

EMAS Offshore Limited

Q4 FY2016 Results Presentation

October 2016

Disclaimer

EMAS Offshore Limited

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Agenda

EMAS Offshore Limited

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I. Overview

Overview of EMAS Offshore Limited

EMAS Offshore Limited

Offshore Support & Accommodation Services

Overview

- Global fleet with established presence in the Asia-Pacific OSV market.
- Diverse client base, providing ship management services for both the Group and third party vessels.
- Owns, operates and/or manages a diverse fleet of 42 OSVs, 4 OAVs, 2 barges and 1 heavy lift and pipelay vessel (average age of approximately 7 years).

Business development strategies

- Continued focus on improving overall vessel utilisation
- Increased bidding efforts in Southeast Asia and West Africa in a competitive global environment
- Cost reduction and containment to preserve financial resources
- Undertaking strategies to monetize assets and enhance financial strength/flexibility

Offshore Production Services

Overview

- Provider of production vessels and services
- Expertise in project management, engineering, construction, installation and operation & maintenance in the fixed and floating production sectors
- Owns or operates 2 FPSOs

FPSO assets

Lewek EMAS



First Oil:	Oct 2011.
Gross tonnage:	94,647
DWT (Tropical):	188,101
Storage:	660,000 bbl
Oli:	50,000 BOPD
Gas:	89 MMSCFD
Water Injection:	60,000 bbl/d
Production:	50,000 bbl/d

- *Long-stop date of the Sale and Purchase Agreement extended till 30 November 2016*

Perisai Kamelia
One of the world's largest FPSOs



First Oil:	Nov 2013
Gross tonnage:	63,101
DWT (Tropical):	127,540
Storage:	725m bbl
Export Gas:	175 MMSCFD (at 2),000 PSIG
Condensate:	4,000 bbl/d

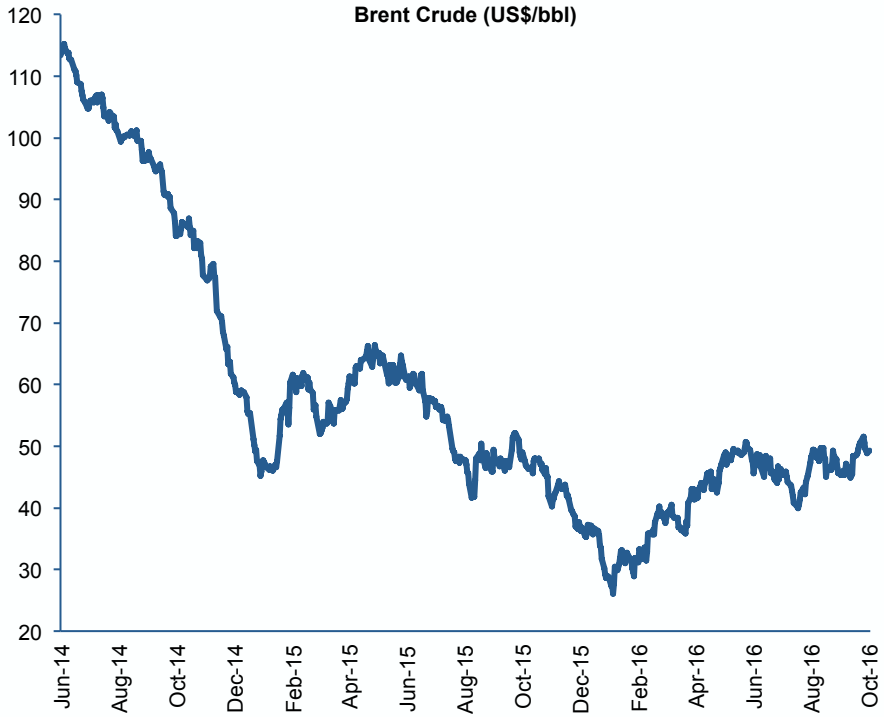
- *Firm period of charter extended till May 2017, with potential of up to 12 month extensions*

Market Overview

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Oil price environment

Oil price development



- Oil price has increased from US$36 in February 2016 to about US$50 in October 2016
- Offshore oil and gas activities have not increased significantly and this trend is expected to continue
- Oil majors globally continue to delay capital investments and reduce operating expenditures
- Consequential negative impact on OSV utilisation and charter rates

Source: US Energy Information Administration



II. Business Review

Business Highlights

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Group Performance

- OSV sector to remain extremely challenging through FY2017
- Results in Q4FY2016 remained impacted by weak demand and general oversupply in offshore supply vessel sector
- Utilisation showing signs of stabilisation although daily charter rates are expected to remain depressed for a considerable period of time

Offshore Support & Accommodation Services

- Utilisation rate was approximately 50% during the quarter
- Overall weakness in the offshore support industry, especially the small PSV and AHTS segments
- Cost reductions continue to ensue in Q4 FY2016
- West Africa remains promising as the Company look to deploy more vessels and entrench its position to that region.

Offshore Production Services

- *Perisai Kamelia* continued to perform operationally well during Q4 FY2016
- Uptime was close to 100%
- The long stop date for the sale and purchase agreement with PetroFirst Infrastructure 2 Limited for the sale of Lewek EMAS was extended to 30 November 2016. Expected completion is on or before end November 2016.

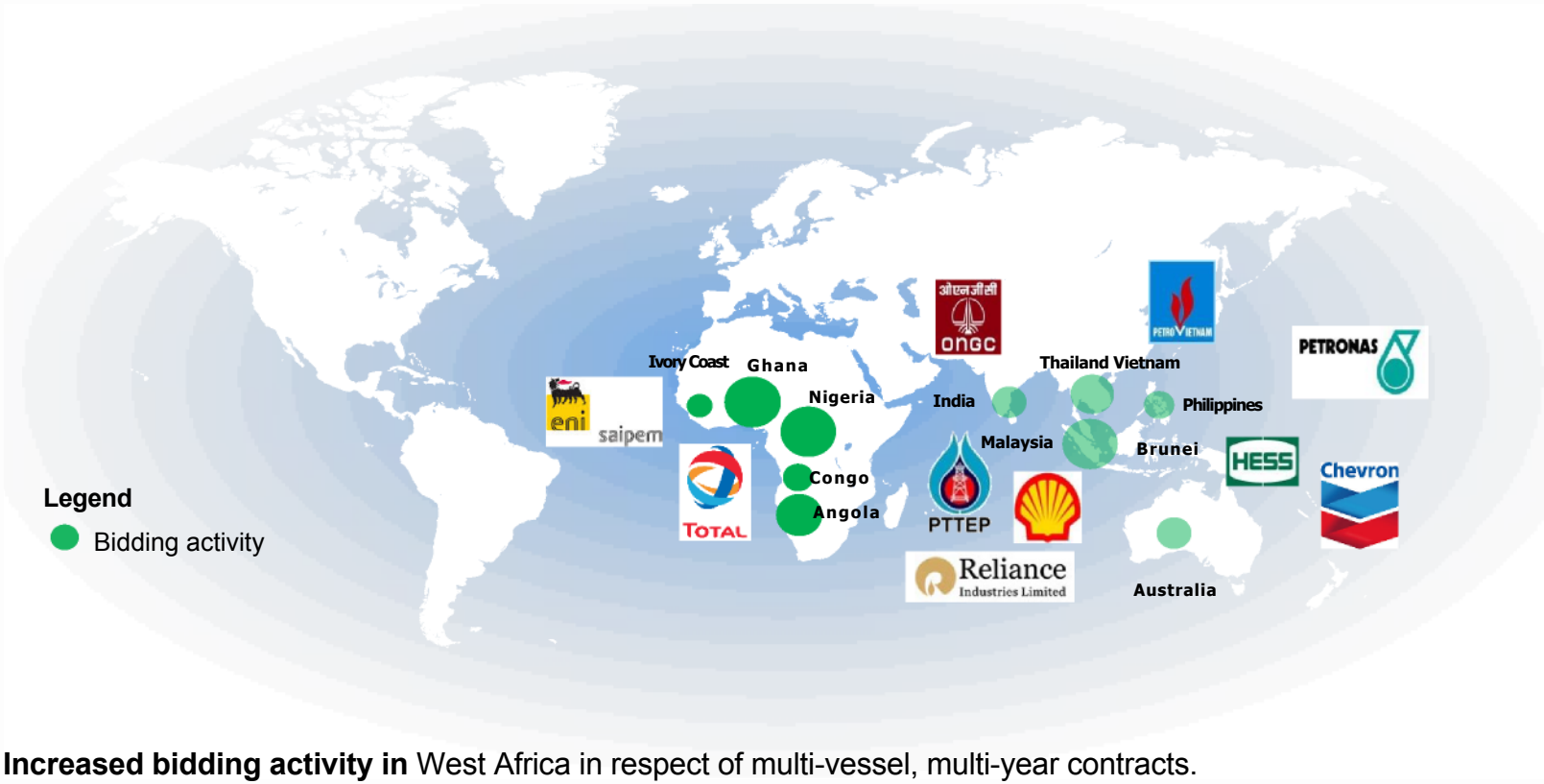






Business Development Activity

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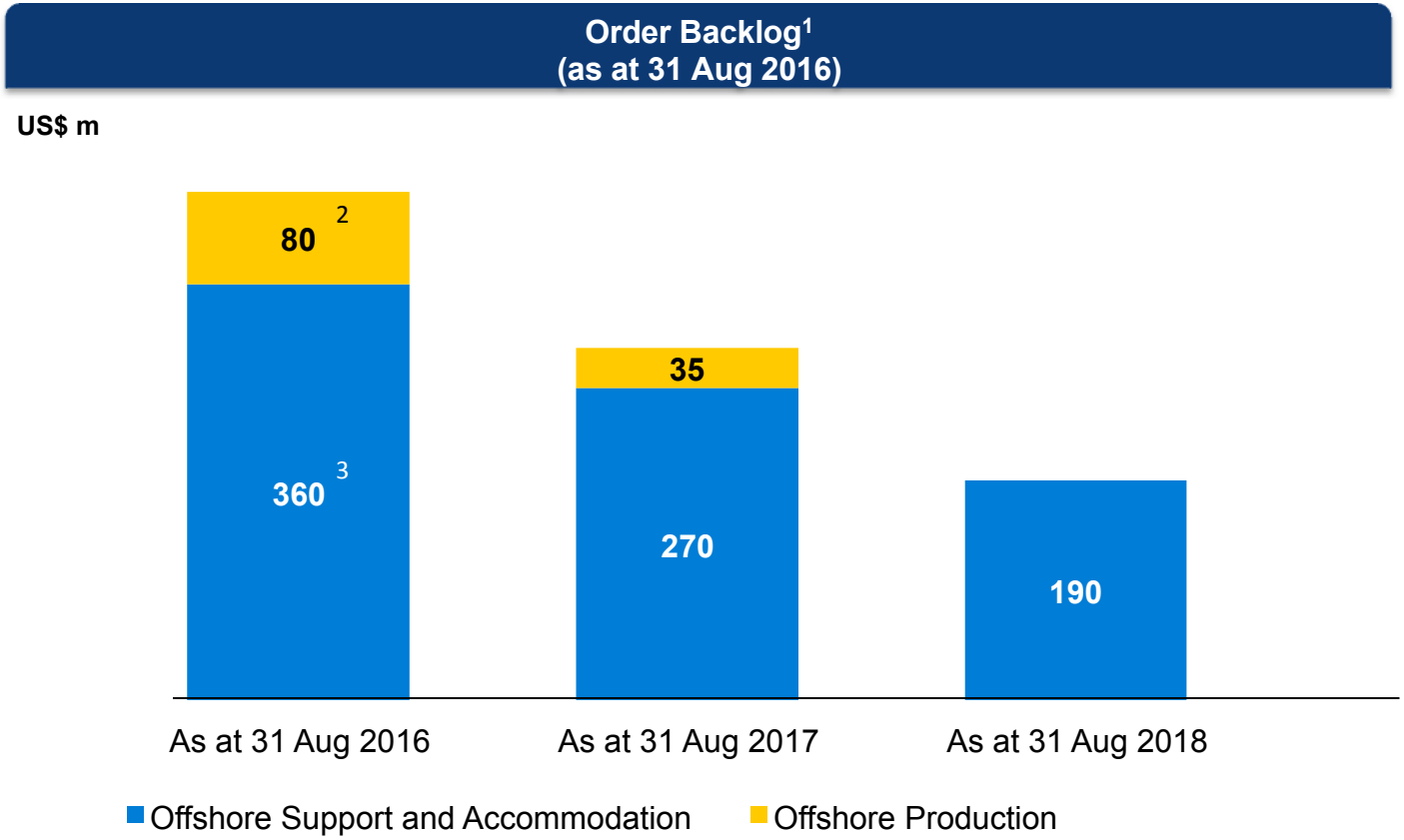
Increased bidding activity in West Africa in respect of multi-vessel, multi-year contracts.

Additional resources in West Africa to support our increased business activity in the region

Global operational footprint with vessels currently working in Asia-Pacific (78%) and West Africa (22%)

Order Backlog

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Average remaining contract duration for Offshore Support & Accommodation Services: **2.3 years**

- OSV generally on shorter charters especially for AHTs and PSVs
- OAVs generally continue to be deployed on long term charters

Average remaining contract duration for Offshore Production Services: **1.8 years**

- FPSO charters generally stable and for medium term

Note:

1. Net orderbook assuming options are exercised. Lewek EMAS was excluded since 1 March 2016
2. FPSOs are accounted for under "Share of results of associates" on the Profit or Loss Statement. The Group ceased to share the profits of *Lewek EMAS* with effect from 1 March 2016, following its reclassification to asset held for sale.
3. The order backlog for the Offshore Support & Accommodation Services division includes the bareboat of *Lewek Champion* to EMAS AMC

Utilisation Rate

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Offshore Support & Accommodation Services

Utilisation Rate [1]

	FY2013	FY2014	FY2015	FY2016
Fleet of vessels [2][3]	82%	84%	75%	55%
Total Fleet Size [4][5]	45	45	46	46

Highlights for Q4FY2016

- Utilisation during Q4FY2016 maintained at 50% vis-a-via Q3 FY2016
- Fleet utilisation significantly impacted by industry downturn and general oversupply of offshore support vessels

Notes:
1. Utilisation rate is calculated by aggregating the number of contract days and dividing that by the aggregate number of days each type of vessels are available for charter.
2. The utilisation rates of FPSOs have not been included as it is not industry practice to measure the performance of FPSOs using utilisation rates. (3) The utilisation rates for barges have not been included as it is not a meaningful indicator. (4) As at 31 August of each financial year. (5) *Lewek Ruby* was sold in Q2FY2015. *Lewek Hydra* was not included for Q1FY2016. *Lewek Lark* was sold in Q2FY2016

Recent Developments

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Perisai Petroleum Teknologi Berhad ("PPT")

- EOL owns an equity stake of 11.5% in PPT
- PPT, together with its wholly-owned subsidiary Perisai Capital (L) Inc, made several announcements in October 2016. Based on these announcements, PPT, as the guarantor of the issuer of S$125 million 6.875% Notes (the "**Notes**"), is unable to meet payment of principal and interest of the Notes as demanded by holders and/or trustee of the Notes. PPT has also classified their status as being not solvent
- The Group has receivables, as well as various joint ventures and associated investments with PPT and its wholly-owned subsidiaries
- The Group may need to make adjustments depending on further developments at PPT with no determination being made due to the uncertainties and developing situation at PPT and its subsidiaries
- The Group is monitoring the situation and will make appropriate adjustments and disclosure as required

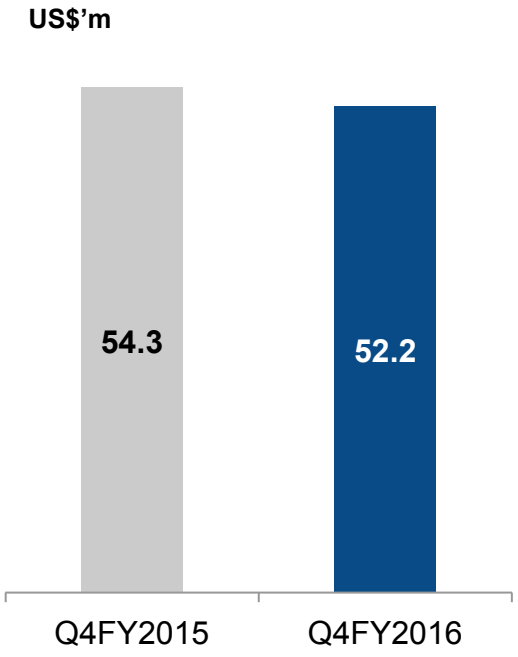


III. Financial Highlights

Income Statement Highlights

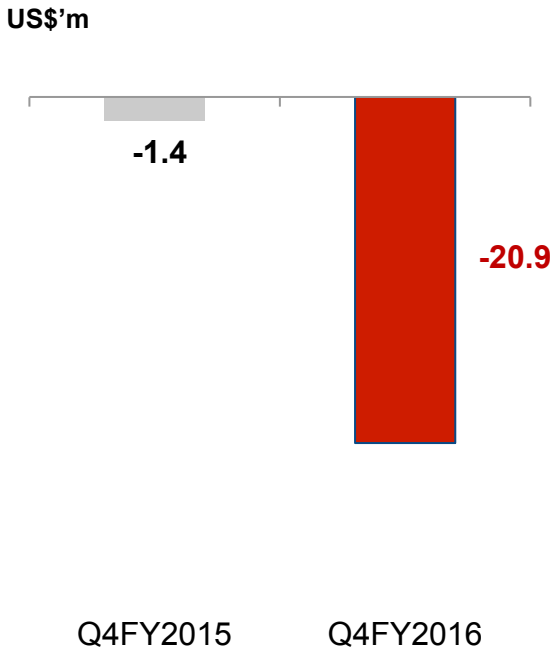
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Revenues



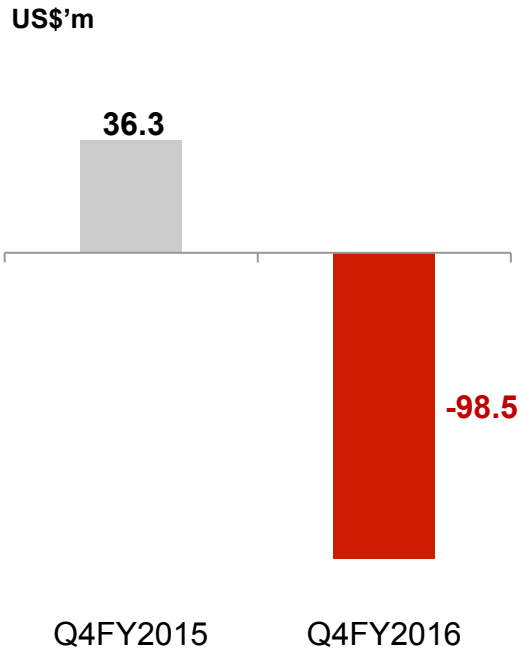
- Revenues for Q4FY2016 was US$52.2 million, a 4% decrease from same quarter last year
- Largely due to overall weakness in the offshore industry

Gross Profit/(Loss)



- Operating loss for Q4FY2016 was US$20.9 million compared to an operating loss of U$1.4 million in Q4FY2015
- Gross loss due mainly to higher cost of sales as a result of increased depreciation

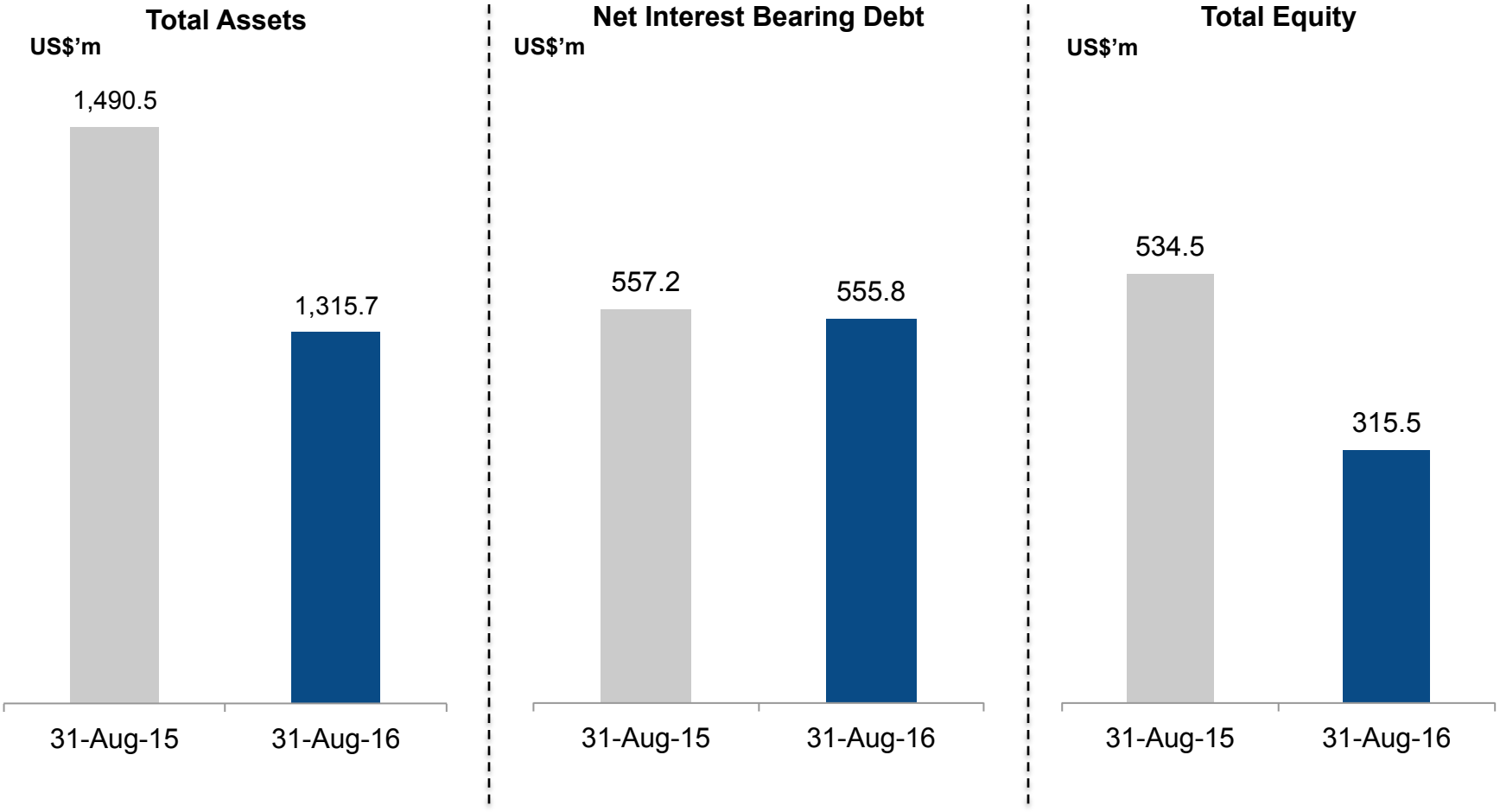
Profit /(Loss) After Tax



- (Loss) after tax was -US$98.5 million compared to profit after tax of US$36.3 million in the same period last year
- Results impacted mainly by impairments and writeoffs, higher financial expenses and lower share of results from associates and joint ventures

Balance Sheet Highlights

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- Decline in Total Assets and Total Equity as a result of net loss in taking into account impairments during FY2016
- Net interest bearing debt decreased slightly as at 31 Aug 2016

Balance Sheet and Capital Management

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Balance Sheet as at 31 August 2016

US$ m	Group
Total Assets	1,315.7
less: Total Liabilities	1,000.2
Total Equity	315.5
Gearing	
Total Debt	568.3
less: Cash & Equivalents	12.5
Net Debt	555.8
Total Debt/ Equity	**1.80x**
Net Debt/ Equity	**1.76x**

- Entered into a sale and purchase agreement for Lewek EMAS on 1 July 2016. Proceeds will be used mainly for debt repayment
- Continues to leverage on strong support from its lending banks and capital providers to support the balance sheet and maintain financial flexibility
- EOL has reached in-principle agreements with substantial majority of its principal bankers on refinancing its financing obligations, in order to tide through the current market downturn

Key Figures & Ratios

EMAS Offshore Limited

US$ 'm	Year ended 31 Aug 2016	Year ended 31 Aug 2015
EBITDA	(181.3)	266.9
EBIT	(237.1)	221.1
Earnings per share[1] – Basic and Diluted (US¢)	(0.61)	0.47
Weighted average number of shares (in millions)	438.4	425.2
Interest cover ratio (times)[2]	-7.4	19.7
Return on equity[3]	-62.4%	47.0%

[1] Net profit / Weighted average number of shares
[2] EBITDA / Net interest expenses
[3] Net profit / Average book equity



IV. Outlook & Strategies

Outlook & Strategies

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Environment is challenging with continual pressures, but we are advancing various initiatives...

1. Cost optimisation – reduce vessel operating costs and general administrative expenses

2. Geographical strategy – leverage and consolidate in SE Asia and expand in selected relatively resilient areas e.g. West Africa and India

3. Active capital management – to strengthen/enhance financial position and liquidity

4. Leveraging synergies with the Ezra Group to win tenders with potential penetration to new markets