

# Ezion Holdings Limited

**Informal Session for Noteholders**

11<sup>th</sup> – 18<sup>th</sup> March 2020

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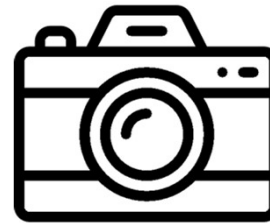
# Meeting Protocol



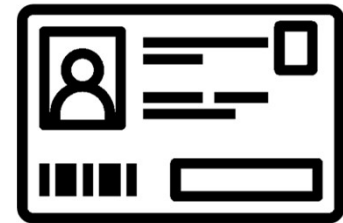
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Informal  
meeting



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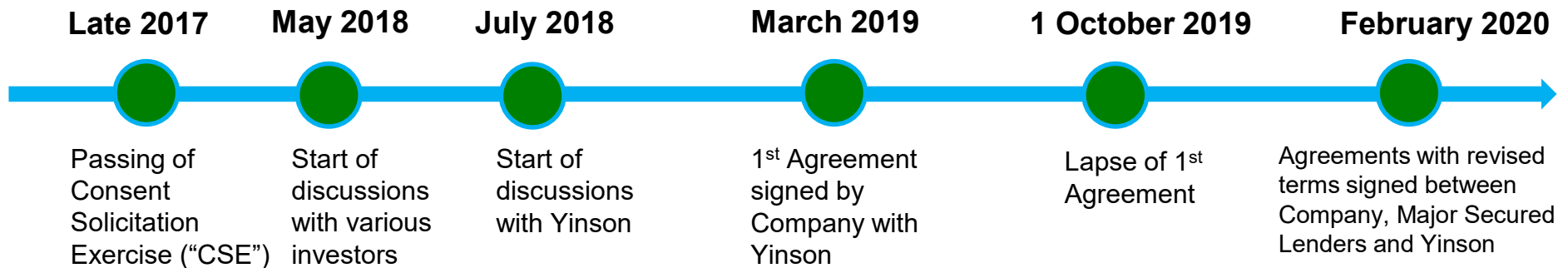


Identification  
for Q&A

# Today's Agenda

- 1 Recap of Events
- 2 Company's Action Plan
- 3 Proposed Scheme of Arrangement
- 4 Timeline
- 5 Q&A

# Recap of Events



## The Company's situation has deteriorated as a result of:

- Challenging market conditions due to systemic problems in the industry and uncertainty in the oil prices. The Group has been facing payment delays and defaults by customers who are granted credit terms / or are on settlement plans.
- Persistent oversupply of certain marine assets like tugs, barges, workboats and drilling and accommodation rigs (jack ups).
- Difficulties of the Group to access funding for capital expenditures, the Group has been unable to re-deploy its liftboats.
- Given the above factors, the Group's operating cashflow has weakened since 2018.

## Since March 2019

- The Company's situation has deteriorated significantly since then.
- After a year of discussions, the agreements with revised terms were signed on 28 February 2020.

# Recap of Events

<i>US\$'000</i>	FY2017 (restated)	FY2018 (audited)	FY2019 (unaudited)
Revenue	193,108	118,696	90,327
Cost of sales and servicing	(115,738)	(107,034)	(92,275)
Gross (loss) / profit	77,370	11,662	(1,948)
Impairment loss / loss allowances	(277,955)	(356,910)	(447,199)
<b>Results after income tax</b>	<b>(323,093)</b>	<b>(344,339)</b>	<b>(614,936)</b>
Total Liabilities	1,630,934	1,596,853	1,749,308
Total Equity	(100,688)	(254,752)	(867,444)
<b>Cash flows from operating activities</b>	<b>95,725</b>	<b>21,816</b>	<b>22,258</b>
<b>Net cash generated from operating activities</b>	<b>62,618</b>	<b>9,814</b>	<b>29,382</b>

In 2017, **9** Liftboats were deployed. There are only **5** Liftboats deployed currently.

This is mainly due to inability to access funds for repairs, maintenance and modification works to re-deploy the Liftboats.

Market conditions remain challenging.

Impairment losses due to the above reasons and deterioration of non-core assets which are mainly cold-stacked.

# Background of Investor and Plans



**Yinson Eden Pte Ltd (“YEPL”)**, a wholly owned subsidiary of **Yinson Holdings Berhad**.

## **Yinson Holdings Berhad:**

- ✓ A public limited company incorporated in Malaysia with shares listed and quoted on the **Main Market of Bursa Malaysia** (“Bursa”).
- ✓ Market capitalisation of **RM7.65 billion** as at 28 February 2020.
- ✓ A premier Malaysian integrated offshore production and support services provider company.
- ✓ **6th largest** independent Floating Production Storage Offloading (“FPSO”) leasing company globally, having a **wide geographical presence** in Malaysia, Vietnam, Singapore, Norway, USA and Africa.

## **1. Maintain Listing Status in Singapore**

## **2. Synergies in Business**

- **Complementary Acquisition** since Ezion specialises in ownership and chartering of offshore assets.

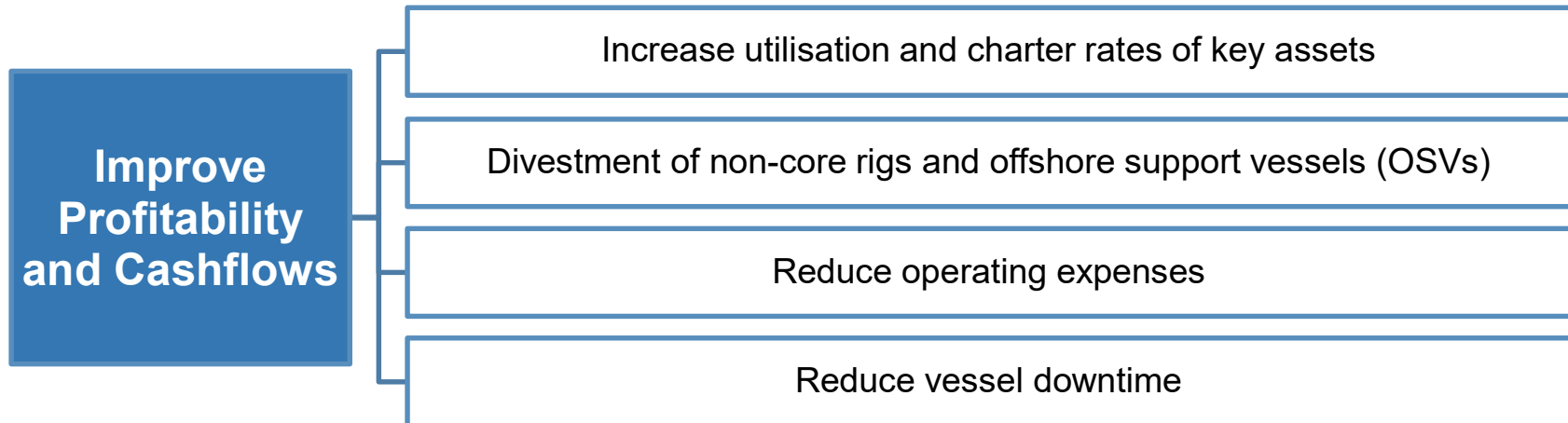
## **3. Stronger Balance Sheet**

- Provision of working capital
- Ezion to be in a net asset position post transaction

## **4. Enhance Value**



# Company's Action Plan





## **Proposed Scheme of Arrangement**

# Investor's Investment Parameters



Total cash outlay for the overall investment at **US\$170.0 million**:

- i. US\$150.0 million cash *(via purchase of debt and cash injection at Issue Price of S\$0.0317 per share)*
- ii. US\$20.0 million in the form of Convertible Notes



**US\$150.0 million** worth of options to acquire additional Shares at S\$0.0349, being a 10% premium of Issue Price (S\$0.0317).

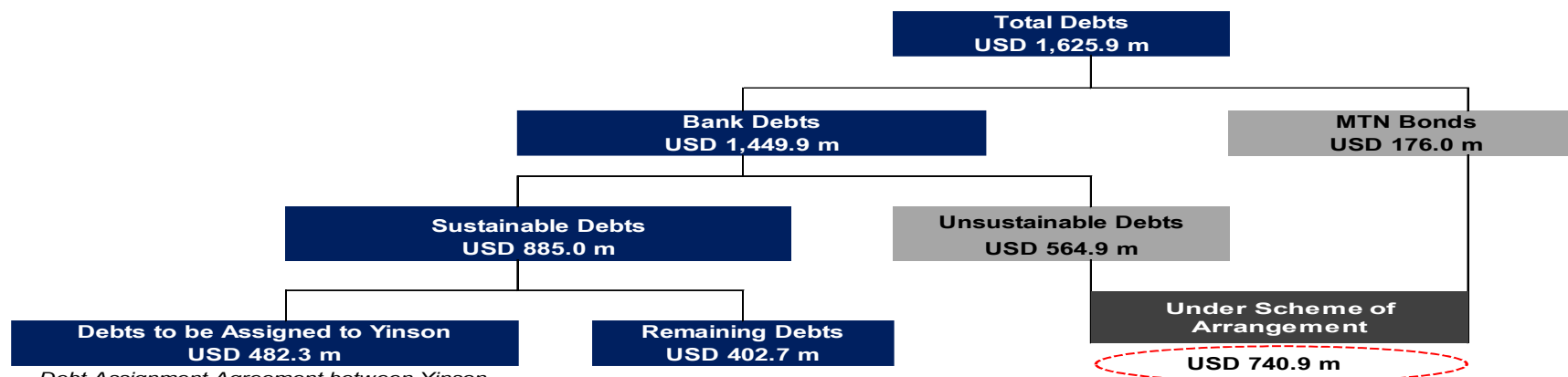


**Total remaining debts** of the Group after Transactions Completion shall be **no more than US\$403.0 million**.



Shareholding of at least **63.46%**

*(After the Proposed Transactions, transfer of MSL Consideration Shares pursuant to Debt Assignment and the proposed Scheme of Arrangement, and before the exercise of any of the abovementioned Options or conversion of the Convertible Notes.)*



*Debt Assignment Agreement between Yinson Eden Pte Ltd and relevant Major Secured Lenders*

1. Proposal under the Proposed Scheme of Arrangement:
  - a. **Option A:** 10% in cash\*, 20% in shares @ S\$0.0387 per share
  - b. **Option B:** Conversion of entire sum to convertible perpetual securities (the “**Scheme Convertible Perpetuals**”)
2. Part of the Sustainable Debts of US\$482.3m (the “**Assigned Debts**”) to be assigned to Yinson Eden Pte Ltd (the “**Subscriber**”) which will be capitalised into ordinary shares of Ezion at S\$0.0317 per share.
3. Remaining debts of **US\$402.7m** to be retained and restructured on a bilateral basis with the Major Secured Lenders.
4. The Subscriber to place a deposit of US\$20m which shall be on-lent by the Major Secured Lenders to the Company as interim working capital (the “**Interim Funding Arrangement**”); with Major Secured Lenders to grant RCF on a dollar-for-dollar basis. Total of **US\$40m** available for use by the Group. The Subscriber to subscribe US\$20m of Convertible Notes, the proceeds of which shall be utilised to repay the Interim Funding Arrangement.
5. Major Secured Lenders have granted the Subscriber the Proposed Option to Purchase to purchase the Option Assets at an agreed purchase consideration should the Proposed Scheme of Arrangement / EGM fails.
6. In total, Yinson’s overall investment is US\$170m in return for a shareholding of ~63.46% (US\$103m as consideration for the Assigned Debts, US\$47m as cash injection into the Company and US\$20m in the form of Convertible Notes).

*\*includes 2% in cash payable within 1 year from the date of payment of the Upfront Cash Payment*

*Figures are as at 30 September 2019*



# About the Proposed Scheme of Arrangement

## 1. Unsustainable bank debts

2. **Refinancing Series A:** 0.25 per cent, non-convertible bonds due 2024. (ISIN: SG7OG1000000)

3. **Refinancing Series B:** 0.25 per cent, convertible bonds due 2023. (ISIN: SG38F9000006)

4. **Refinancing Series C:** 0.25 per cent, non-convertible bonds due 2027. (ISIN: SG7OG2000009)

Each Scheme Creditor may elect to receive **either** Option A or Option B in compromise of the debt owing to them by the Company:



### Option A

**10%** Cash Payment (*2% payment is deferred<sup>^</sup>*)  
**20%** Shares (issued at S\$0.0387 per share)

### Option B

**100%** Conversion into Convertible Perpetual Securities

- Coupon rates of 0.25% p.a.
- Step-up Coupon of 0.5% p.a. per year after 10 years
- Conversion period of 5 years
- Conversion price of S\$0.139

<sup>^</sup> 2% in cash payable within 1 year from the date of payment of the Upfront Cash Payment.

## Illustration

**A:** **S\$25,000** total cash pay-out and **S\$50,000** equivalent of **shares** issued at **S\$0.0387** per share, for every S\$250,000 debts held

**B:** **S\$250,000** worth of Perpetual Securities, for every S\$250,000 debts held

- Coupon rates of 0.25%
- Step-up Coupon of 0.5% p.a. per year after 10 years
- Conversion period of 5 years
- Conversion price of S\$0.139 per share

# Conditions to Proposed Transaction

**The completion of the Proposed Transaction with Yinson is subject to, among others, the following:**

Approval of the Proposed Scheme of Arrangement (by Scheme creditors and the Singapore Court)

Approval by SGX for the listing and quotation of the shares

Approval by the Securities Industry Council (the “SIC”) on the whitewash waiver

Approval by Ezion’s Board and shareholders

Approval by Yinson’s Board and shareholders

Entry into the relevant loan documentation with the Lenders

Regulatory approvals for the transactions contemplated as may be required

**If the approvals above cannot be obtained, the Proposed Transaction with Yinson will not be able to go through.**

*Please refer to the Company’s announcement dated 28 February 2020 for further details on the Proposed Transaction.*



## Support from Various Stakeholders

### Investor

Total cash outlay for the overall investment at **US\$170 million**:

- US\$150 million cash (via purchase of debt and cash injection at Issue Price of S\$0.0317 per share)
- US\$20 million in the form of Convertible Notes

**US\$150 million** worth of options to acquire additional Shares at a 10% premium to the Issue Price

Deposit of **US\$20 million** placed for the transaction



### Secured Lenders

Provision of **Dollar-to-Dollar RCF** for operations of up to **US\$40 million**

Bank debts **reduced** to approximately **US\$403 million**

**Amendment and extension of credit facilities:**

- Extension of tenure
- Revision of the applicable interest rates
- Removal of restrictive financial covenants and other restrictive terms in relation to the operations of the Group



### Unsecured Lenders

Option A:

- **10%** Cash Payment (2% payment is deferred<sup>^</sup>)
- **20%** Shares (issued at S\$0.0387 per share)

Option B: **100% conversion** to Convertible Perpetual Securities

- Coupon rates of **0.25% p.a.**
- Step-up Coupon of 0.5% p.a. per year after 10 years
- Conversion period of 5 years
- Conversion price of S\$0.139
- Call option after 10<sup>th</sup> anniversary



### Existing Shareholders

Dilution of existing shareholding by approximately **89%**

(prior to exercise of conditional subscription of convertible loan and conditional options).



**The Group is reaching out to all stakeholders for support**



# Timeline Moving Forward



# Scheme Process

Description	Targeted Date
Scheme Meeting / Court Sanction	Early June 2020
Ezion EGM	July 2020
Yinson EGM	August 2020
Completion <ul style="list-style-type: none"><li>- Allotment of Shares for Option A</li><li>- First tranche cash payment for Option A (8%)</li><li>- Issuance of Perpetual Securities for Option B</li><li>- Relisting of Shares</li></ul>	September 2020
Second tranche cash payment for Option A (2%)	September 2021



**Q&A**

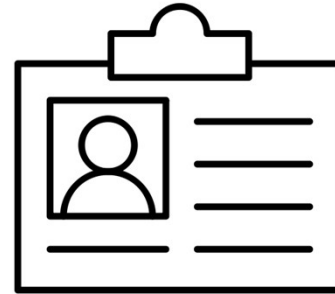
# Questions?

Please state your name before asking your question

1



2



# Contact Info

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