say that current oil prices, even at US$50 per barrel, will not affect most existing oil production(1)

### Young fleet

- Reliable, less maintenance and downtime

**OFFSHORE-OILFIELD BREAKEVEN BRENT OIL PRICES**




*Source: UOB Kayhian – Regional Oil and Gas Conference (Jan 2015)*

*Source:*
(1) *Business Times – Existing oil production 'mostly untouched by current oil price' (9 Jan 2015)*



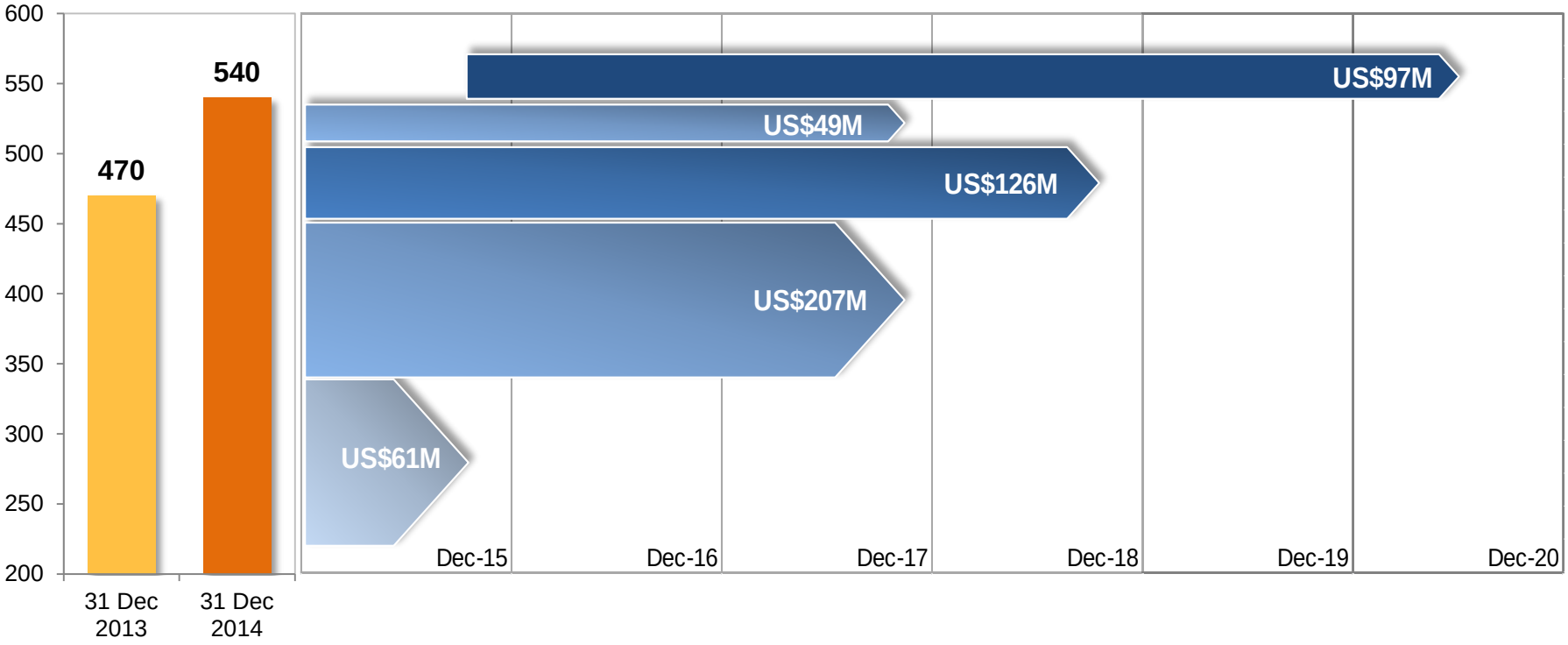


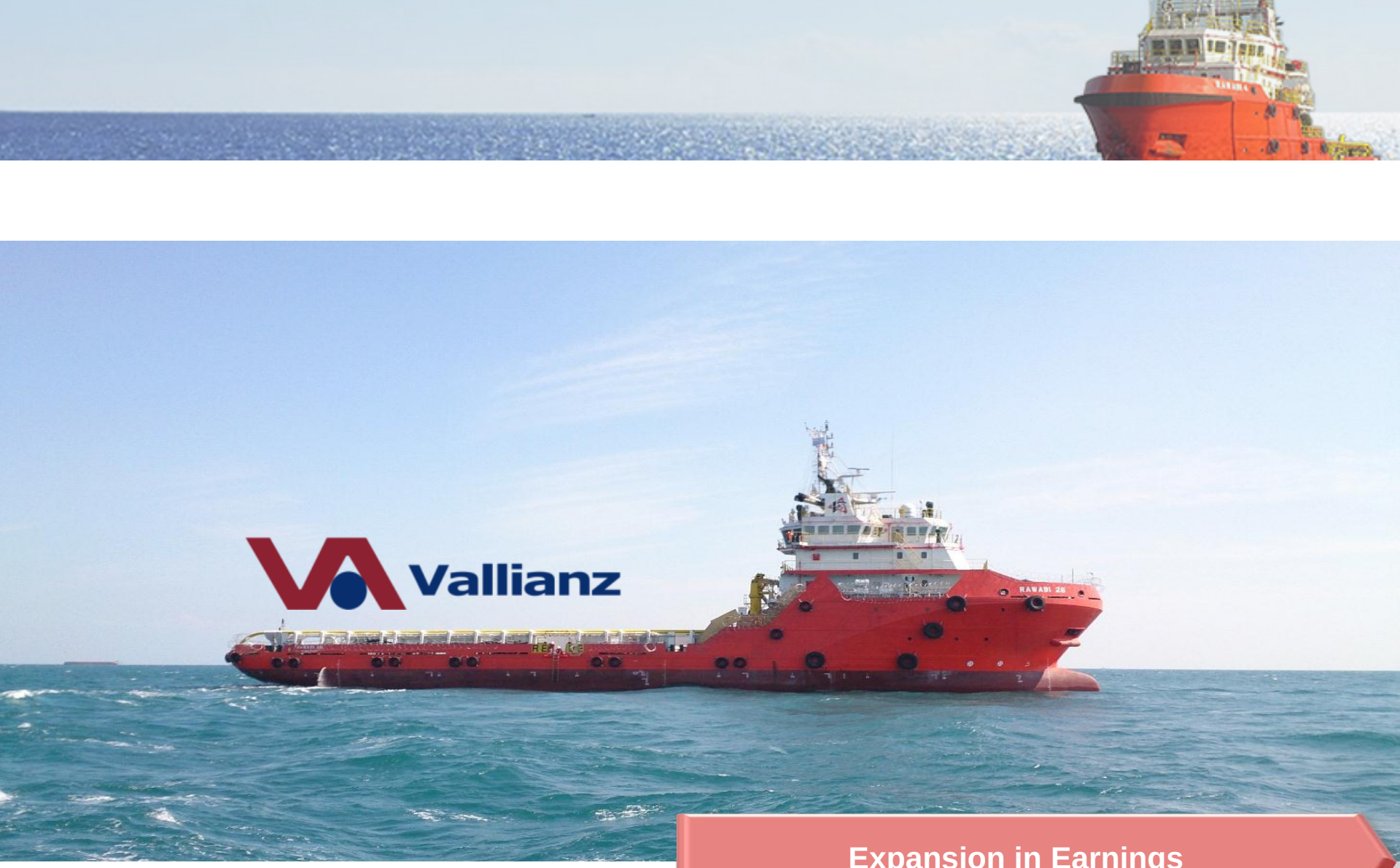

## Longer-term Charter Contracts

# ROBUST ORDER BOOK

## Charter Contracts of up to 5 Years Provide Revenue Visibility

**Order Book (US$ M)**






## Expansion in Earnings

# FINANCIAL HIGHLIGHTS



## Profit and Loss Summary

| (US$ M) | FY2012 | FY2013 | FY2014 |
|---|---|---|---|
| Revenue | 11.5 | 20.0 | **153.7** |
| Gross Profit | 9.8 | 15.0 | **55.2** |
| EBITDA | 10.8 | 15.7 | **61.5** |
| Net Profit After Tax | 5.5 | 10.3 | **20.4** |
| Net Profit to Equityholders | 2.4 | 7.5 | **18.5** |

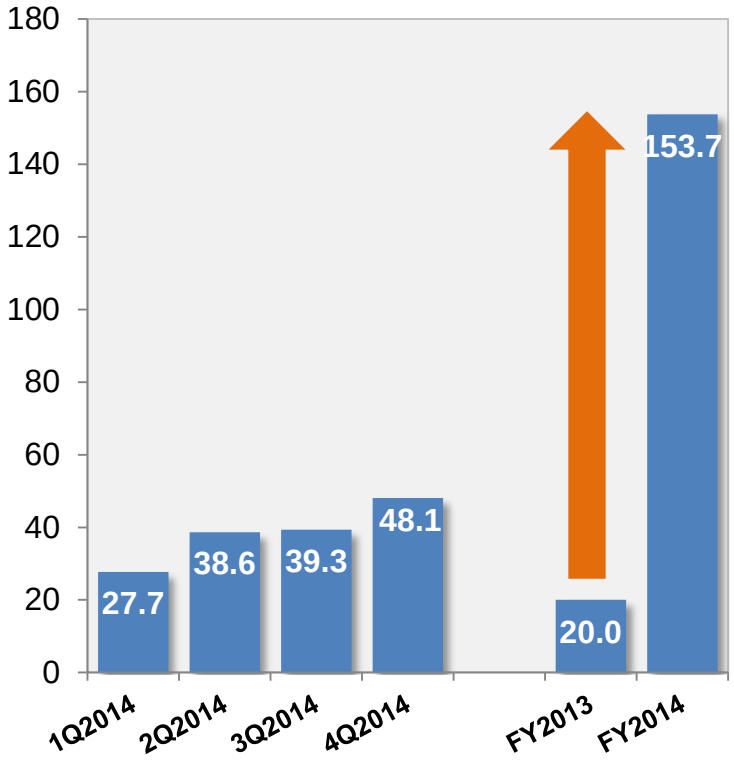
FY: Financial year for the period ending 31 December

- FY2014 net profit doubled on the back of a multi-fold increase in revenue
- Revenue expansion propelled by long-term charters with major oil companies

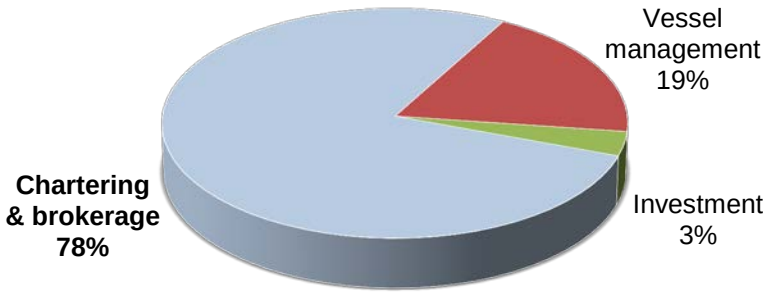
# FINANCIAL HIGHLIGHTS

## Significant Growth in Revenue

### Group Revenue (US$ M)




### Revenue Breakdown (FY2014)



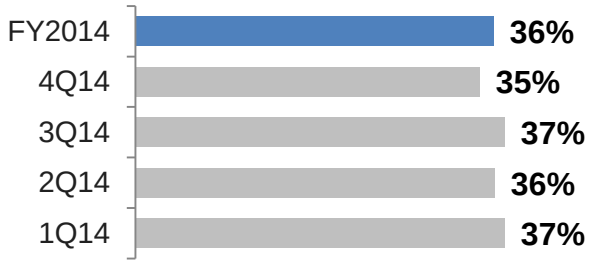

- Chartering revenue derived from contracts for vessels deployed in Middle East, Asia Pacific, & Latin America

**Average Fleet Utilisation of approximately 81%**

# FINANCIAL HIGHLIGHTS

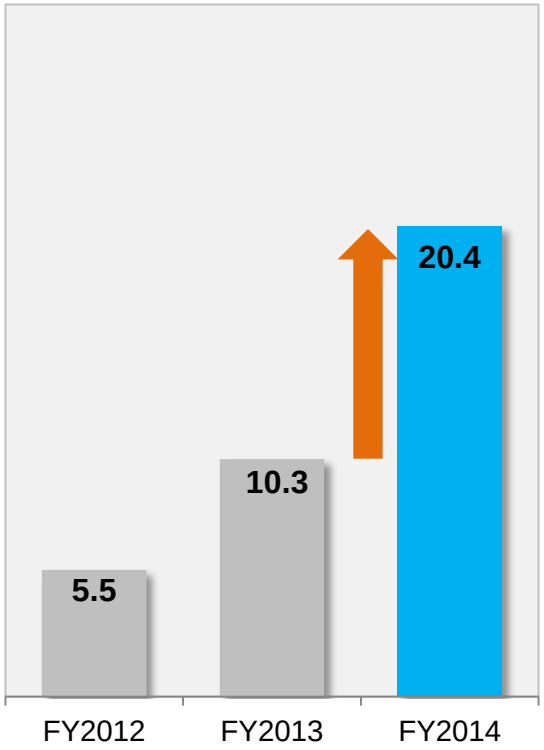
## Net Profit Doubled in FY2014

### GROSS PROFIT MARGIN

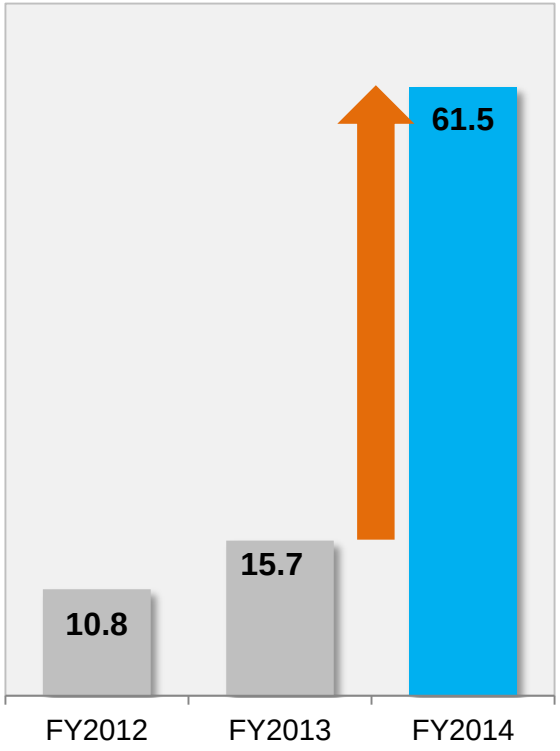



- FY2014 gross profit up 267% y-o-y to US$55.2M
- Strong EBITDA generation of US$61.5M for FY2014, representing 40% margin

### NET PROFIT (US$ M)




### EBITDA (US$ M)



# FINANCIAL HIGHLIGHTS



## Balance Sheet and Key Financial Ratios

| | 31 Dec 2014 (US$' 000) | 31 Dec 2013 (US$' 000) |
|---|---|---|
| Total Cash and Cash Equivalents | **24,917** | 1,812 |
| Total Assets | **971,714** | 146,032 |
| Total Debt | **544,104** | 69,097 |
| Total Equity | **240,748** | 72,099 |

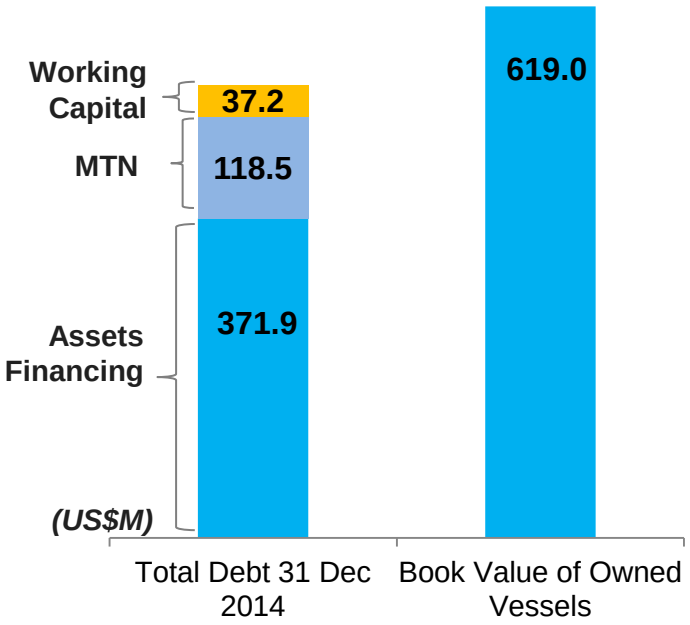
| | 31 Dec 2014 | 31 Dec 2013 |
|---|---|---|
| Return on Average Equity | **17.8%** | 19.1% |
| Trade Receivables Turnover (days) | **235** | 103 |
| Trade Receivables Turnover (days)[1] | **152** | na |
| EBITDA[2] / Interest Expense | **2.76 times** | 5.07 times |

Note : [1] Excluding acquisitions during the year
[2] Profit before interest, tax, depreciation and amortisation

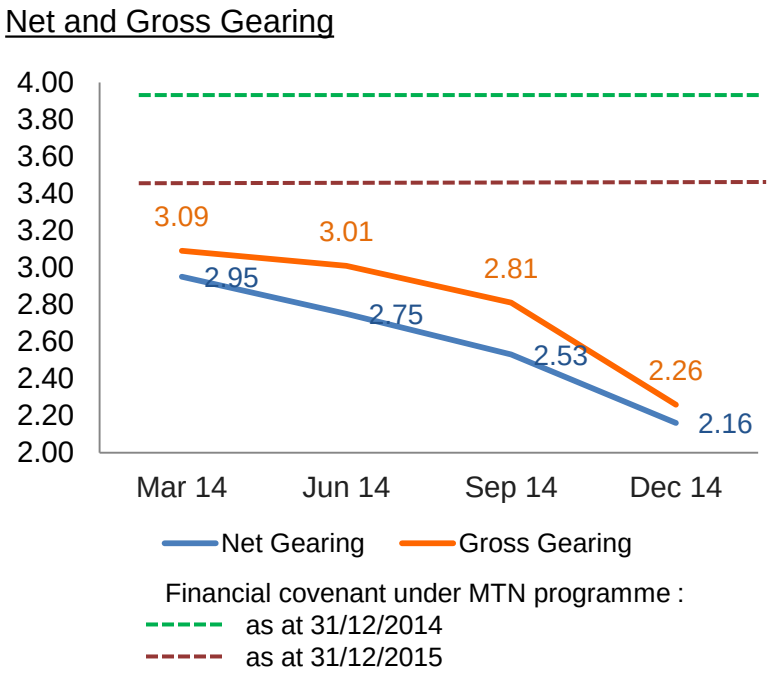
# FINANCIAL HIGHLIGHTS

## Debt and Capital Management

### Financing backed by book value of owned vessels




### Significant improvement in gearing



# GROUP OUTLOOK



## Fall in oil prices fuel concerns on near-term outlook of O&G industry

- Oil and gas companies look to reduce capital expenditures and/or delay projects
- Protracted oil price weakness could lead to price pressures in the offshore services supply chain

## Vallianz focuses on shallow water operations which are less susceptible to capex cuts

- Serve mainly NOCs which have less volatile spending patterns
- Longer term charter contracts to ride out oil price volatility

## Expect incremental contributions in FY2015

- Associated company PTSB to start maiden contributions
- New charter contracts beginning in 2015
- EBITDA target of not less than US$7.0 million from OER (for 1 Nov 2014 to 31 Dec 2015)

## Continue to bid for new charters in Middle East, Latin America, Asia and West Africa

- Current bid book of US$1.2 billion
- Manage fleet size and vessel offering to suit customers' requirements
- Work on plans to enhance cost efficiencies

# KEY TAKEAWAYS









**Fast growing OSV player with young fleet & integrated capabilities**

**Strongly anchored in the Middle East market**

**Penetrating new growth markets to expand future earnings base**

**Defensively positioned – longer-term charter contracts, focus on shallow waters, high exposure to NOCs**

**Clear turnover and earnings visibility**

**Strong strategic shareholders continue to bring value to the Company**

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