



# ASL MARINE HOLDINGS LTD.

Informal Noteholders Meeting  
5 December 2018

# Important Notes

- This informal meeting is being convened for the purpose of providing Noteholders (i) an update on developments of the Company's respective discussions with its principal bankers and the Noteholders' Informal Steering Committee ("ISC") since the Second Informal Meeting; and (ii) present the revised proposal for the Notes to the Noteholders for their consideration.

Kindly note that:

- The informal meeting is not intended to be, and is not, a meeting convened pursuant to the Trust Deed relating to the Notes;
- 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 noteholders on the records of The Central Depository (Pte) Limited who presently are recognised as Noteholders under the terms of the Trust Deed and the Notes, 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 Noteholders but solely as a practical measure to facilitate the dissemination of information to such persons whom nominee Noteholders 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.
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# Disclaimer

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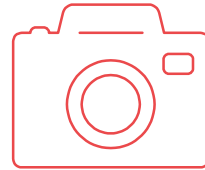
# Meeting Protocol



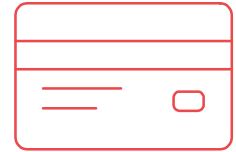
Without  
prejudice



Informal  
meeting



No recording  
and photo taking



Identification  
for Q&A

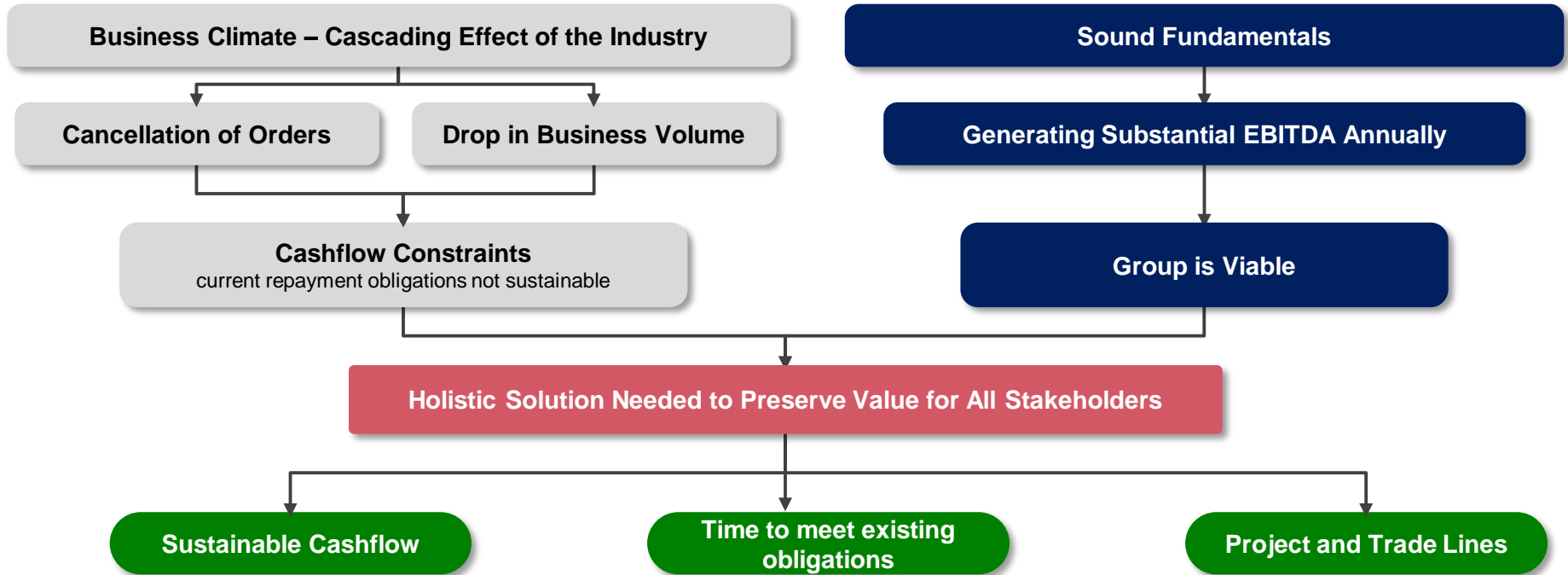
# Agenda

- 1** Opening Remarks
- 2** Recap from Previous Meetings
- 3** Discussion with ISC and other Noteholders
- 4** Updates on Discussion with Lenders
- 5** Recommended Final Proposal to Noteholders
- 6** Looking Ahead
- 7** Q&A



# Recap from Previous Meetings

# Recap from Previous Meetings



**Management is focusing on generating cash flows to repay its liabilities with all stakeholders' help**





## Discussion with ISC and other Noteholders

# Recap on Initial Proposal – 2<sup>nd</sup> Informal Meeting

## Existing Shareholders

Rights issue in FY2016. Raised **S\$25.17 million**.

Warrants to shareholders and Noteholders to potentially **raise more monies**.

Controlling shareholders:

- Interest-free loan of S\$5 million
- Additional **S\$5 million of standby line of credit**.

## Management Team

No bonus for past 3 years for management.

Continue cost-saving measures.

## Lenders

**Re-profile** of loans (10 years profile over 8 years repayment).

Extend a **project financing and trade line of S\$150m** to scale up the shipyard business.

*(such as invoice financing/banker's guarantee/performance guarantee/refund guarantee/letter of credit & trust receipts etc)*

Relaxation and/or lifting of covenants.

Interest rates spread of 2% to **2.5%**.

## Noteholders

Extend maturity by **5 years from current maturity**.

Lower mandatory redemption to **1% p.a.**

Reduction of interest rates to **2.5% p.a.**

Lifting of covenants.

Issuance of **1 warrant per S\$1 principal amount of Notes** held.

**Restore Balance Sheet and Financial Stability**

**Holistic Solution Needed to Preserve Value For All Stakeholders**

# Discussion with ISC and Other Noteholders



**SIAS** led the setting up of the Informal Steering Committee (“**ISC**”).



ISC formed on 29 October 2018, comprising 5 individuals and 2 institutional Noteholders.



ISC met up with the Group to understand the Group’s current financial status and held discussions on the initial Noteholders’ Proposal.



Held 5 meetings over the course of 4 weeks.



The Group has also met up and held discussions with 2 other institutional Noteholders during this period.

**A holistic proposal has been developed taking into consideration the interests of all stakeholders, including the Noteholders**

# Feedback from ISC and Other Noteholders (slide 1/3)

	Par Value	Maturity	Coupon Rates	Mandatory Redemption	Warrants	Covenants (extract)	Others
<b>Current Terms</b>	In lots of S\$250,000	Series 006: 28-Mar-20  Series 007: 1-Oct-21	Series 006: 5.50% p.a. with 0.5% p.a. step-up (current 6%)  Series 007: 5.85% p.a. with 0.5% p.a. step-up (current 6.35%)	5% p.a	-	(a) Consolidated total liabilities/ Consolidated tangible networth < 2.75 times  (b) Consolidated total borrowings/ Consolidated tangible networth < 2.0 times	(a) Second charge of club deal pool of vessels
<b>Initial Proposal (29 October 2018 2<sup>nd</sup> Informal Meeting – 1<sup>st</sup> ISC meeting)</b>	In lots of S\$50,000	Series 006: 28-Mar-25  Series 007: 1-Oct-26	2.5% p.a	1% p.a	1 Warrant for every S\$1 of Note	The above Covenants extract (a) and (b) to be lifted	(a) Second charge of club deal pool of vessels
<b>1<sup>st</sup> Improved Proposal to ISC (7 November 2018 – ISC 2<sup>nd</sup> meeting)</b>	In lots of S\$50,000	Series 006: 28-Mar-25  Series 007: 1-Oct-26	2.5% p.a + <b>x% p.a (from management-shareholder pay-cut)</b>	1% p.a	1 Warrant for every S\$1 of Note	The above Covenants extract (a) and (b) to be lifted	(a) Second charge of club deal pool of vessels

# Feedback from ISC and Other Noteholders (slide 2/3)

	Par Value	Maturity	Coupon Rates	Mandatory Redemption	Warrants	Covenants (extract)	Others
2 <sup>nd</sup> Improved Proposal to ISC (13 November 2018 – 3 <sup>rd</sup> ISC meeting)	In lots of S\$50,000	Series 006: 28-Mar-25  Series 007: 1-Oct-26	2.5% p.a + x% p.a (from management-shareholder pay-cut)  Add: Additional coupon % based on performance payable upon notes maturity: 0.10% p.a. for every S\$1m increase in average EBITDA (excluding other operating income) * from S\$65m.	1% p.a	1 Warrant for every S\$1 of Notes	Same as 1 <sup>st</sup> Improved Proposal	(a) Second charge of club deal pool of vessels  (b) Notes Redemption Accounts with provision for cash sweep
3 <sup>rd</sup> Improved Proposal to ISC (20 November 2018 – 4 <sup>th</sup> ISC meeting)	In lots of S\$50,000	Series 006: 28-Mar-25  Series 007: 1-Oct-26	2.5% p.a + 0.5% p.a (from management-shareholder pay-cut)  Add: Additional coupon % based on performance on an annual basis: 0.15% p.a. for every S\$1m increase in prior FY EBITDA (excluding other operating income) * from S\$65m.	1% p.a	1 Warrant for every S\$1 of Notes with exercise price of S\$0.08	Same as 1 <sup>st</sup> Improved Proposal	(a) Second charge of club deal pool of vessels  (b) Notes Redemption Accounts with provision for cash sweep

\* EBITDA (excluding other operating income): computed based on earnings before interest, tax depreciation, amortisation, and adjusted for/add back of allowance for doubtful debts, impairments, write-offs, any other non-cashflow items and excluding other operating income.

# Feedback from ISC and Other Noteholders (slide 2/3)






	Par Value	Maturity	Coupon Rates	Mandatory Redemption	Warrants	Covenants (extract)	Others
Recommended Final Proposal	No change to original (S\$250,000)	Series 006: 28-Mar-25	2.5% p.a + 0.5% p.a (from management-shareholder pay-cut)	1% p.a	Series 006: 462,500 warrants per lot of S\$250k Notes with exercise price of S\$0.06  Series 007: 578,125 warrants per lot of S\$250k Notes with exercise price of S\$0.06	Same as 1st Improved Proposal	(a) Second charge of club deal pool of vessels  (b) Notes Redemption Accounts with provision for cash sweep for each Series
		Series 007: 1-Oct-26	(up to 5% with Additional Coupon if applicable)	(up to 5% with Additional Mandatory Redemption if applicable)			
			<b><u>Additional Coupon and/or Additional Mandatory Redemption</u></b>				
			Additional payments to noteholders will be based on performance on an annual basis: +0.15% p.a. for every S\$1m increase in prior FY EBITDA (excluding other operating income)* above S\$65m.				
			The first additional payments of up to 2.0% p.a. will be applied as Additional Coupon.				
			Further additional payments will be applied to Additional Mandatory Redemption (up to the next 4% p.a.).				
			(see Slide 21 – 22 for illustrations)				

**Group needs time to generate sustainable cashflows**


\* EBITDA (excluding other operating income): computed based on earnings before interest, tax depreciation, amortisation, and adjusted for/add back of allowance for doubtful debts, impairments, write-offs, any other non-cashflow items and excluding other operating income.

# Key Changes to Initial Proposal

## Key Changes

-  Additional 0.5% coupon funded from management-shareholder pay-cut
-  Additional coupon and principal redemption pegged to performance of the Group
-  Cash sweep mechanism and Notes Redemption Accounts
-  Increase in number of warrants for both Series 006 and Series 007 with exercise price reduced from S\$0.08 to \$0.06
-  Lifting of some covenants\*

## No Change

-  The Group needs time to generate sustainable cashflows.
  - ✓ 5 years extension from current maturity
  - ✓ 1% mandatory redemption

\* Covenants to be lifted: (a) Consolidated total liabilities/ Consolidated tangible network < 2.75 times (b) Consolidated total borrowings/ Consolidated tangible network < 2.0 times



# Updates on Discussion with Lenders



# Discussion with Lenders

## Proposal to Lenders

- 1) Requested for:
  - re-profiling of existing obligations (10 years profile payable over 8 years); and
  - granting of new project and trade lines of up to S\$150m.
- 2) Lifting and/or relaxation of covenants.
- 3) Lenders' consent to the improved terms offered to the Noteholders.

## Updates

- ✓ Supportive of the Group and are willing to continue to extend help.
- ✓ Emphasised that lenders' sole support is insufficient to enable the Group to meet its repayment obligation.
- ✓ Re-profiling of repayment obligations to match operating cashflows (10 years profile payable over 8 years), with effect from 1 December 2018 (subject to the passing of the CSE by February 2019).
- ✓ Terms of the S\$150m project and trade lines are being finalised.
- ✓ Would like Noteholders to help by reducing interest, reducing principal amortisation and extending maturity.
- ✓ Would like the controlling shareholders to retain a majority stake on a fully diluted basis for their continued commitment and financial support extended to the Group.



# Recommended Final Proposal to Noteholders

# Recommended Final Proposal

- The Group needs time to generate cash flows to bring down the debts to a sustainable level with no haircut and would like the support of the Noteholders on the following proposal:

	Series 006 & Series 007
Par Value	In lots of S\$250,000
Principal	In Full
Maturity	<b>Series 006:</b> 28 March 2025 <b>Series 007:</b> 1 October 2026
Coupon Rates	<b>Base:</b> 2.5% p.a. + 0.5% p.a. from management-shareholder pay-cut  <b>Additional Coupon:</b> +0.15% p.a. for every S\$1m increase in prior FY EBITDA (excluding other operating income)* above S\$65m (capped at 2.0% p.a.); reset yearly.
Mandatory Redemption	<b>Base:</b> 1.0% p.a.  <b>Additional Mandatory Redemption:</b> +0.15% p.a. for every S\$1m increase in prior FY EBITDA (excluding other operating income) above S\$65m, less Additional Coupon paid (capped at 4% p.a.); reset yearly
Notes Redemption Accounts	Redemption from Notes Redemption Accounts
Covenants	To lift covenants: (a) Consolidated total liabilities/ Consolidated tangible network < 2.75 times (b) Consolidated total borrowings/ Consolidated tangible network < 2.0 times
Warrants	Exercise price of S\$0.06 <b>Series 006:</b> 462,500 warrants per lot of S\$250k Notes <b>Series 007:</b> 578,125 warrants per lot of S\$250k Notes

\* EBITDA (excluding other operating income): computed based on earnings before interest, tax depreciation, amortisation, and adjusted for/add back of allowance for doubtful debts, impairments, write-offs, any other non-cashflow items and excluding other operating income.

# Illustration - Impact of Recommended Final Proposal

(slide 1 of 3)

## 1. Base Coupon Rate



2.5% + 0.5% p.a.  
(from management-shareholder pay-cut)



## 2. Mandatory Redemption



1.0% p.a.

## 3. Additional Coupon and/or Mandatory Redemption (annual basis)



**+0.15% p.a.** additional per S\$1m increase  
in prior FY EBITDA (*excluding other operating  
income*)\* **above S\$65m** (capped at 6% p.a.)  
(please refer to illustration)



## 4. Notes Redemption Accounts

## 5. Warrants



### 2x warrants

For every S\$1 principal  
outstanding (adjusted for  
Series 007)

Exercise price: **S\$0.06**

- **Series 006: 462,500**  
warrants per lot of Notes
- **Series 007: 578,125**  
warrants per lot of Notes

The proposal allows Noteholders to:

- 1) Be paid additional coupon and principal when the Group's performance improves.
- 2) Share the upside from the warrants when the Group's performance improves.

# Illustration - Impact of Recommended Final Proposal

(slide 2 of 3)

## Computation of Additional Coupon and Additional Mandatory Repayment

**+0.15% p.a.** additional per S\$1m increase in prior FY EBITDA (excluding other operating income) above S\$65m\* (capped at 6% p.a.)

Prior FY EBITDA*	Coupon Rate (p.a.)			Mandatory Redemption (p.a.)			Total (p.a.)
	1. Base Coupon	2. Additional Coupon	1 + 2 Total Coupon	3. Base Rate	4. Additional Mandatory Redemption	3 + 4 Total Mandatory Redemption	
<b>S\$65m and below:</b>	<b>2.5% + 0.5%</b>	<b>-</b>	<b>3.00%</b>	<b>1.00%</b>	<b>-</b>	<b>1.00%</b>	<b>4.00%</b>
<b>S\$66m – S\$78m:</b>							
S\$66 m	↑ 2.5% + 0.5% ↓	+ 0.15 %	3.15 %	↑ 1.00% ↓	↑ - ↓	↑ 1.00% ↓	4.15 %
S\$67 m		+ 0.30 %	3.30 %				4.30 %
S\$68 m		+ 0.45 %	3.45 %				4.45 %
S\$69 m		+ 0.60 %	3.60 %				4.60 %
S\$70 m		+ 0.75 %	3.75 %				4.75 %
S\$71 m		+ 0.90 %	3.90 %				4.90 %
S\$72 m		+ 1.05 %	4.05 %				5.05 %
S\$73 m		+ 1.20 %	4.20 %				5.20 %
S\$74 m		+ 1.35 %	4.35 %				5.35 %
S\$75 m		+ 1.50 %	4.50 %				5.50 %
S\$76 m		+ 1.65 %	4.65 %				5.65 %
S\$77 m		+ 1.80 %	4.80 %				5.80 %
S\$78 m		+ 1.95 %	4.95 %				5.95 %

Additional coupon and principal redemption based on improvement to EBITDA

\* EBITDA (excluding other operating income): computed based on earnings before interest, tax depreciation, amortisation, and adjusted for/add back of allowance for doubtful debts, impairments, write-offs, any other non-cashflow items and excluding other operating income. 21

# Illustration - Impact of Recommended Final Proposal

(slide 3 of 3)

## Computation of Additional Coupon and Additional Mandatory Repayment

**+0.15% p.a.** additional per S\$1m increase in prior FY EBITDA (excluding other operating income) above S\$65m\* (capped at 6% p.a.)

Prior FY EBITDA*	Coupon Rate (p.a.)			Mandatory Redemption (p.a.)			Total (p.a.)
	1. Base Coupon	2. Additional Coupon	1 + 2 Total Coupon	3. Base Rate	4. Additional Mandatory Redemption	3 + 4 Total Mandatory Redemption	
<b>S\$79m – S\$105m:</b>							
S\$79 m					+ 0.10 %	1.10 %	6.10 %
S\$80 m					+ 0.25 %	1.25 %	6.25 %
S\$81 m					+ 0.40 %	1.40 %	6.40 %
S\$82 m					+ 0.55 %	1.55 %	6.55 %
S\$83 m					+ 0.70 %	1.70 %	6.70 %
S\$84 m	2.5% + 0.5%	+ 2.0%	5.0%	1.0%	+ 0.85 %	1.85 %	6.85 %
S\$85 m					+ 1.00 %	2.00 %	7.00 %
⋮					⋮	⋮	⋮
S\$90 m					+ 1.75 %	2.75 %	7.75 %
⋮					⋮	⋮	⋮
S\$105 m					+ 4.00 %	5.00 %	10.00 %

Additional coupon and mandatory redemption based on improvement to EBITDA

# Merits of the Proposal

1

No hair cut.

2

No debt-to-equity conversion.

3

Additional coupon and principal redemption based on improvement to EBITDA.

4

Sharing of upside through the warrants should the Company perform well.

**Key objective set by Management:  
Preserve Value for ALL Stakeholders**



# Looking Ahead



# Looking Ahead

## Shipbuilding

- ✓ Focus on non-O&G vessels.
- ✓ Focus on operational efficiency.
- ✓ Focus on more stringent order and customer acceptance.

## Shiprepair

- ✓ Expect increase in shiprepair jobs as customers are looking to reactivate / repair existing vessels for deployment.
- ✓ Increased capacity from an additional floating dock to be put in place by 3Q FY19.

## Shipchartering

- ✓ Focus on maximising utilisation of vessels and improving charter rates.
- ✓ Identify vessels for disposal / scrap.

Management of Capital Expenditure

# Next Steps

- Consent Solicitation Exercise:
  - to be announced in early January 2019
  - to be held in late January / early February 2019 (inter-conditionality of Series 006 & Series 007)
- Banks:
  - Re-profiling of repayment obligations to match operating cashflows, with effect from 1 December 2018 (subject to the passing of the CSE by February 2019).
  - Terms for additional project and trade lines are being finalised.
  - Conditional on the passing of the Consent Solicitation Exercise.
- Shareholders' EGM for approval on issuance of warrants by June 2019

**The Group looks forward to your support**



Q & A

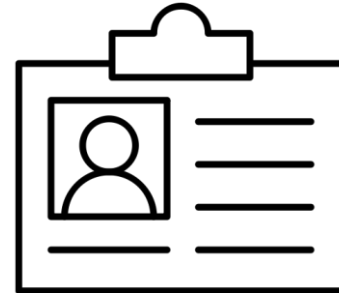
# Q & A

Please state your name before asking your question

1



2





# Contact Information

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