

PACC Offshore Services Holdings Ltd.

Results Presentation

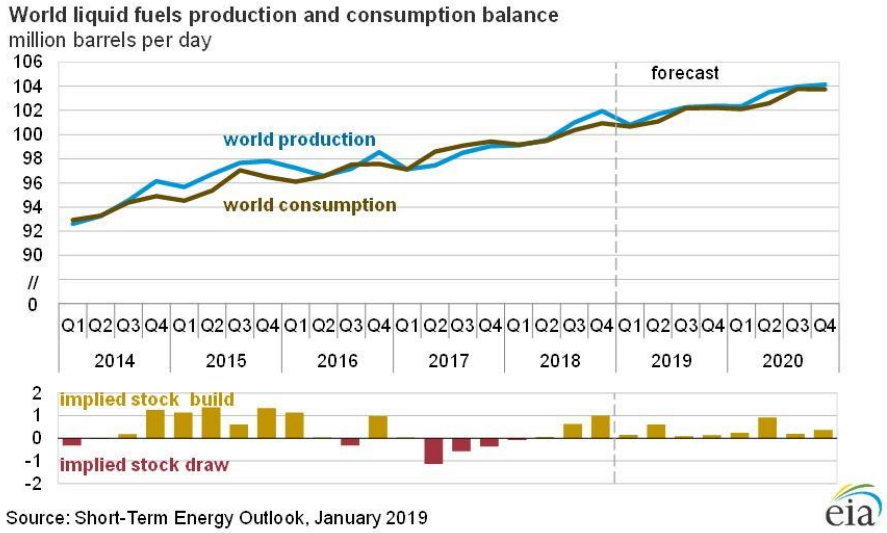
22 February 2019

AGENDA

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

Industry Outlook

Market Conditions Expected to Remain Challenging in 2019



- Global oil demand growth is estimated to average slightly above 1.5mb/d in 2019 and 2020.
- Global inventory level is expected to grow by 0.2mb/d in 2019 and 0.4 mb/d in 2020 with the United States and Brazil as key contributors. Analysts estimate that oil prices will average between $61/b in 2019 and $65/b in 2020.
- Global vessel utilisation rate held steady at 60%. Analysts expect vessel oversupply to persist and limited uptick in charter rates.

Source: EIA, Short-Term Energy Outlook, Jan 2019

Key Highlights – Q4 FY18

- Revenue of US$66.0 million; an increase of 6% (Q4 FY17: US$62.5 million) mainly due to higher contribution from T&I and HSER on improved vessel utilisation.

- The Group reported a gross loss of US$4.8 million (Q4 FY17: US$1.4 million).

- Net loss attributable to shareholders reduced by 59% to US$80.0 million (Q4 FY17: US$194.9 million).

FINANCIAL HIGHLIGHTS



Group Financial Highlights

SUMMARY

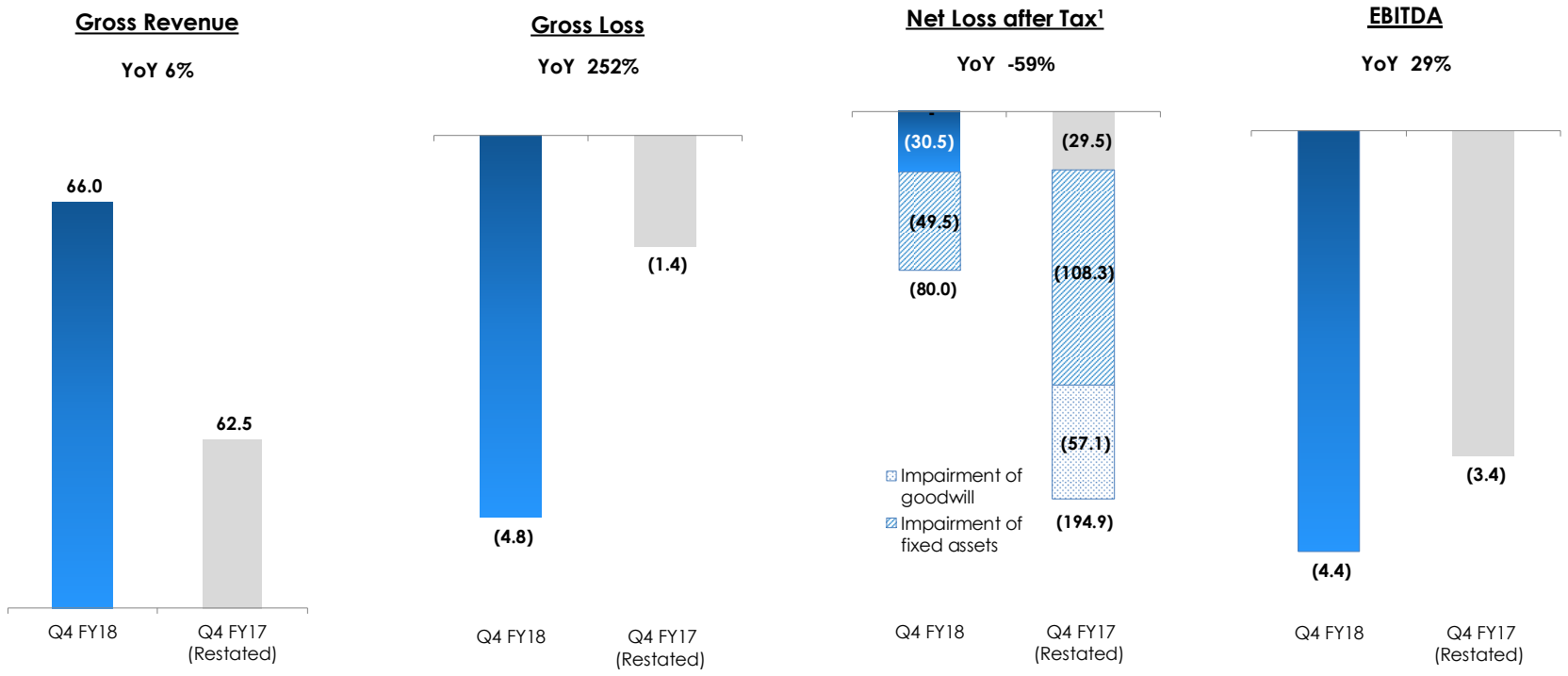
US$'M	Q4 FY18 Actual	Q4 FY17 (Restated)[1]	Change	FY18 Actual	FY17 (Restated)[1]	Change
Gross Revenue	**66.0**	62.5	6%	**299.4**	192.2	56%
Gross Profit/(Loss)	**(4.8)**	(1.4)	252%	**33.0**	(13.4)	NM
Share of JV Results	**(7.3)**	(11.5)	-36%	**(8.6)**	2.4	NM
Net Loss after Tax[2]	**(80.0)**	(194.9)	-59%	**(98.3)**	(230.3)	-57%
Impairment of goodwill	**-**	(57.1)	NM	**-**	(57.1)	NM
Impairment of fixed assets ("FA")	**(49.5)**	(108.3)	-54%	**(49.5)**	(108.3)	-54%
Net Loss after Tax[2] excluding impairments, FA written-off and disposal gain/(loss)	**(30.5)**	(28.3)	8%	**(48.2)**	(61.8)	-22%
EBITDA	**(4.4)**	(3.4)	29%	**53.8**	26.5	103%

[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 after tax attributable to shareholders

Group Financial Highlights – Q4 FY18

In US$'M

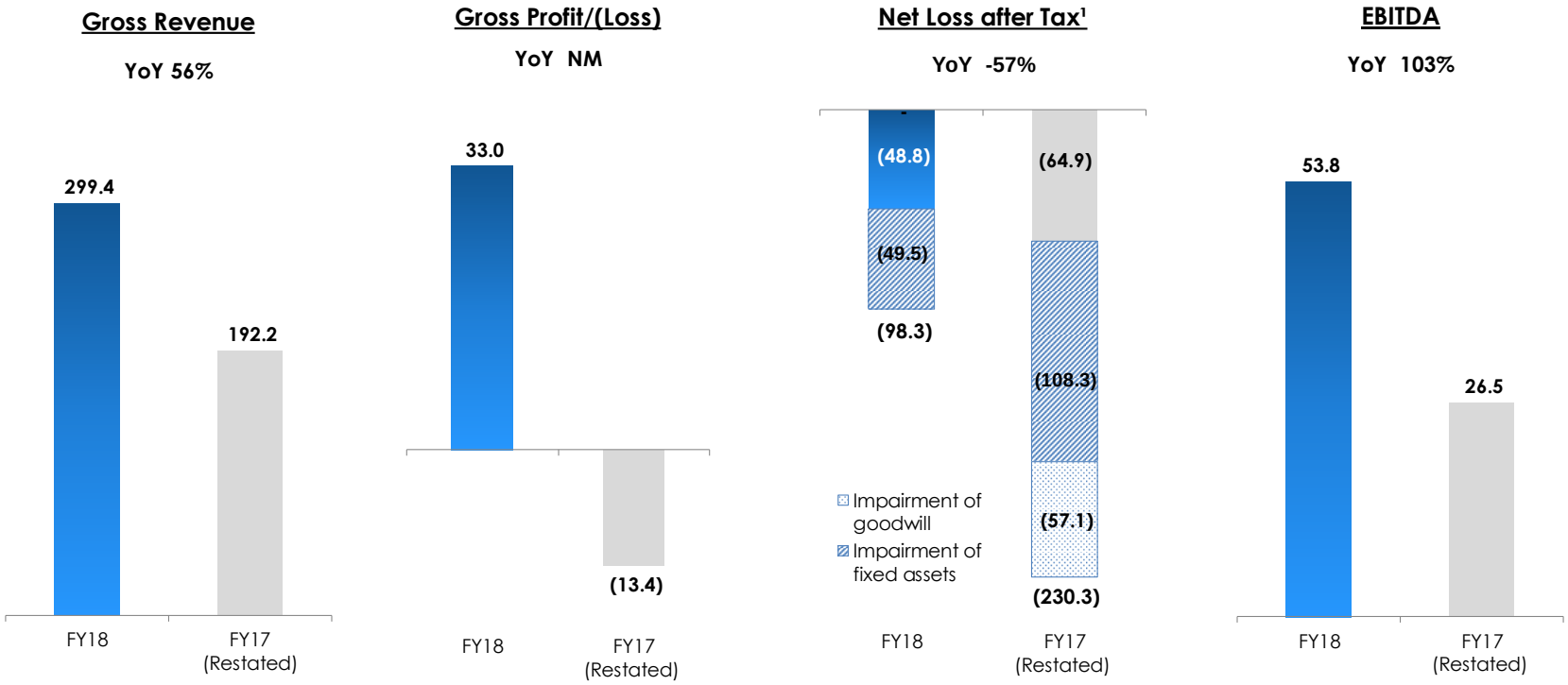


- Revenue increased mainly due to higher contribution from T&I and HSER.
- Higher Gross Loss mainly due to higher vessel operating expenses in OA and OSV.
- Lower Net Loss mainly due to lower impairment of fixed assets, absence of impairment of goodwill, improved share of JV, partially offset by higher gross loss, finance cost and G&A expenses.

[1]: *Net Loss after tax attributable to shareholders*

Group Financial Highlights – FY18

In US$'M



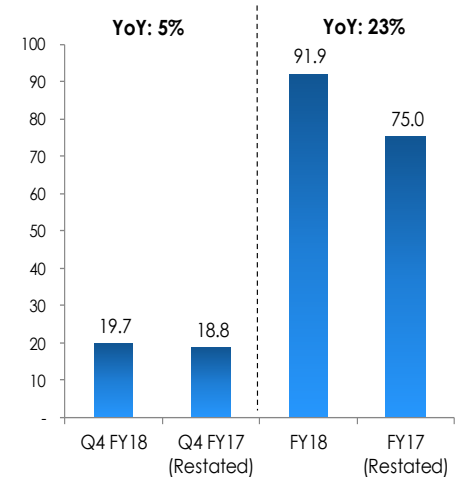
- Revenue increased due to higher contribution from all business segments.
- Gross Profit instead of Gross Loss mainly due to higher contribution from OA and OSV.
- Lower Net Loss due to gross profit instead of gross loss, lower impairment of fixed assets, absence of impairment of goodwill, offset by lower share of JV, higher G&A, finance cost, allowance for doubtful debt & taxation.

[1]: *Net Loss after tax attributable to shareholders*

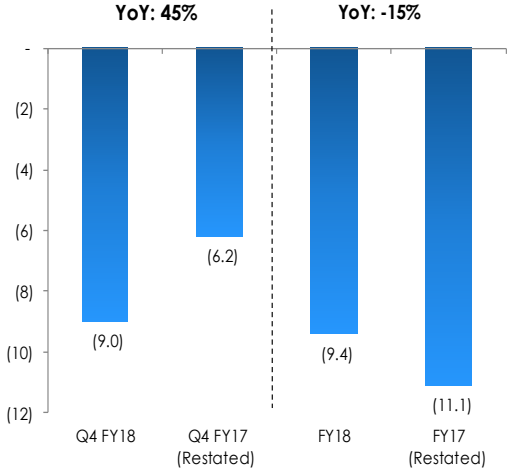
Financial Highlights – OSV

In US$'M

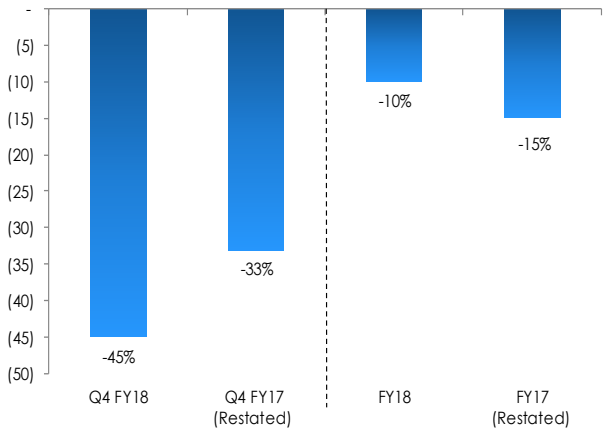
Gross Revenue



Gross Loss



Gross Loss Margin (%)

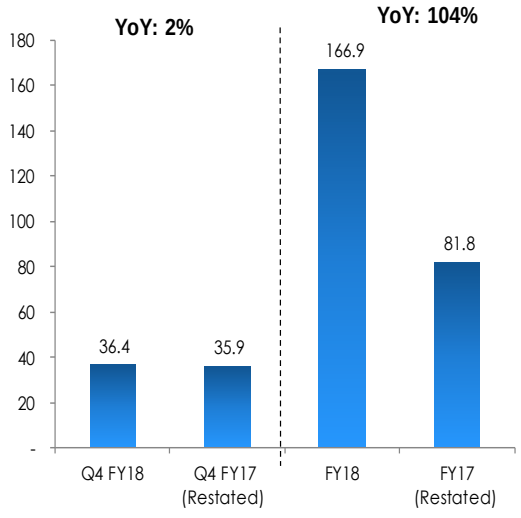


- Revenue increased in Q4 FY18 mainly from long-term charters to the Middle East.
- Utilisation of 68% in Q4 FY18, compared to 61% in Q4 FY17.

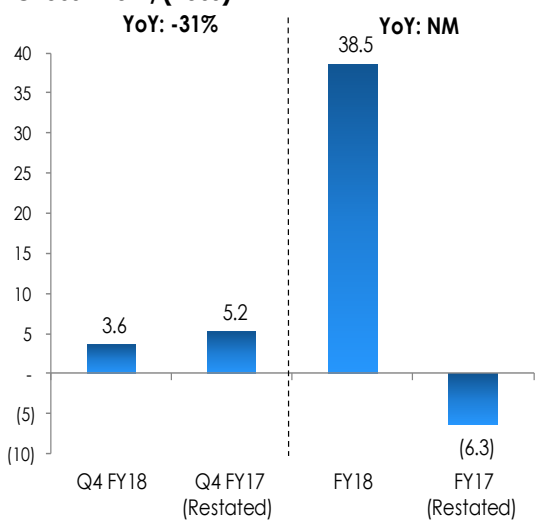
Financial Highlights – OA

In US$'M

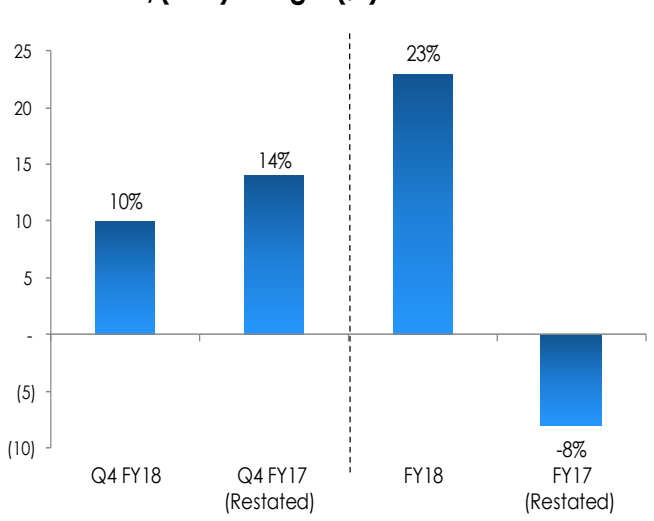
Gross Revenue



Gross Profit/(Loss)



Gross Profit/(Loss) Margin (%)

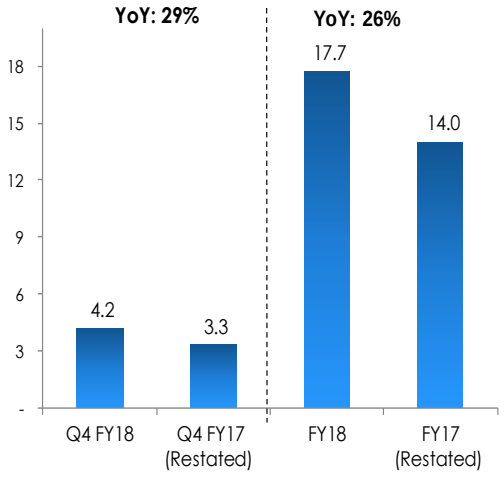


- Revenue increased marginally in Q4 FY18 mainly due to higher utilisation.
- Gross Profit in Q4 FY18 was lower mainly due to higher vessel operating costs.

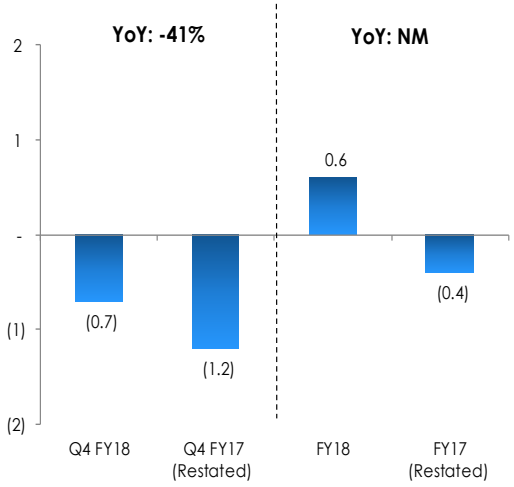
Financial Highlights – T&I

In US$'M

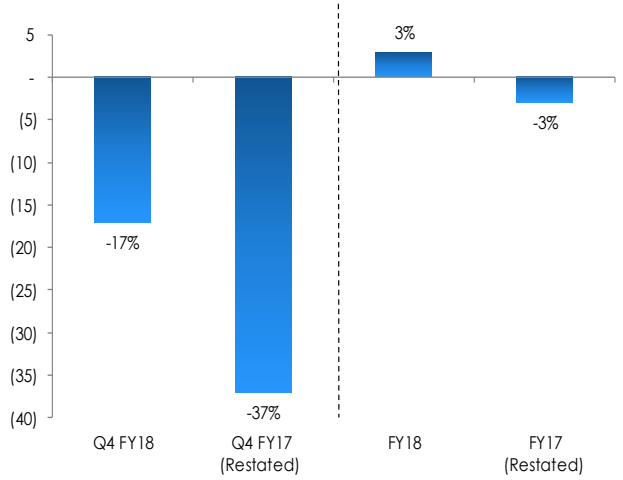
Gross Revenue



Gross Profit/(Loss)



Gross Profit/(Loss) Margin (%)

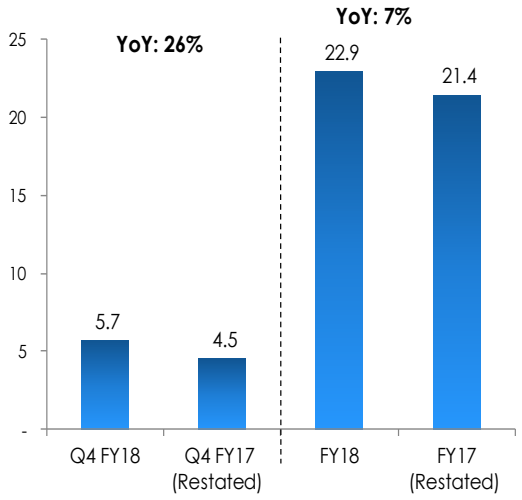


- Revenue increased in Q4 FY18 mainly due to higher vessel utilisation.
- Utilisation of 53% in Q4 FY18, compared to 42% in Q4 FY17.

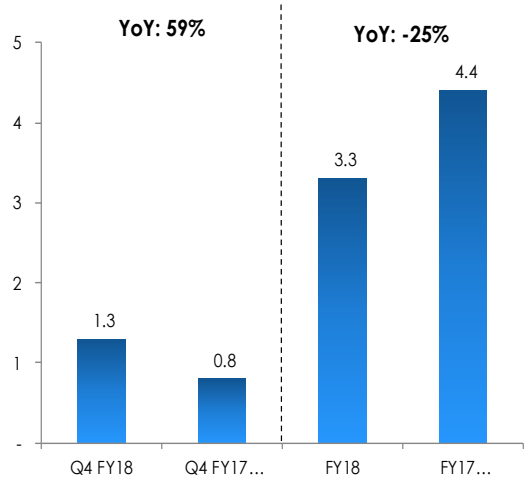
Financial Highlights – HSER

In US$'M

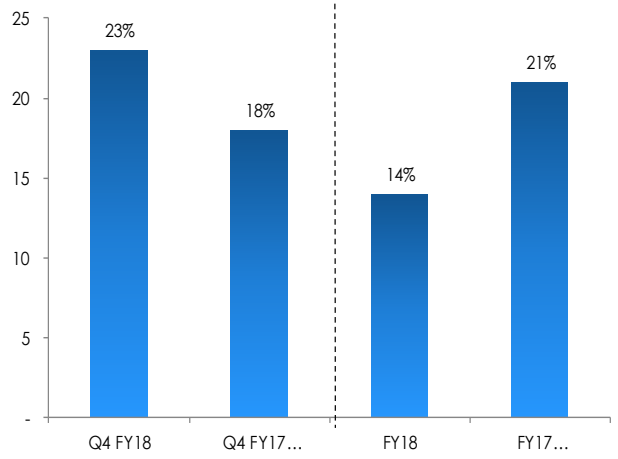
Gross Revenue



Gross Profit

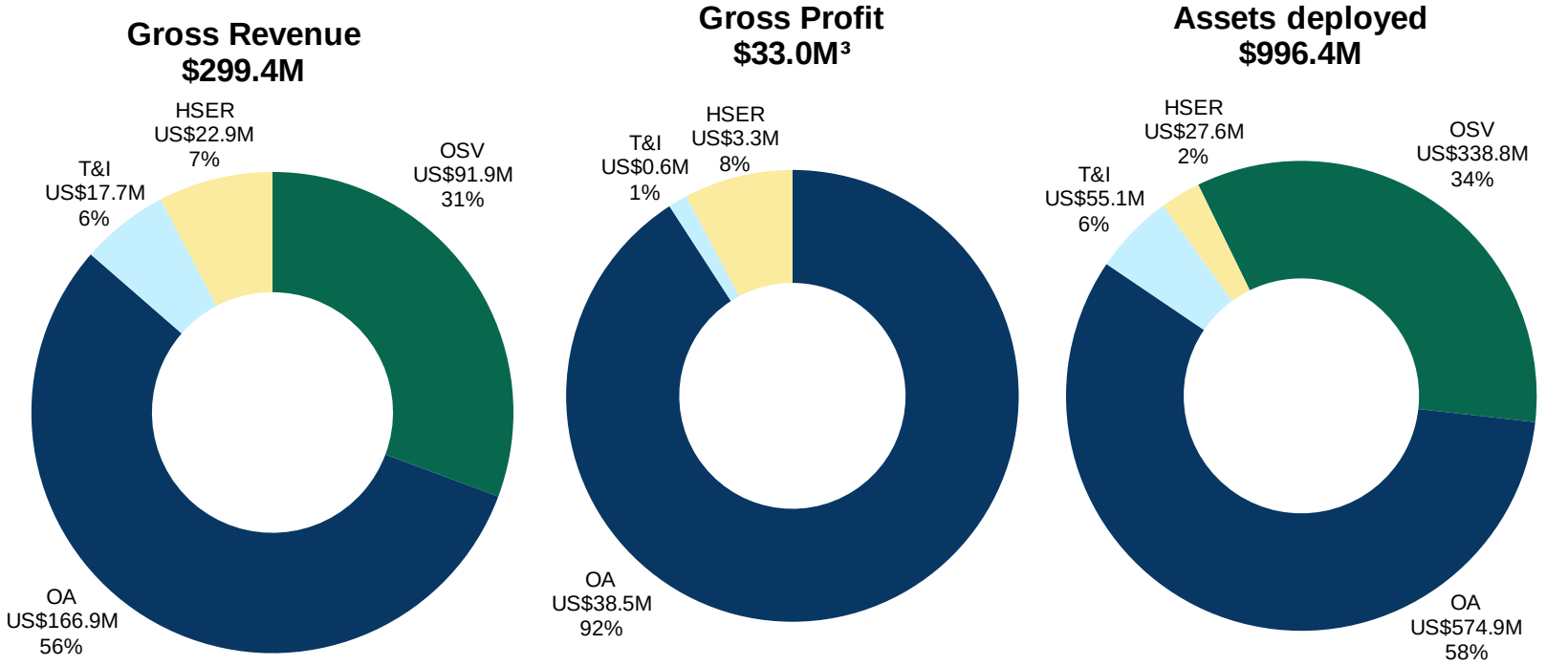


Gross Profit Margin (%)



- Revenue increased in Q4 FY18 mainly due to higher revenue from heavy lift vessels and time charter jobs.

Segments results[1] & Assets deployed[2]



[1]: *For period ended 31 Dec 18*
[2]: *As at 31 Dec 18*
[3]: *OSV made a Gross Loss of $9.4M in FY18*

Capital Structure

US$'000	31 Dec 18	(Restated) 31 Dec 17
Net Debt	**752,542**	**751,837**
Equity[1]	**363,841**	**460,183**
Net Debt/Equity	**207%**	**163%**

[1]: *Equity attributable to shareholders of the Company*

- The Group has net current liabilities of US$201.2 million mainly due to bank borrowings due within a year.
- The Group has undrawn bank lines of approximately US$120.2 million as at 31 Dec 18.

2019 Focus: Pursue Accretive Growth

Strategic Initiatives in 2019

Pursuing Growth in the Maintenance Space

- Demand for offshore maintenance expected to remain steady due to previously deferred maintenance and increase in brownfield developments by oil companies.
- Redeploy current assets to support expansion into the Subsea Inspection, Maintenance and Repair (IMR) and walk-to-work sectors.

Getting Closer to Our Customers

- Identified key countries in Africa, Asia and Middle East which are bright spots for oil and gas development.
- Actively pursue market expansion in these identified countries so as to enhance proximity with customers and be better placed to capture growth opportunities.

Increase Fleet Utilisation through New Business Segments

- Continue to reprofile suitable assets to growth or new sectors such as maintenance, subsea and offshore renewables.
- Increase vessel utilisation with minimal capital outlay, as well as further diversify our service offering for 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 **42 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 5.4 years	▪ Operates **12 vessels** (JV: 1) with total capacity of approximately 3,400 persons ▪ Average vessel age of 6.2 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 9.7 years	▪ Operates **31 vessels** (JV: 18) including: • 3,200 – 5,000 BHP Azimuth Stern Drive (ASD) harbour tugs • Heavy lift crane barges • Average vessel age of 7.4 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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