

Miclyn Express Offshore

FY14 Results Presentation – 2nd October 2014



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Highlights in the last 12 months

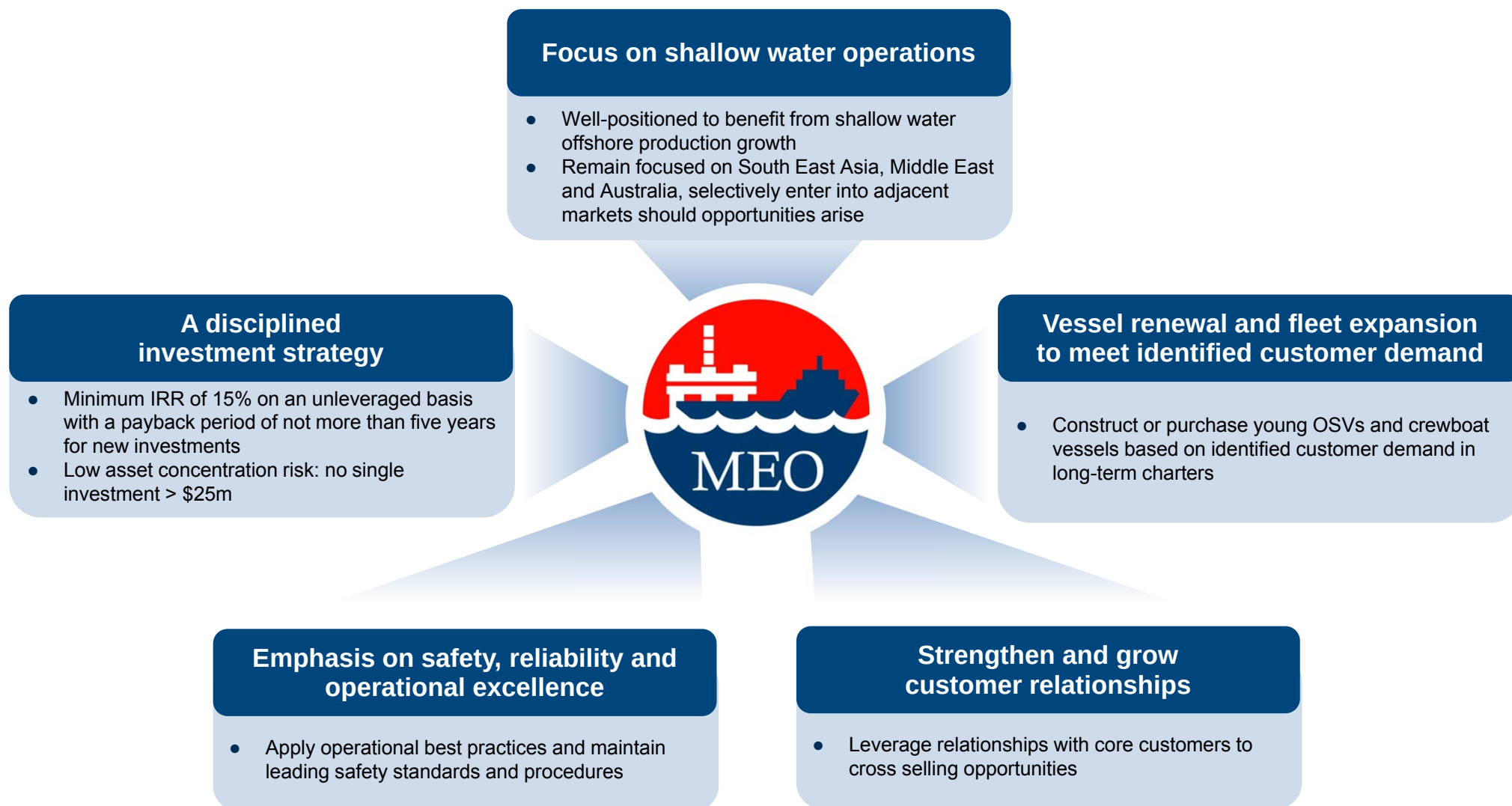
- ✓ New appointment of Mr Venkatraman Sheshashayee (“Shesh”, ex Jaya) as Deputy CEO
- ✓ Success in lifting forward orderbook from ~US\$500m to ~US\$750m
- ✓ MEO awarded multi vessel AHTS contract by Chevron
- ✓ Chevron award includes two 85tn BP AHTS in Thailand (4+3 years), extension of strong relationship
- ✓ Multiple contract wins in Kingdom of Saudi Arabia (crewboats and security vessels)
- ✓ Entry into Brunei market with multi-vessels tender wins with Brunei Shell Petroleum and MOPS
- ✓ Continued fleet expansion program, 13 vessels purchased and 21 vessels under construction
- ✓ Growing number of contract backed capital deployment opportunities



Business Strategy:

Grow MEO to be the provider of choice for our customers

Continue to focus on shallow water operations, to emphasise safety reliability and operational excellence and to maintain high fleet utilisation



Financial Year 2014 Results

	FY14 US\$m	Normalised ¹ FY14 US\$m	Normalised ² FY13 US\$m	Variance
Revenue	265.2	265.2	245.3	↑ 8%
Operating EBITDA	100.3	99.5	87.6	↑ 14%
EBITDA	108.3	101.0	89.2	↑ 13%
PATMI	47.4	45.9	53.8	↓ 15%

- Normalised EBITDA up 13% vs FY13
- Acquisition of 50% of Uniwise Towage (“UWT”) completed early 1H FY14
- 13 vessel purchased in FY14 in addition to 5 UWT units
- Substantial growth in core segments, OSV’s and Crewboats, justifying CAPEX strategy
- Non core segments and Tugs and Barges down vs PCP due to extraordinary DB Schenker project in FY13
- Strong utilisation for OSV’s (87%) and Crewboats (93%), but some deterioration in Tugs and Barges (56%)
- Normalised PATMI down 15% vs PCP due to higher depreciation (fleet expansion) and financing costs (privatisation funding)
- Overheads increased marginally by 7% vs PCP
- Shipyard sold in Jan-14 for US\$20m; non-core business, overhead reduction going forward
- Acquisition of remaining shares in growth business Express Offshore Solutions in 2H2014

1. Excluding the impact of one-off adjustments relating to privatisation & disposal of shipyard
2. Excluding the impact of the \$4.6m one-off Iran provision



Segment Performance

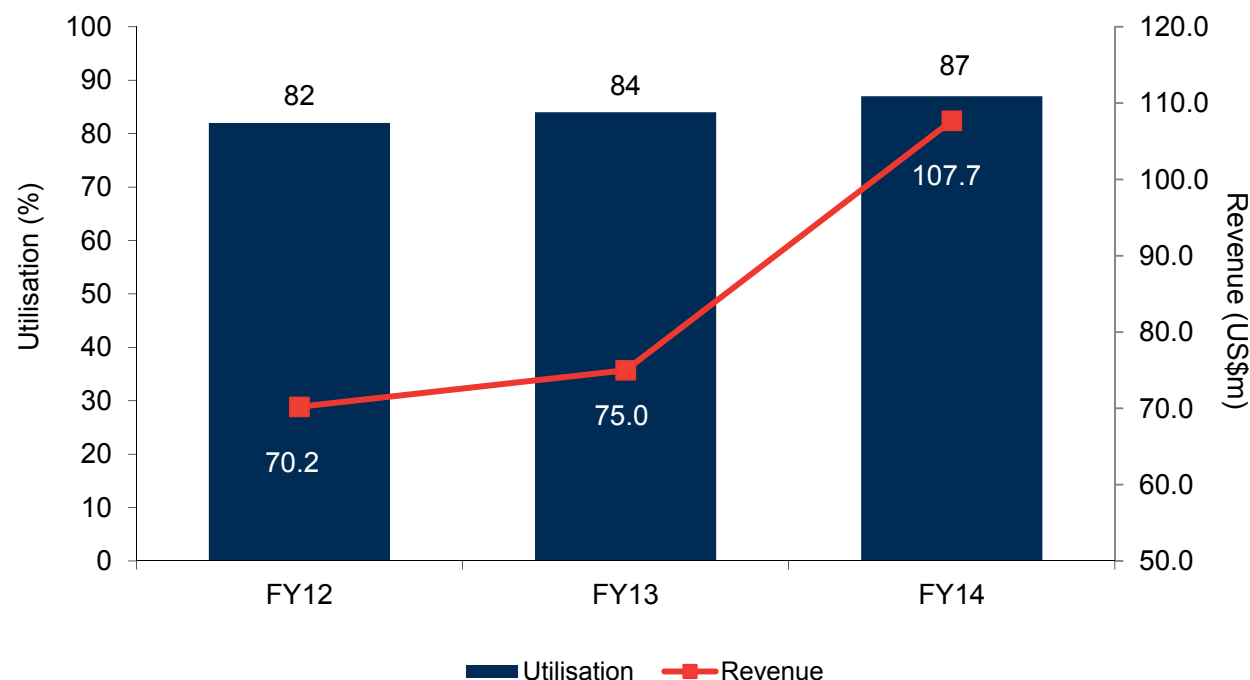
Offshore Support Vessels (OSVs)

Segment Highlights

- 87% utilisation in FY14
- Sovereign 1 deployed in Australia (high cost, high DCR region) marginally reducing the % gross margin of the fleet
- Acquisition of UWT, 5 vessels contributing from August '14
- 7 new vessels entering the fleet in FY15 with further purchase opportunities being explored
- Investment in 85 ton BP AHTS successful with Chevron contracting two units prior to delivery for 4+1+1 years



	FY14	FY13	Variance
Revenue (US\$m)	107.7	75.0	↑ 43.6%
Gross Profit (US\$m)	60.4	45.9	↑ 31.6%
Gross Margin (%)	56.1	61.2	



Segment Performance

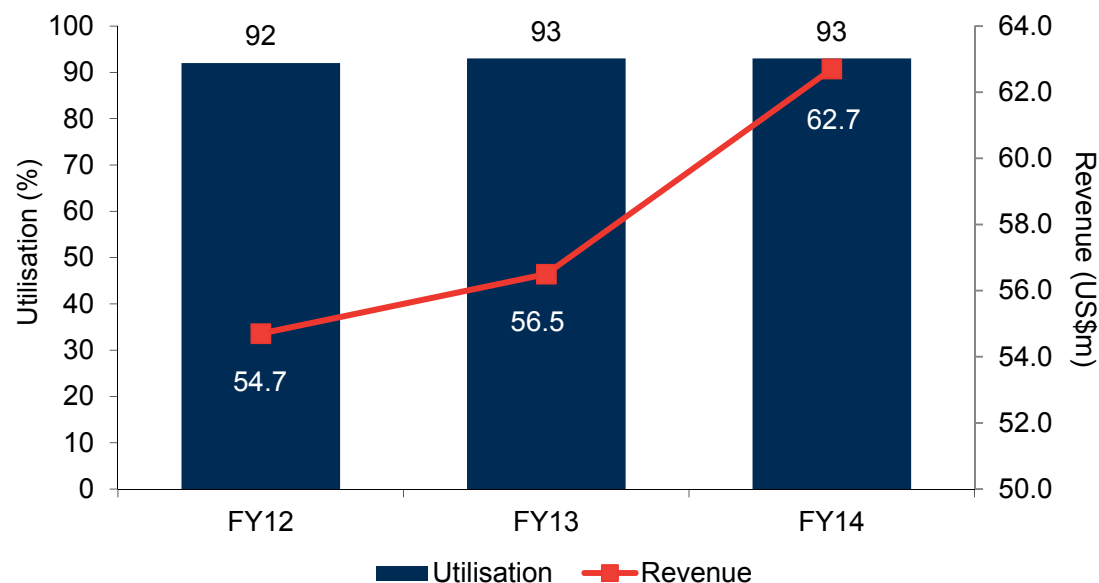
Crew/Utility Vessels

Segment Highlights

- 93% utilisation in FY14
- Market leader in this segment
- Margin improvement due to newer, more efficient fleet and DCR appreciation
- Multi vessel tender awards in Saudi Arabia and Brunei
- Significant demand in all core markets driving investment in additional units
- 10 new vessels entering the fleet (8 in FY15, 2 in FY16)
- Continued execution of fleet renewal strategy



	FY14	FY13	Variance
Revenue (US\$m)	62.7	56.5	↑ 11.0%
Gross Profit (US\$m)	38.4	32.9	↑ 16.7%
Gross Margin (%)	61.2	58.2	



Segment Performance

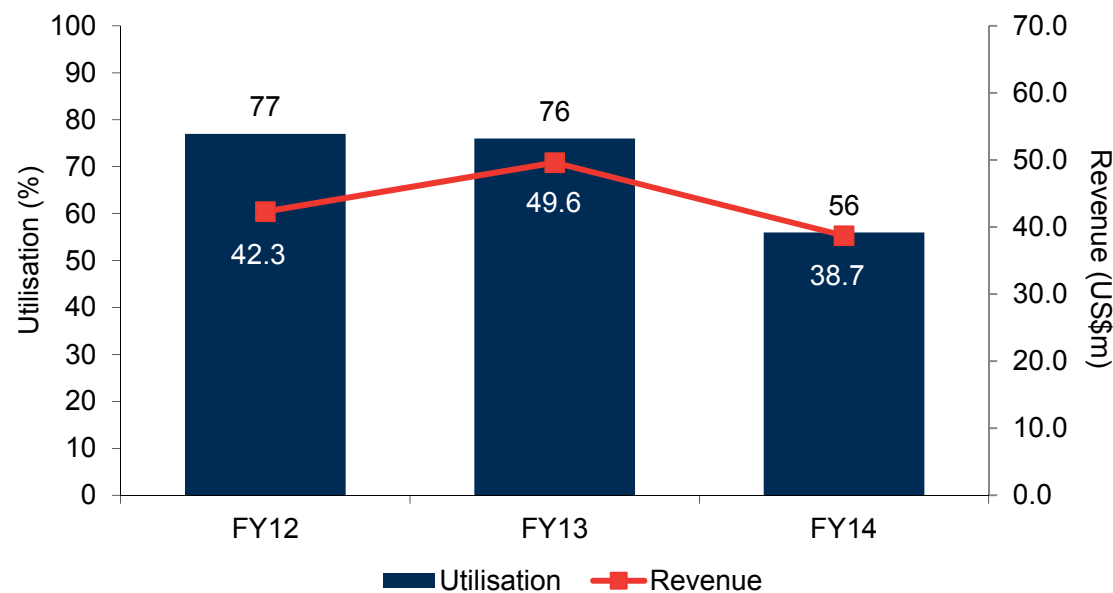
Tugs and Barges

Segment Highlights

- 56% utilisation in FY14
- 2 x 400 ft Ballastable Barges delivered from Shipyard in December'14
- 330 x 120 ft Barge acquired in Q2 FY14
- 4 towing rugs sold in FY14 for modest gains
- 1HFY13 particularly strong due to DB Schenker project
- New Australian projects expected to lift utilisation in FY15



	FY14	FY13	Variance
Revenue (US\$m)	38.7	49.6	↓ 22.0%
Gross Profit (US\$m)	18.7	25.5	↓ 26.7%
Gross Margin (%)	48.3	51.4	



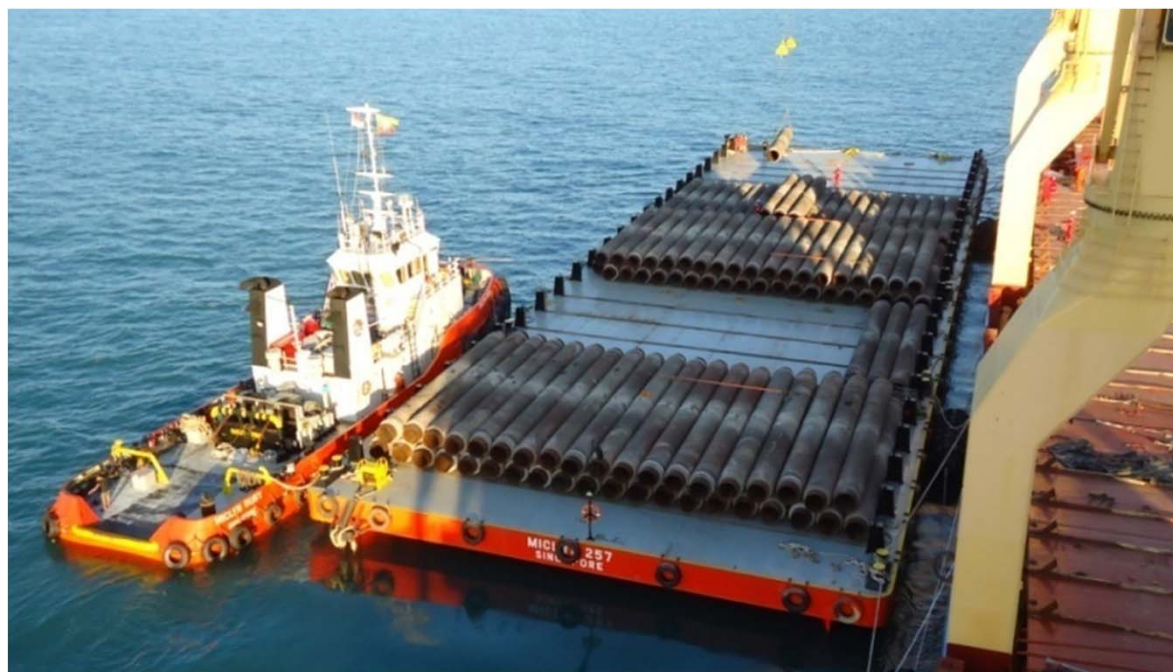
Segment Performance

Express Offshore Solutions

Segment Highlights

- MEO acquired remaining 30% shares from minority shareholders end Dec-13
- Alignment of interests of MEO and EOS management team through earn out
- Business continues to expand client base and grow earnings
- Large Australian projects (Subsea 7 and Heerema) to support continued earnings growth over the next year
- Strong pipeline of new opportunities
- Utilisation upside for MEO's Tug, Barge and OSV fleet

	FY14	FY13	Variance
Revenue (US\$m)	42.5	36.7	↑ 15.8%
Gross Profit (US\$m)	11.4	5.4	↑ 111.1%
Gross Margin (%)	26.8	14.8	



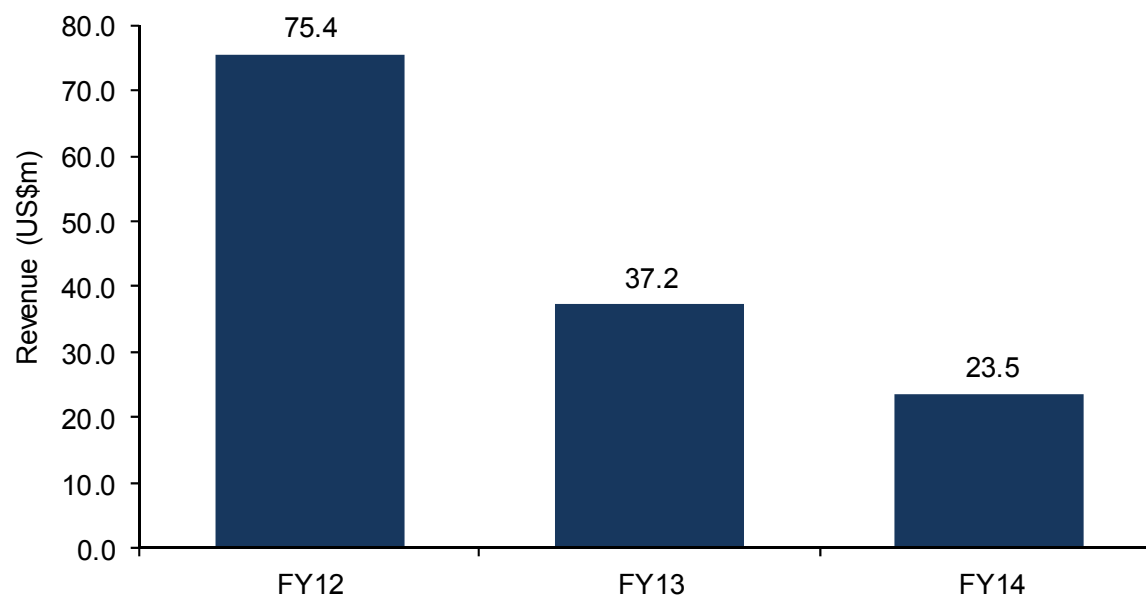
Segment Performance

Non Core Segments

Segment Highlights

- Includes Ship repairs, Third Party Vessels and Coastal Survey Vessels
- Shipyard disposed to ASL in Jan-14, non-core asset
- Strong performance in non core segments in 1HFY13 driven by DB Schenker project

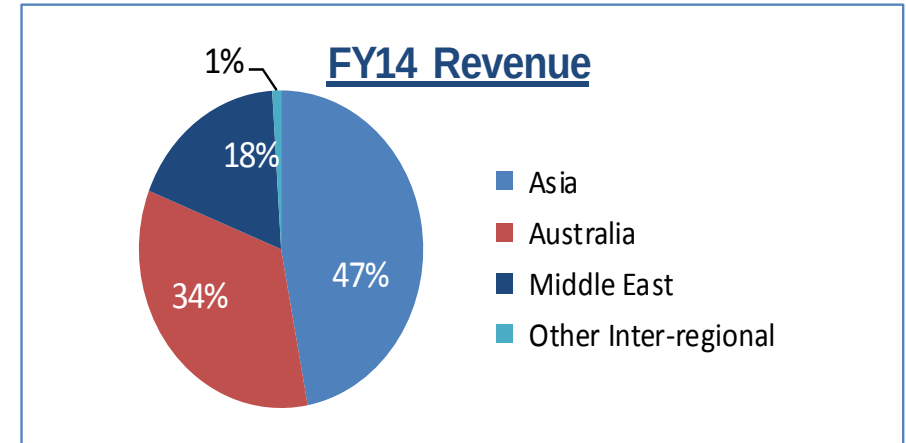
	FY14	FY13	Variance
Revenue (US\$m)	23.5	37.2	↓ 36.8%
Gross Profit (US\$m)	6.1	10.1	↓ 39.6%
Gross Margin (%)	30.0	27.2	



Regional Update and Outlook

Regional Update

- South-East Asia remains an important market
 - Multi vessel tender award in new region Brunei, investment in local infrastructure and resources
 - Four new AHTS contracts awarded in Thailand, several long term extensions secured
 - Expanding Malaysia business, building infrastructure
 - Continued business development in Indonesia
- Australia buoyed by Subsea 7 project (Gorgon) and Heerema project (Ichthys) running throughout FY15
- Middle East business is expanding
 - 5 crew/utility vessels awarded 5 year contracts by Saudi Aramco
 - MEO Ranger deployed into Qatar
 - New local entity in Abu Dhabi
 - Exploring JV with strong local partner in Saudi Arabia

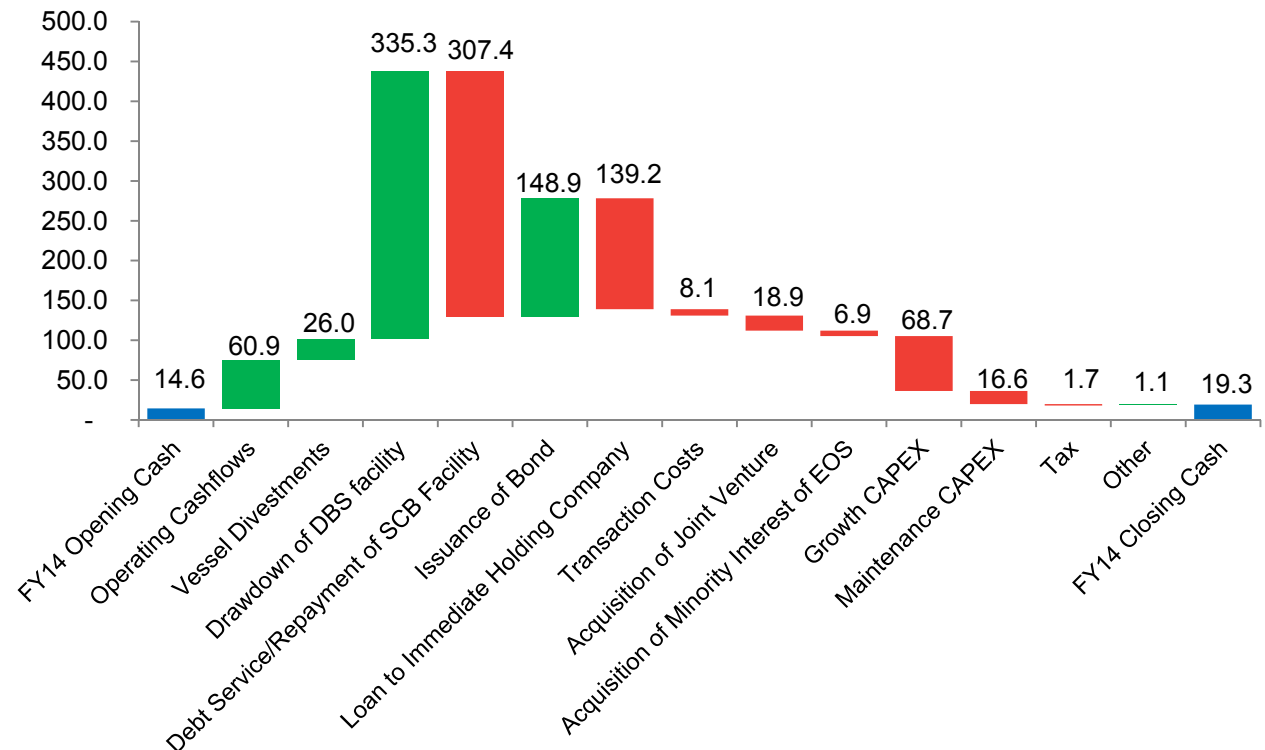


Finance Update

Strong cash position, ability to service new debt package and fund growth

- Loan package refinanced by DBS;
 - US\$150m Term Loan
 - US\$100m RCF
 - US\$50m CAPEX facility (undrawn)
 - US\$15m FX/BG facilities
- Minority shareholders bought out with proceeds of S\$200m bond raising
- S\$200m bond hedged to US\$ (US\$159m equivalent)
- Acquisition of Uniwise Towage for US\$18.9m
- Further investment in new vessels against disciplined investment criteria (minimum 15% unlevered IRR)
- Strong contract backlog (>US\$700m) to support future operating cashflows; ability to service debt and continue investment in new assets

	FY14	FY13
Net Debt (US\$m)	373.8	199.3
Net Debt / EBITDA	3.9 ¹	2.5 ²
Gearing (%) ³	47.3%	34.3%



Summary



Clear strategy for future growth



Solid execution capability



Well positioned in a healthy industry



Attractive pipeline of opportunities



Strong balance sheet



Financial capacity to fund growth



Proven Operational Excellence



Appendix 1

Statement of Financial Performance

US\$m	FY14 (Equity)	Adjustments for Equity Accounting	FY14 (Proportionate)	FY13 (Proportionate)	Variance %
Revenue	244.5	20.7	265.2	245.3	8%
Operating Costs	(124.5)	(5.7)	(130.2)	(125.7)	(4%)
Gross Profit	120.0	15.0	135.0	119.7	13%
<i>GP Margin</i>	<i>49.1%</i>		<i>50.9%</i>	<i>48.8%</i>	
Other Income	1.1	-	1.1	2.0	(45%)
Overheads	(35.4)	(1.8)	(37.2)	(32.6)	(14%)
Forex	1.4	-	1.4	(1.4)	200%
One-Off Iran Provision	-	-	-	(4.5)	NM
Operating Earnings	87.1	13.2	100.3	83.1	21%
Gain on disposal of vessels	8.0	-	8.0	1.5	433%
EBITDA	95.1	13.2	108.3	84.7	28%
<i>EBITDA Margin</i>	<i>38.9%</i>		<i>40.8%</i>	<i>34.5%</i>	
Depreciation & Amortisation	(27.2)	(3.4)	(30.6)	(24.6)	(24%)
EBIT	67.9	9.8	77.7	60.0	30%
Net Finance Costs	(22.4)	(0.4)	(22.8)	(9.6)	(138%)
Share of profit from joint ventures	9.4	(9.4)	-	-	NM
PBT	54.9	-	54.9	50.4	9%
Income Tax Expense	(5.5)	(0.3)	(5.8)	(2.9)	(100%)
Income Tax Expense Rate	10.0%		10.6%	5.8%	
PAT	49.4	(0.3)	49.1	47.5	3%
Minority Interest	(1.6)	(0.1)	(1.7)	(1.0)	(70%)
PATMI	47.8	(0.4)	47.4	46.5	2%
<i>PATMI Margin</i>	<i>19.6%</i>		<i>17.9%</i>	<i>18.9%</i>	

Appendix 2

Segments

	FY14 Revenue	FY14 Gross Profit
OSVs	107.7	60.4
Crew/Utility Vessels	62.7	38.4
Tugs and Barges	38.7	18.7
Coastal Survey Vessels	2.1	0.2
Third Party Vessels	21.1	5.3
Others	0.3	0.6
EOS	42.5	11.4
EOS Elimination ¹	(9.9)	-
Total	265.2	135.0

1. Elimination for intercompany charter of vessels from MEO to EOS

Appendix 3

Statement of Financial Position

(US\$'000)	As at 30 Jun 2014 (Equity)	Adjustments for Equity Accounting	As at 30 Jun 2014 (Proportionate)	As at 30 Jun 2013 (Proportionate)
<u>Current assets</u>				
Cash and cash equivalents	19.3	4.2	23.5	17.1
Trade receivables	94.1	4.1	98.2	75.0
Other receivables and prepayments	10.3	2.4	12.7	11.4
Loan to immediate holding company	139.2	-	139.2	-
Inventories	7.4	0.4	7.8	6.0
Assets classified as held for sale	-	-	-	1.8
Total current assets	270.3	11.1	281.4	111.2
<u>Non-current assets</u>				
Property, plant and equipment	490.0	62.8	552.8	499.0
Investment in joint ventures	61.3	(61.3)	-	-
Other intangible assets	0.6	-	0.6	3.0
Deferred tax assets	0.5	-	0.5	0.4
Goodwill	60.0	0.8	60.8	59.2
Derivative financial instruments	2.3	-	2.3	-
Total non-current assets	614.7	2.3	617.0	561.8
TOTAL ASSETS	885.0	13.4	898.4	673.0
<u>Current liabilities</u>				
Trade and other payables	62.8	-	62.8	50.1
Current tax payable	4.0	0.1	4.1	1.7
Borrowings	13.5	5.8	19.3	23.1
Other liabilities	0.3	-	0.3	0.3
Total current liabilities	80.6	5.9	86.5	75.2
<u>Non-current liabilities</u>				
Borrowings	228.4	8.9	237.3	213.5
Senior secured guaranteed bonds	151.2	-	151.2	-
Other non-current liabilities	0.6	-	0.6	0.9
Total non-current liabilities	380.2	8.9	389.1	214.4
TOTAL LIABILITIES	460.8	14.8	475.6	289.6
NET ASSETS	424.2	(1.4)	422.8	383.4
<u>Shareholders equity</u>				
Share capital	-	-	-	190.4
Other equity reserves	142.7	(10.1)	132.6	(42.7)
Translation reserve	(6.4)	1.5	(4.9)	(4.1)
Retained earnings	287.6	7.2	294.8	238.3
Minority interests	0.3	-	0.3	1.5
TOTAL EQUITY	424.2	(1.4)	422.8	383.4

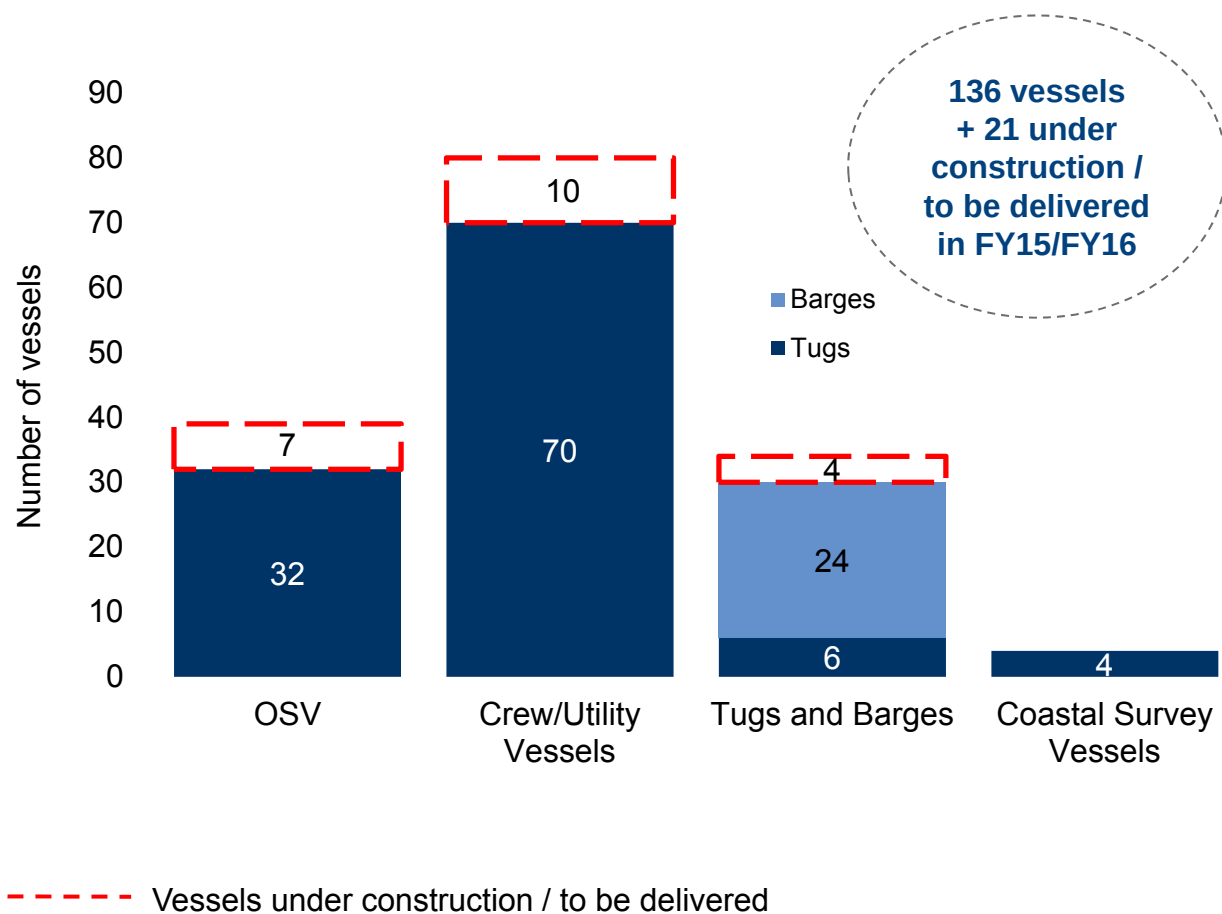
Appendix 4

Cash Flow Statement

US\$m	FY14 (Equity)	FY13 (Equity)
EBIT	67.9	53.4
Depreciation and amortisation	27.2	22.6
EBITDA	95.1	76.0
Vessel disposal gains	(7.6)	(1.5)
Non-cash and other items	1.2	5.6
Working capital movement	(14.6)	(9.1)
Cash flows available from operations	74.1	71.0
Proceeds from sale of property, plant and equipment (including vessels)	26.0	6.5
Capital expenditure - growth	(68.7)	(73.4)
Capital expenditure - maintainance	(16.6)	(12.6)
Loan to immediate holding company	(139.2)	-
Acquisition of investment in joint venture	(18.9)	-
Acquisition of minority interest	(6.9)	-
Other investing activities	(0.2)	-
Cash flows before financing and tax	(150.4)	(8.5)
Financing	(19.0)	(17.4)
Debt repayment	(307.4)	(292.1)
Debt drawdown	484.2	324.2
Other financing activities	(1.2)	-
Tax	(1.7)	(6.0)
Cash flows after financing and tax	4.5	0.2

Appendix 5

Fleet Composition as at 30 June 2014¹



1. Excludes Third Party Vessels

Important notice and disclaimer

Reliance on Third Party Information

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Pro-Forma Financial Information

References to pro forma financials exclude any exceptional items. A reconciliation to statutory financials is contained within the prospectus, available at our website www.miclynexpressoffshore.com.

