

# Ezion Holdings Limited

First Informal Noteholders Meeting

25 August 2017 and 28 August 2017

# Important Notes

---

- This informal meeting is being convened for the purpose of providing the Group's securitiesholders with an overview of the financial position of the group and to engage in a discussion with the securitiesholders in anticipation of the Group's cashflow challenges going forward.

Kindly note that:

- the informal meeting is not intended to and does not amount to a meeting under or in connection with the Trust Deed relating to the securities;
- the informal meeting has been called solely for the dissemination of information and no decisions or voting will be made at the informal meeting;
- the informal meeting is private and confidential and will be held on an entirely without prejudice basis; and
- in addition to securitiesholders on the records of The Central Depository (Pte) Limited who presently are recognised as securitiesholders under the terms of the Trust Deed and the securities, there may be persons holding the underlying beneficial interest who may also attend the informal meeting, and the reason why these persons have been allowed to attend is not in recognition of their status as securitiesholders but solely as a practical measure to facilitate the dissemination of information to such persons whom nominee securitiesholders having rights may take instructions from.

# Disclaimer

---

- Certain statements in this presentation may constitute forward looking statements. Forward looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe”, “anticipate”, “intend”, “estimate”, “forecast”, “project”, “plan”, “potential”, “may”, “should”, “expect”, “pending” and similar expressions identify forward looking statements.
- Forward looking statements also include statements about our future growth prospects. Forward looking statements, involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding our earnings, our ability to lease out our vessels, our ability to implement our strategy, dependence on credit facilities and new equity from capital markets to execute our strategy, insufficient insurance to cover losses from inherent operational risks in the industry, dependence on key personnel, our short operating and financial history, possibility of pirate or terrorist attacks, competition in the industry, political instability where our vessels are flagged or operate, cyclicity of the industry and fluctuations in vessel values. For further information, please see the documents and reports that we file with the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

# Disclaimer (continued)

---

---

- You are advised not to place undue reliance on these forward looking statements, which are based on the Company's current views concerning future events. Unless legally required, the Company undertakes no obligation to update publicly any forward looking statements, whether as a result of new information, future events or otherwise.
- This presentation may include market and industry data and forecasts. Such information were extracted from various market and industry sources and the Group has not sought the consent of these market and industry sources for their consent nor have they provided their consent to the inclusion of such information in this presentation. You are advised that there can be no assurance as to the accuracy or completeness of such included information. While the Company has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Company has not independently verified any of the data or ascertained the underlying assumptions relied upon therein.
- This presentation does not constitute or form any part of any offer or invitation or inducement to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities of the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract therefore. This document may not be forwarded or distributed to any other person and may not be copied or reproduced in any manner whatsoever.

# Meeting Protocol

---

- Without prejudice
- Informal meeting
- No recording and photo taking
- Identification for Q&A

# Agenda

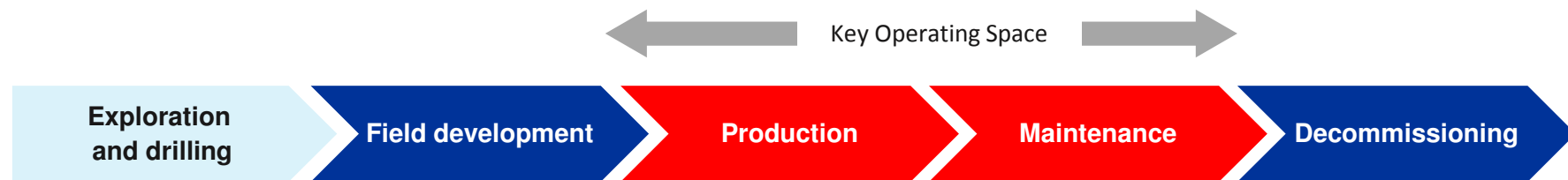
---

- 1) Getting to know the Ezion Group better
- 2) Overview of the Industry
- 3) Snapshot of Financial Situation
- 4) The Group's Action Plan and Roadmap
- 5) Q&A

# **1. Getting to Know the Ezion Group Better**

# Getting to know the Ezion Group Better

- Ezion Holdings Limited ("Ezion"), together with its subsidiaries (the "Group"), specialise in the **operation of its fleet to support the offshore energy markets** (oil & gas and windfarms).
- Ezion has purposefully focused on liftboats as a niche in the offshore sector, particularly in Asia.
- It supports mainly the **production and maintenance activities** of the oil & gas value chain, which generates recurring revenue as compared to the project-driven nature of the exploration and developmental phase.
- The group has also successfully diversified into the offshore windfarm sector in China and Europe.



- |   |   |  |  |  |
|---|---|--|--|--|
| <ul style="list-style-type: none"> <li>▪ Liftboats are not used for drilling wells</li> </ul> | <ul style="list-style-type: none"> <li>▪ Construction support</li> <li>▪ Accommodation</li> </ul> | <ul style="list-style-type: none"> <li>▪ Production services e.g. wireline</li> <li>▪ Accommodation</li> </ul> | <ul style="list-style-type: none"> <li>▪ Workhours e.g. coiled tubing</li> <li>▪ Enhanced oil recovery</li> <li>▪ Modification and repairs</li> <li>▪ Accommodation</li> </ul> | <ul style="list-style-type: none"> <li>▪ Decommissioning support</li> <li>▪ Accommodation</li> </ul> |
|---|---|--|--|--|



# Fleet of Vessels – Liftboats



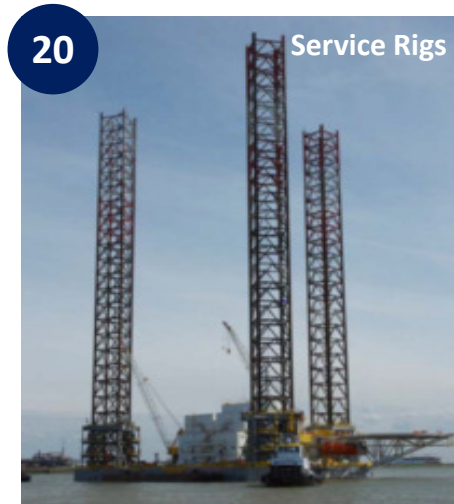
\* Excluding 2 liftboats pending delivery

- Liftboats are Jack-up Rigs with **Self-Propulsion capabilities**.
  - A liftboat's **stable work platform enhances productivity and safety standards**.
  - Liftboats offer a very cost-effective solution to operators:
    - a) Liftboats can **move on its own** from location to location without a towing / anchor handling tug.
    - b) For jobs that require repositioning of the vessel around the Oil & Gas field, Liftboats enable operators to utilise only **one vessel instead of multiple vessels**.
    - c) Liftboats are **multi-functional** and can replace the requirement for a few different types of vessels (towing tugs, accommodation barges and crewboats).
    - d) Liftboats are designed to operate under **all-weather conditions** and can thus allow offshore operations to continue in harsh weather conditions (thereby reducing downtime / risks).
- 
- Ezion owns and operates one of the **most advanced fleet of Liftboats in the world**.
  - With a leg length of at least 320 feet, **Ezion is able to serve most platforms in the Asia Pacific region**.

# Fleet of Vessels (including JV assets)



\* Excluding 2 liftboats pending delivery



# Liftboats & Service Rigs in Action – Oil & Gas

---

---

## Well support services

Oil well intervention activities to enhance production of the well e.g. wireline and coiled tubing.



## Repairs, maintenance and upgrades

Provide support services for the repair, upgrades and maintenance of ageing offshore O&G production platforms.



## Accommodation

Accommodation facilities for up to 300 personnel catering to offshore construction and service crews.

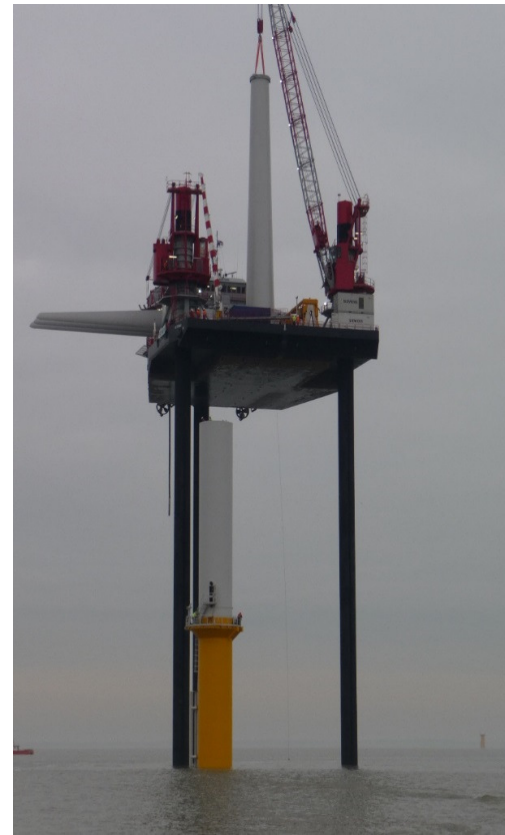




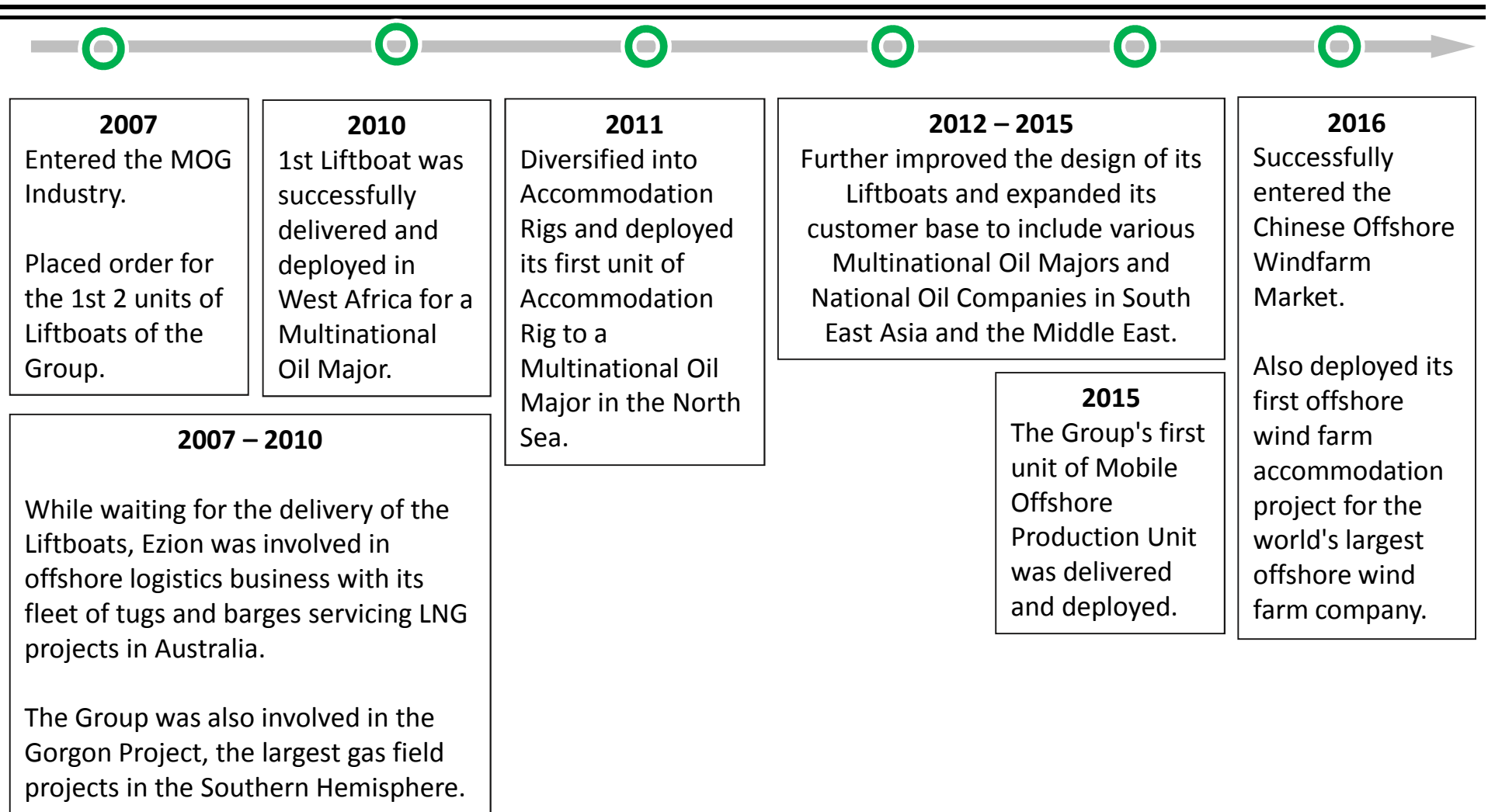
# Liftboats in Action – Wind Farm

---

---



# History of the Group



# Strong Fundamentals

---

## 1 Liftboats

Ezion is the largest Liftboat operator in Asia.

It runs the most advanced fleet of Liftboats in the world.

With a leg length of at least 320 feet, Ezion is able to serve most platforms in the Asia Pacific region.

## 2 Defensive Segment in Value Chain

Although activity among the customers is currently low, production and maintenance requirements are expected to pick up from 2018 onwards, especially in shallow water wells.

## 3 Established track record

It has an established track record of serving a diverse customer base comprising National Oil Companies, Multi-National Oil Majors and leading Energy Groups.

## 4 Offshore wind industry

The Group has successfully diversified into offshore wind industry to pursue new streams of revenue.

## 5 Conversion Capability

Capability to improve utilisation of rigs which are underutilised due to over-capacity in the market through conversion to accommodation rigs or Mobile Offshore Production Units.

## 6 Technology

Ezion is the only Liftboat Operator with state-of-the-art in-house simulator.

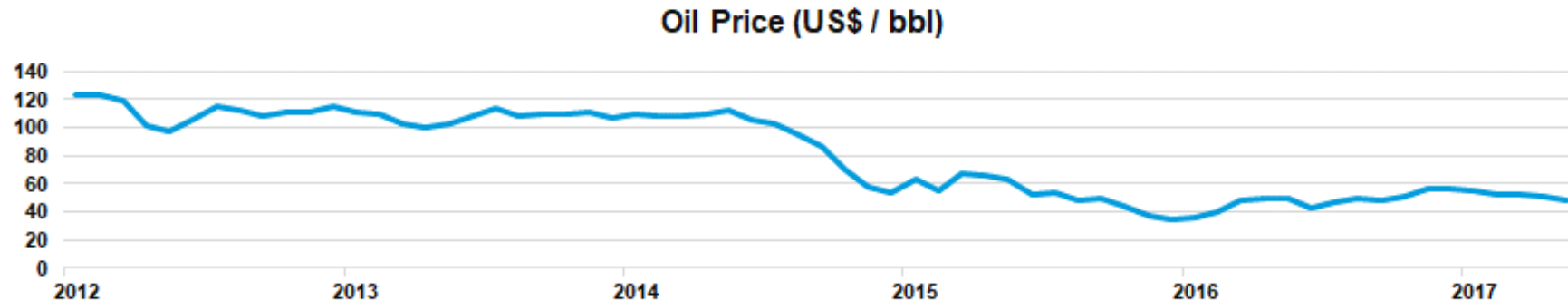
It facilitates project planning and crew training.

## **2. Overview of the Industry**

# Industry Overview

---

- Oil prices: from **US\$100 per barrel** in early 2014 to **US\$35 per barrel** in early 2016. Currently trending around US\$50 per barrel.



Source: Bloomberg

- **Prolonged depression in oil prices** led to a **sharp reduction in exploration and developmental** (E&D) activities by international oil majors.
- Oil companies have also slashed operating budgets by **delaying maintenance work**.
- **Depressed charter rates** across all classes of vessels, including liftboats, drilling and service rigs, as well as offshore support vessels.
- **Domino effect** across the entire industry has also resulted in **liquidity issues** and **delays in payments** for many players.
- With the uncertainty in the markets, **suppliers are more cautious** and have **tightened credit**.

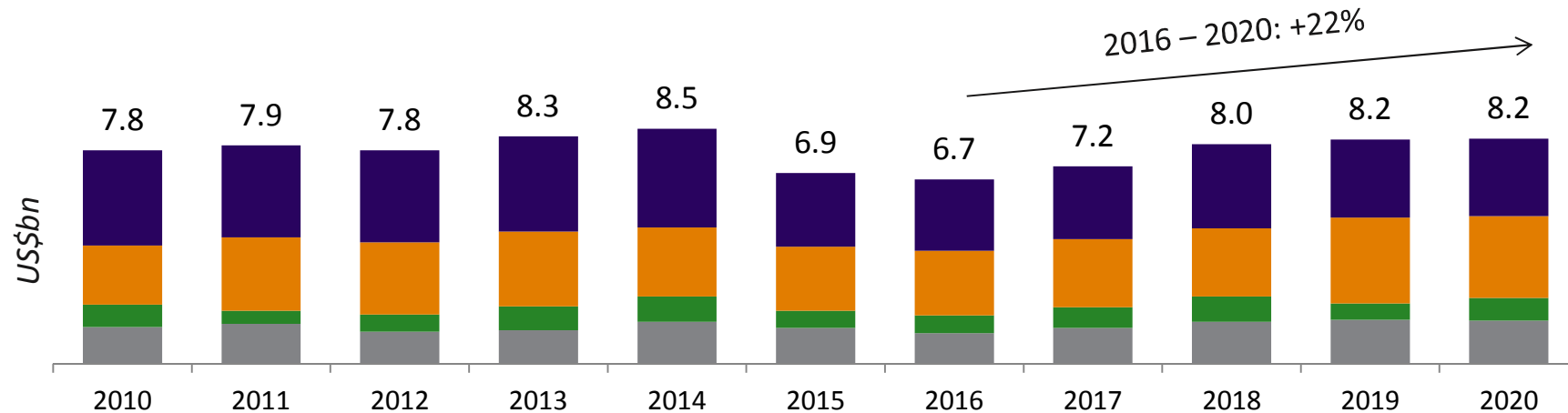


# Industry Outlook

Activities for maintenance-related OPEX is expected to recover in the near future.

Inspection, Repair and Maintenance (“IRM”) activities have been low in 2015 and 2016.

However, such activities cannot be deferred permanently. Decreased inspection frequency generally leads to plant failure and unplanned shutdowns. Delays in maintenance activity increase risks and affect production efficiency.



Source: Infield, June 2016

■ Asia Pacific ■ Middle East & Caspian ■ Europe & Africa ■ Americas

## **3. Snapshot of Financial Situation**

# Cashflow Extracts

Highlights (Extracted from CashFlow Statements)	FY2016 US\$m	1H2017 US\$m	Last 18 Months US\$m
1 Net cash generated from operating activities	146	24	170
2 Net Amounts Paid to Lenders	(177)	(79)	(256)
3 Amounts Paid to MTN Holders	(26)	(13)	(39)
4 Total amounts paid for PPE	(50)	(32)	(82)
<b>Total net amounts paid to lenders, MTN holders and purchases of PPE</b>	<b>(253)</b>	<b>(124)</b>	<b>(377)</b>
	<i>(2)+(3)+(4)</i>		
<b>Net cash after repayments, borrowings &amp; purchase of PPE</b>	<b>(107)</b>	<b>(100)</b>	<b>(207)</b>
	<i>(1)+(2)+(3)+(4)</i>		

The Group is still generating positive cashflow from operations.

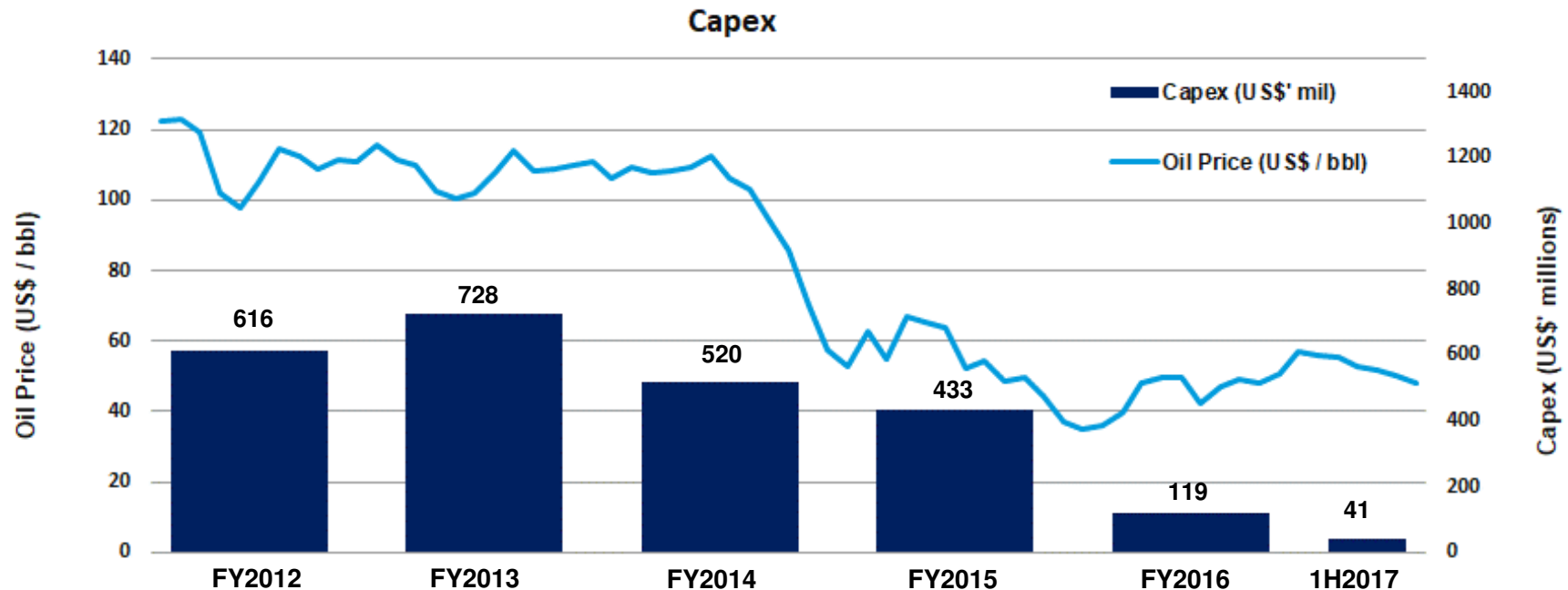
Net repayment of borrowings and interest to lenders and MTN holders totaled US\$295m over the last 18 months.

Capital expenditure totaled US\$82m over the past 18 months.

The Group's cashflow from operating activities of US\$170m was insufficient to meet the financial obligations to lenders and capital expenditure (shortfall of US\$207m).

The Group is seeking the Lenders' support to inter alia, refinance the existing loans so that the repayment obligations are more manageable.

# Capital Expenditure



The Group had incurred substantial capital expenditure to meet customer requirements.

The market was caught by surprise by the crash in oil prices and the Group had no choice but to honour the capital expenditure commitments in FY2015 and FY2016.

In 2016, the Group postponed the delivery of 4 liftboats for an indefinite period of time, so as not to increase the financial strain on its balance sheet.

# Summary of Liabilities (Lenders and MTN)

Summary of Liabilities	FY2012		FY2013		FY2014		FY2015		FY2016		1H2017	
	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%	US\$'000	%
Lenders	472,462	73%	875,119	74%	1,180,512	69%	1,226,355	71%	1,119,122	70%	1,058,602	68%
MTNs	177,635	27%	308,464	26%	527,406	31%	495,190	29%	488,539	30%	507,646	32%
<b>Total</b>	<b>650,097</b>	100%	<b>1,183,583</b>	100%	<b>1,707,918</b>	100%	<b>1,721,545</b>	100%	<b>1,607,661</b>	100%	<b>1,566,248</b>	100%

A significant portion of the liabilities was incurred in order to fund the Group's capital expenditure.

If the Group is able to restore the operating cashflow to the levels of 2016 and before, the liabilities will be more manageable.

# Fleet Deployment

	Liftboats	Rigs	OSV	Tugs & LCTs	Barges	Total
<b>Total</b>	<b>14</b>	<b>20</b>	<b>6</b>	<b>15</b>	<b>24</b>	<b>79</b>
Deployed	5	3	3	0	6	17
Deployed, in arrears	0	6	1	1	1	9
To be Deployed in the next 6 to 12 months	5	1	0	2	0	8
Not Deployed	2	10	2	12	17	43
Pending Delivery	2	0	0	0	0	2

The Group will focus on improving utilisation of the fleet, especially liftboats.

## **4. The Group's Action Plan and Roadmap**

# The Group's Action Plan

---

## 1 Capital & Funding Structure

- ✓ Refinance existing loan facilities
- ✓ Secure additional credit facilities
- ✓ Raise additional equity
- ✓ Engage all stakeholders proactively for early resolution

## 2 Deployment of Assets

- ✓ Focus on 100% deployment of liftboats
- ✓ Improving rates from liftboats
- ✓ Enhance deployment of other service rigs
- ✓ Minimise capex costs

## 3 Cost Management

- ✓ Reduce burn rates of undeployed vessels
- ✓ Further reduce corporate overheads



# Next Steps

---

The Group is in discussions with its Lenders to refinance existing loan facilities and to obtain additional funding to allow the Group to sail through the difficult waters over the next 5 to 7 years safely.

The Group is working on raising additional equity.

These initiatives will affect the capital structure of the Group.

We expect that the lenders and investors will have requests that will affect key stakeholders of the Group.

We are in the midst of engaging key stakeholders and endeavour to provide timely updates to you.

## **5. Q&A**