


# PACC Offshore Services Holdings Ltd

## Result Presentation

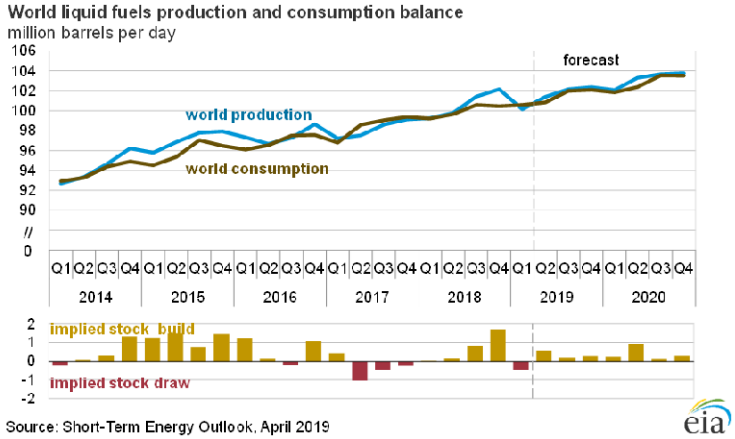
## 8 May 2019

# AGENDA

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

# Industry Outlook

## Initial signs of activity uptick in the offshore oil and gas market




*Source: EIA, Short-Term Energy Outlook, Apr 2019*

- Global oil demand growth is estimated to average around 1.4mb/d in 2019 and 2020.
- Global inventory level is expected to grow by 0.3mb/d in 2019 and 0.5 mb/d in 2020 with the United States and Brazil as key contributors. Analysts estimate that oil prices will average between $65/b in 2019 and $62/b in 2020.
- Offshore EPCI activities to pick up given the increase in Financial Investment Decisions (FIDs) for offshore oil and gas projects in the recent years.
- Vessel utilisation rate has picked up steadily over the last 6 months due to increase in demand and attrition of older vessels.

# Key Highlights – Q1 FY19

- Revenue of US$61.8 million; a decrease of 12% (Q1 FY18: US$70.6 million) mainly due to lower contribution from OA division, partially offset by higher contribution from OSV, T&I and HSER divisions.

- The Group reported a gross profit of US$6.8 million (Q1 FY18: US$9.9 million).

- Net loss attributable to equity holders of the company increased by 77% to US$12.7 million (Q1 FY18: US$7.2 million).

# FINANCIAL HIGHLIGHTS



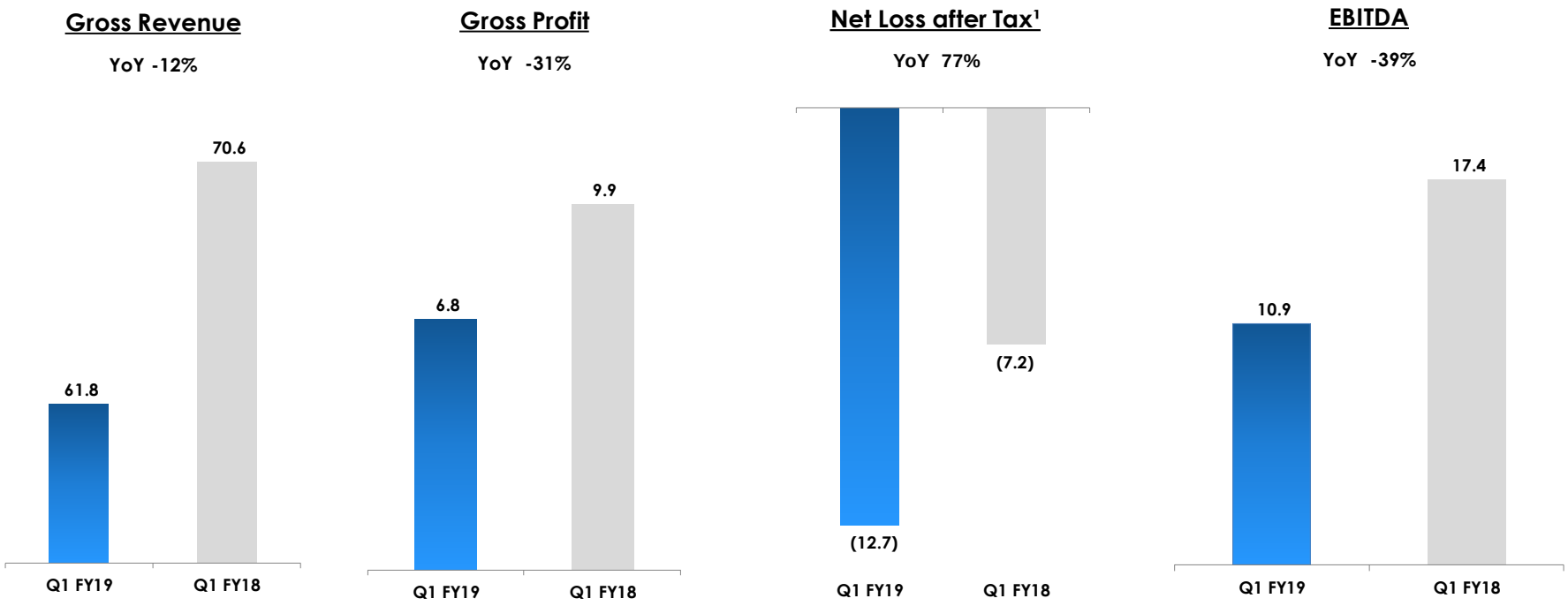
# Group Financial Highlights

| US$'M | Q1 FY19 | Q1 FY18 | Change |
|---|---|---|---|
| | Actual | Actual | |
| **Gross Revenue** | **61.8** | 70.6 | -12% |
| **Gross Profit** | **6.8** | 9.9 | -31% |
| **Share of JV Results** | **(1.6)** | 0.6 | NM |
| | | | |
| **Net Loss after Tax**[1] | **(12.7)** | (7.2) | 77% |
| | | | |
| **EBITDA** | **10.9** | 17.4 | -38% |

*1: Net Loss after tax attributable to equity holders of the Company*

# Group Financial Highlights – Q1 FY19

## In US$'M

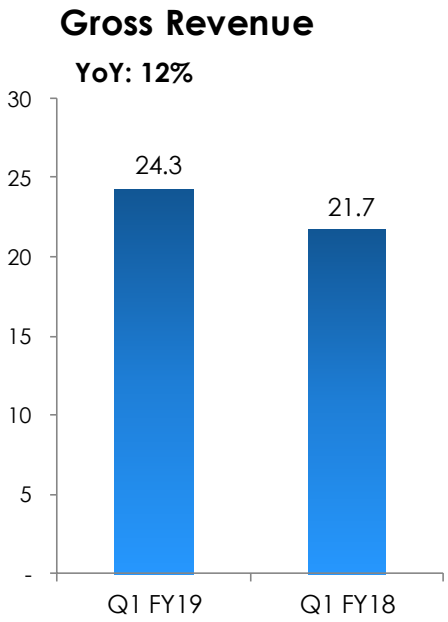


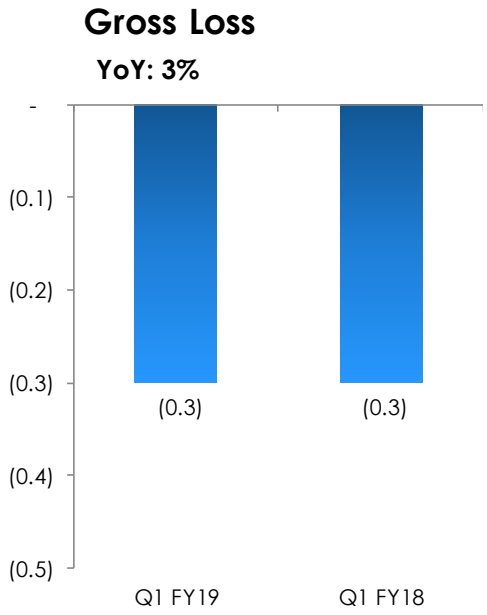

- Revenue decreased mainly due to lower contribution from OA division, offset by higher contribution from OSV, T&I & HSER divisions.
- Lower Gross Profit in Q1 FY19 in line with lower revenue, coupled with higher operating expenses in OA & OSV divisions.
- Higher Net Loss mainly due to lower gross profit, higher G&A, higher finance costs, lower share of JV, partially offset by lower tax and reversal of allowance for doubtful debt.

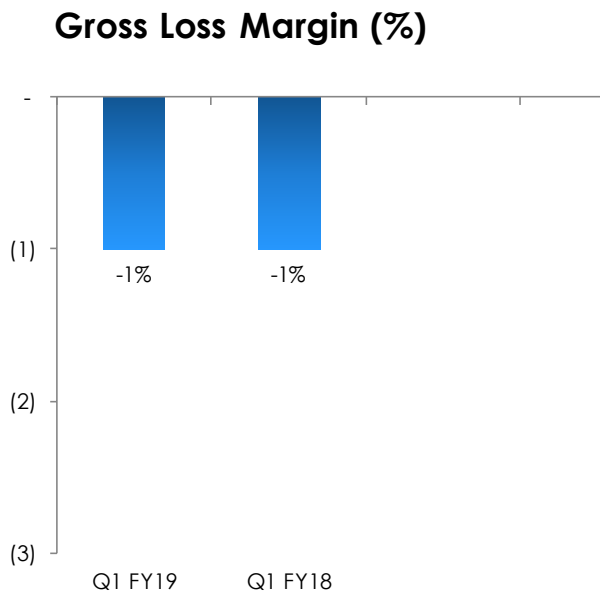
[1]: *Net Loss after tax attributable to equity holders of the Company*

# Financial Highlights – OSV

In US$'M



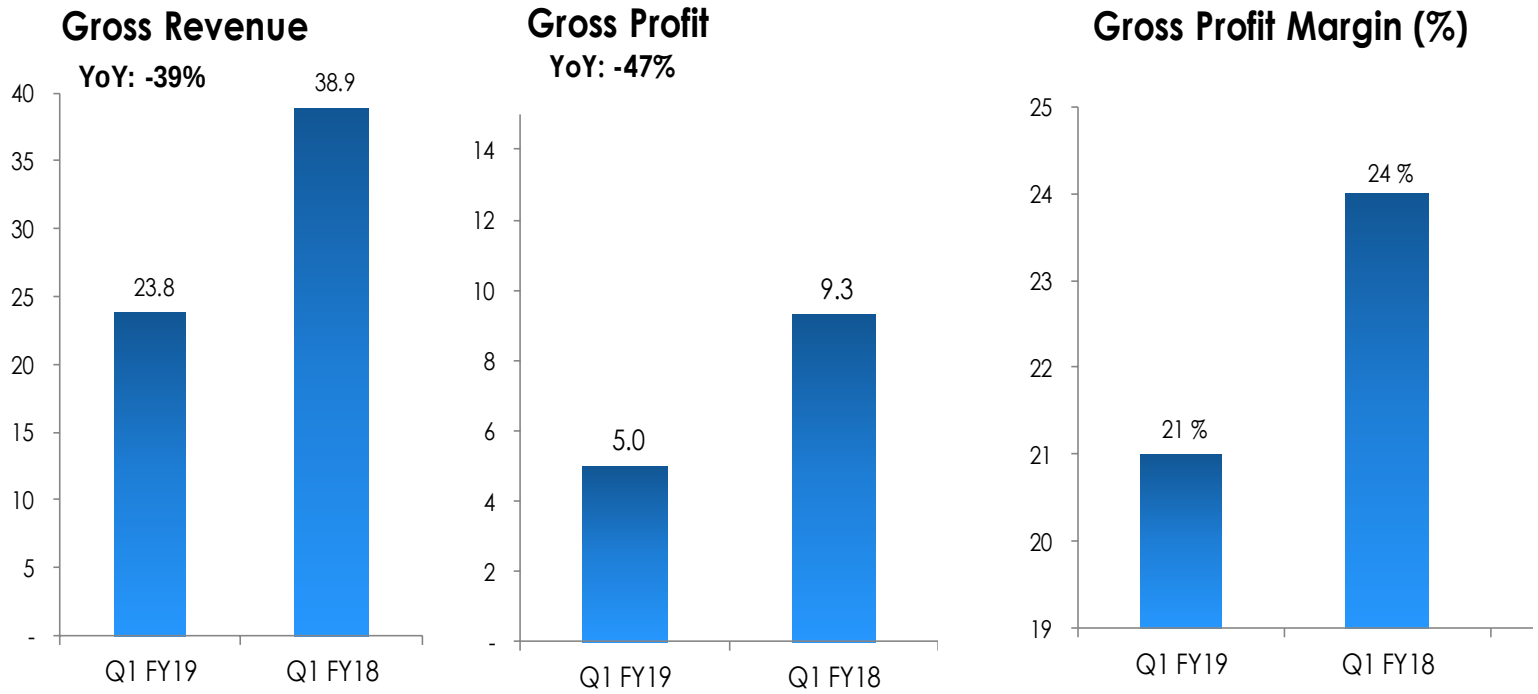




- Revenue increased in Q1 FY19 mainly due to improved vessel utilization of 70%, compared to 68% in Q1 FY18.
- Gross Loss of US$0.3 million in Q1 FY19, comparable to Q1 FY18 due to higher operating expenses.

# Financial Highlights – OA

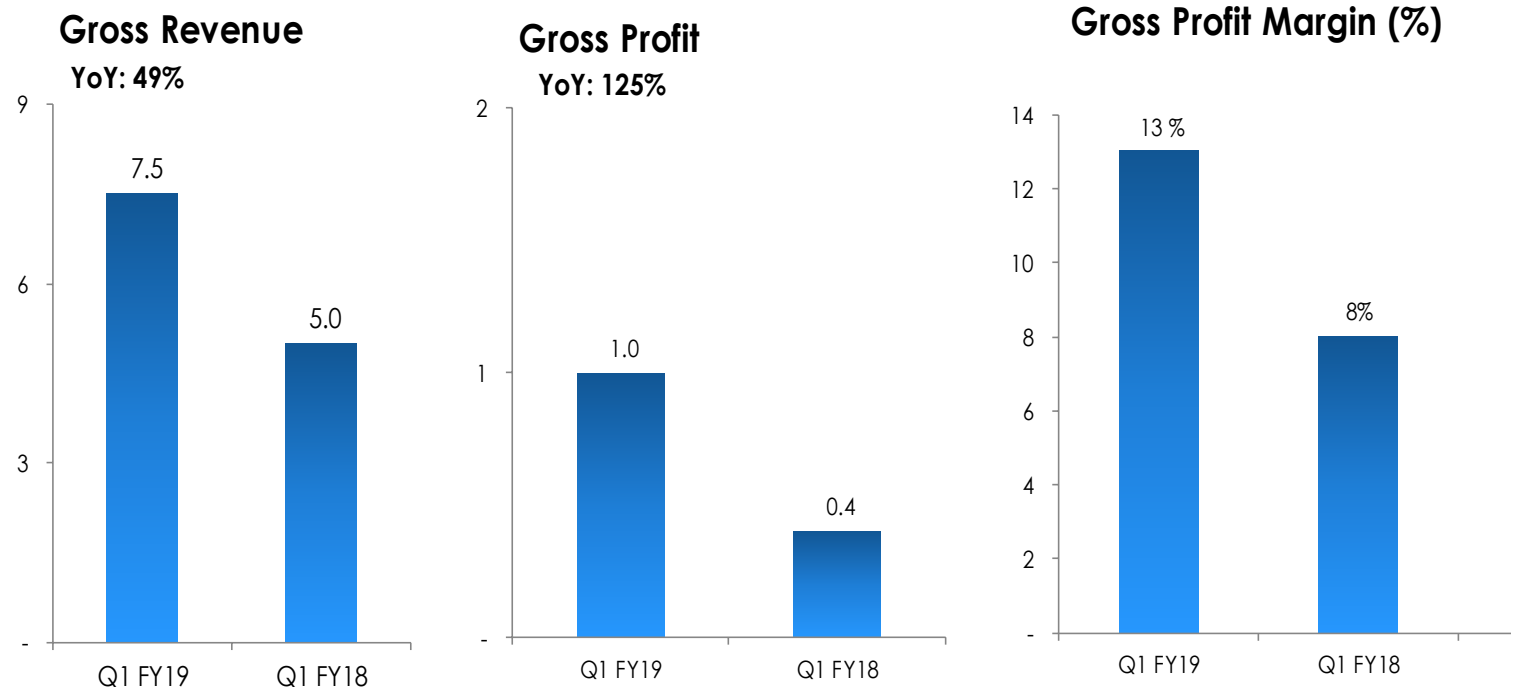
**In US$'M**




- Revenue decreased in Q1 FY19 mainly due to POSH Arcadia completed her Shell Prelude campaign in December 2018. This was mitigated by POSH Xanadu started her charter with Petrobras in January 2019 and higher utilisation of the Monohull vessels.
- Gross Profit in Q1 FY19 was lower due to POSH Arcadia off hired in December 2018.

# Financial Highlights – T&I

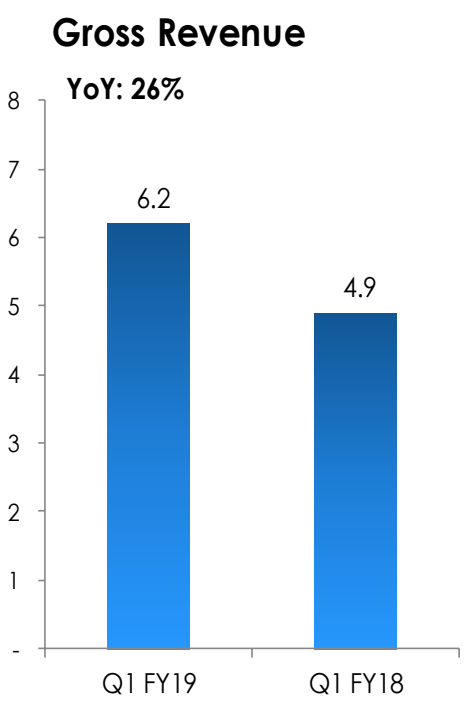
**In US$'M**

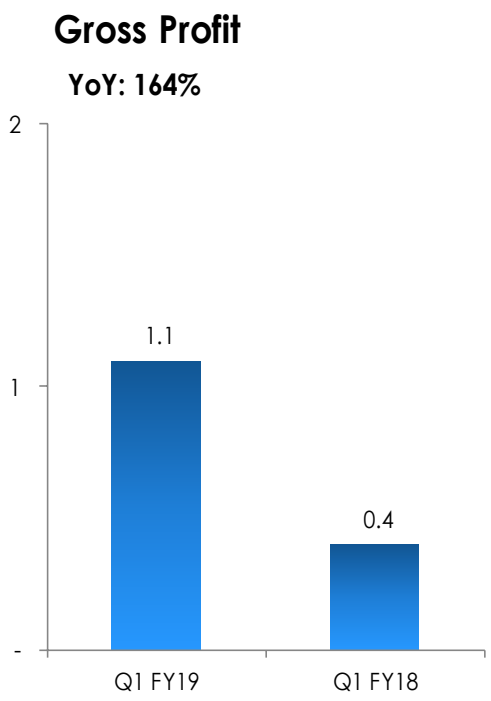


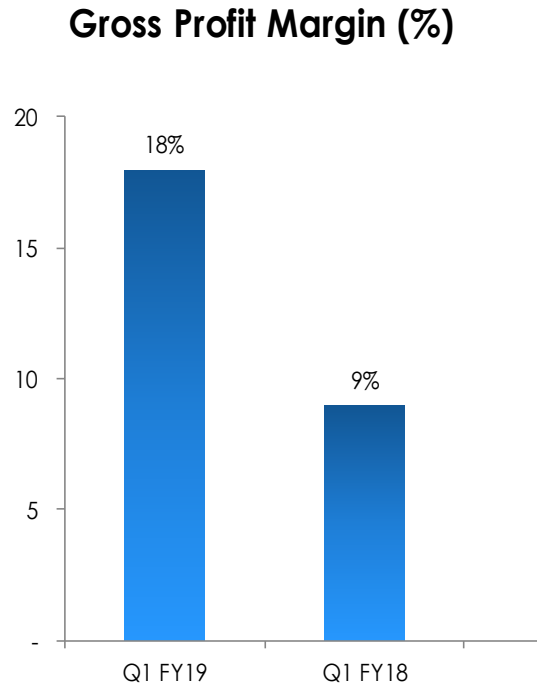

- Revenue increased in Q1 FY19 mainly due to higher vessel utilisation and good headway made in the subsea sector in current quarter.
- Utilisation of 58% in Q1 FY19, compared to 53% in Q1 FY18.

# Financial Highlights – HSER

**In US$'M**

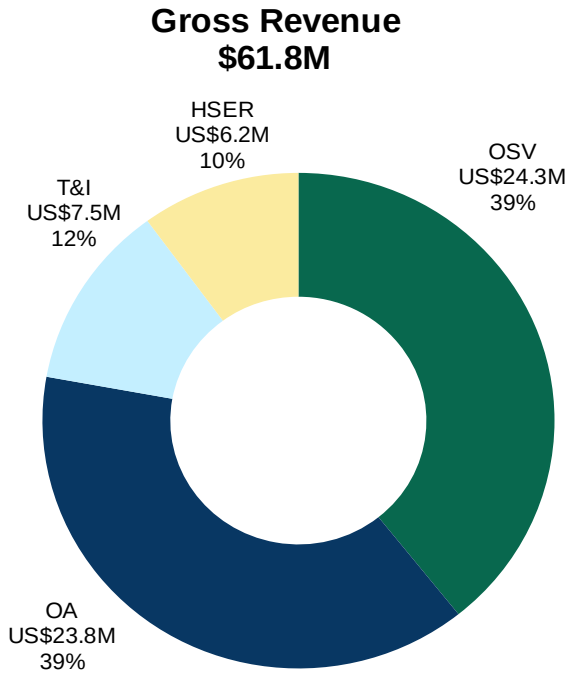


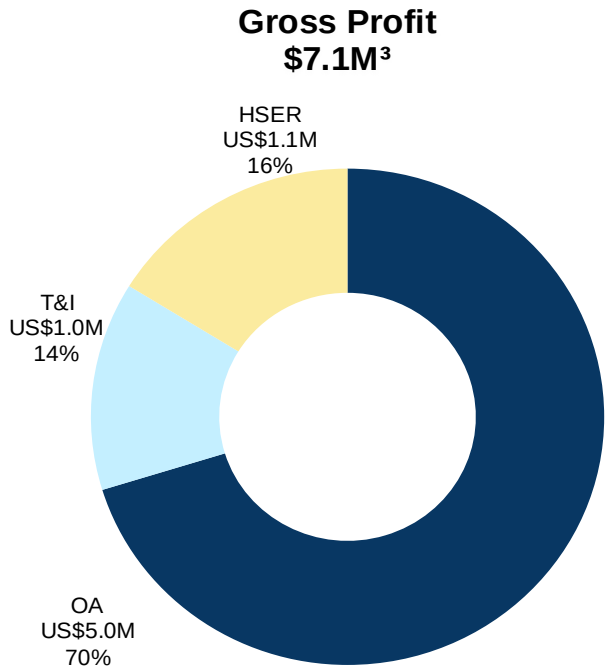



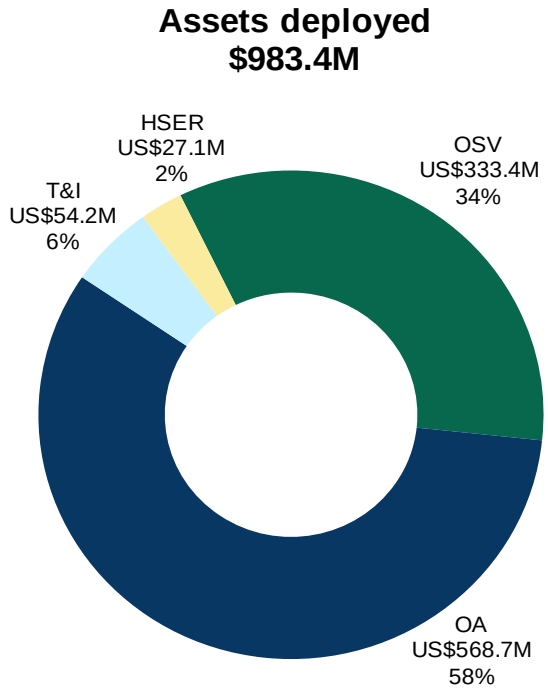




- Revenue increased in Q1 FY19 mainly due to more overseas jobs in current quarter. Correspondingly, gross profit increased to US$1.1 million in Q1 FY19 from US$0.4 million in Q1 FY18.

# Segments results[1] & Assets deployed[2]




[1]: *For period ended 31 Mar 19*
[2]: *As at 31 Mar 19*
[3]: *OSV made a Gross Loss of $0.3M in Q1 FY19*

# Capital Structure

| US$'000 | 31 Mar 19 | 31 Dec 18 |
|---|---|---|
| Net Debt | 754,196 | 752,542 |
| Equity[1] | 347,162 | 363,841 |
| Net Debt/Equity | 217% | 207% |

[1]: *Equity attributable to equity holders of the Company*

- The Group has net current liabilities of US$218.5 million mainly due to bank borrowings due within a year.
- The Group has undrawn bank lines of approximately US$106.0 million as at 31 Mar 2019.

# Forward Strategy

| 1. Build Order Book for Subsea & Renewables | 2. Expand Scope of Services | 3. Upgrading our Human Capital | 4. Closer to our Customers | 5. Opportunities for Consolidation |
|---|---|---|---|---|
| I. Build upon strong customer traction, gain new contracts for 2019 and beyond.<br>II. Identify and repurpose suitable assets to subsea and offshore renewables. | I. Grow walk-to-work services segment.<br>II. Invest in specialized equipment for Subsea Inspection, Maintenance and Repair (IMR) works. | I. Maintain operational excellence through investing in training opportunities for our employees. | I. Set up local offices in key markets: Africa, Asia and Middle East, which are bright spots for oil and gas development. | I. Continue to lookout for accretive opportunities for consolidation. |

# 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<br>▪ **Barge:** Transportation, floatovers and launching of platform jackets | ▪ **Harbour Services:** Support harbour towage operators and provide heavy lift services to shipyards<br>▪ **Emergency Response:** Salvage, wreck removal, rescue and oil-spill response operations globally |
| **Fleet** | ▪ Operates **42 vessels** (JV: 5) including:<br>• 5,150 – 16,000 BHP AHTS<br>• 2,600 – 3,150 BHP MUV<br>• 2,346 – 4,100 DWT PSVs<br>▪ One of the youngest deepwater and midwater AHTS/PSV fleets globally<br>▪ Average vessel age of 5.7 years | ▪ Operates **12 vessels** (JV: 1) with total capacity of approximately 3,400 persons<br>▪ Average vessel age of 6.5 years | ▪ Operates **38 vessels** (JV: 13) including:<br>• 12,000 – 16,300 BHP AHTs<br>• 4,000 – 8,000 BHP AHTs<br>• Barges, including submersible barges and launch barge<br>• Average vessel age of 9.9 years | ▪ Operates **31 vessels** (JV: 18) including:<br>• 3,200 – 5,000 BHP Azimuth Stern Drive (ASD) harbour tugs<br>• Heavy lift crane barges<br>• Average vessel age of 7.7 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<br>▪ Retainer agreements for emergency response services |

# Disclaimer

The information contained in this presentation is for information purposes only, and does not constitute or form part of any offer or invitation to sell or the solicitation of an offer or invitation to purchase or subscribe for, or any offer to underwrite or otherwise acquire any securities of PACC Offshore Services Holdings Ltd. (the "Company") or any other securities, nor shall any part of this presentation or the fact of its distribution or communication form the basis of, or be relied on in connection with, any contract, commitment or investment decision in relation thereto in Singapore or any other jurisdiction. No reliance may be placed for any purpose whatsoever on the information set forth in this presentation or on its completeness. This presentation has been prepared solely for information used by the Company for presentation purposes and may not be reproduced or redistributed to any other person.

The information ("Confidential Information") contained in this presentation does not contain all relevant information relating to the Company or its securities, particularly with respect to the risks and special considerations involved with an investment in the securities of the Company. No part of this document shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This presentation is strictly confidential and has been prepared by the Company to you solely for your reference. The Confidential Information is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning the Company. The information contained in this presentation has not been independently verified. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. Neither the Company nor any of their respective directors makes any representation or warranty (express or implied) regarding, and assumes any responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information or opinions contained herein. None of the Company or any of its members, directors, officers, employees, affiliates, advisors or representatives nor any other person will be liable (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.

This presentation may contain forward-looking statements which are statements that are not historical facts that may be identified by their use of words like "plans," "expects," "will," "anticipates," "believes," "intends," "depends," "projects," "estimates" or other words of similar meaning and that involve substantial risks and uncertainties. You should not unduly rely on such statements. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company does not guarantee that these assumptions and expectations are accurate or will be realised. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions.

Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of the Company's management on future events. The Company do not assume any responsibility to amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise.

The information in this presentation has not been independently verified, approved or endorsed by any manager or adviser retained by the Company. No representation, warranty, express or implied, is made as to, and no reliance, in whole or in part, should be placed on, the fairness, accuracy, completeness or correctness of the information and opinions in this presentation. It is not intended that these materials provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the Company. The information and opinions in these materials are provided as at the date of this presentation, and are subject to change without notice. None of the Company or its affiliates, advisers or representatives, makes any representation as to, or assumes any responsibility with regard to, the accuracy or completeness of any information contained here or undertakes any responsibility for any reliance which is placed by any person on any statements or opinions appearing herein or which are made by the Company or any third party, or undertakes to update or revise any information subsequent to the date hereof, whether as a result of new information, future events or otherwise and none of them shall have any liability (in negligence or otherwise) for nor shall they accept responsibility for any loss or damage howsoever arising from any information or opinions presented in these materials or use of this presentation or its contents or otherwise arising in connection with this presentation.

The distribution of this presentation in certain jurisdictions may be restricted by law and, accordingly, this presentation is being communicated only to persons who have requisite experience in matters relating to investments and are persons to whom it may be lawful to communicate it without contravention of any unfulfilled registration requirements or other legal restrictions in the jurisdiction in which they reside or conduct business or in which they receive this presentation.