

PACC Offshore Services Holdings Ltd.

Results Presentation
Q3 FY14 Results

Agenda

1. Financial Highlights
2. Capex plan & fleet optimisation programme
3. Current year developments
4. Industry outlook
5. Updates
6. Q & A

Key Highlights

- Debt/Equity of 39% - strong financial position to capitalise on opportunities ahead
- Fixed Assets include US$450m of vessels under-construction (paid) reflecting potential
- Ability to re-profile fleet – “buy well, sell well”
- Young and diversified fleet



FINANCIAL HIGHLIGHTS

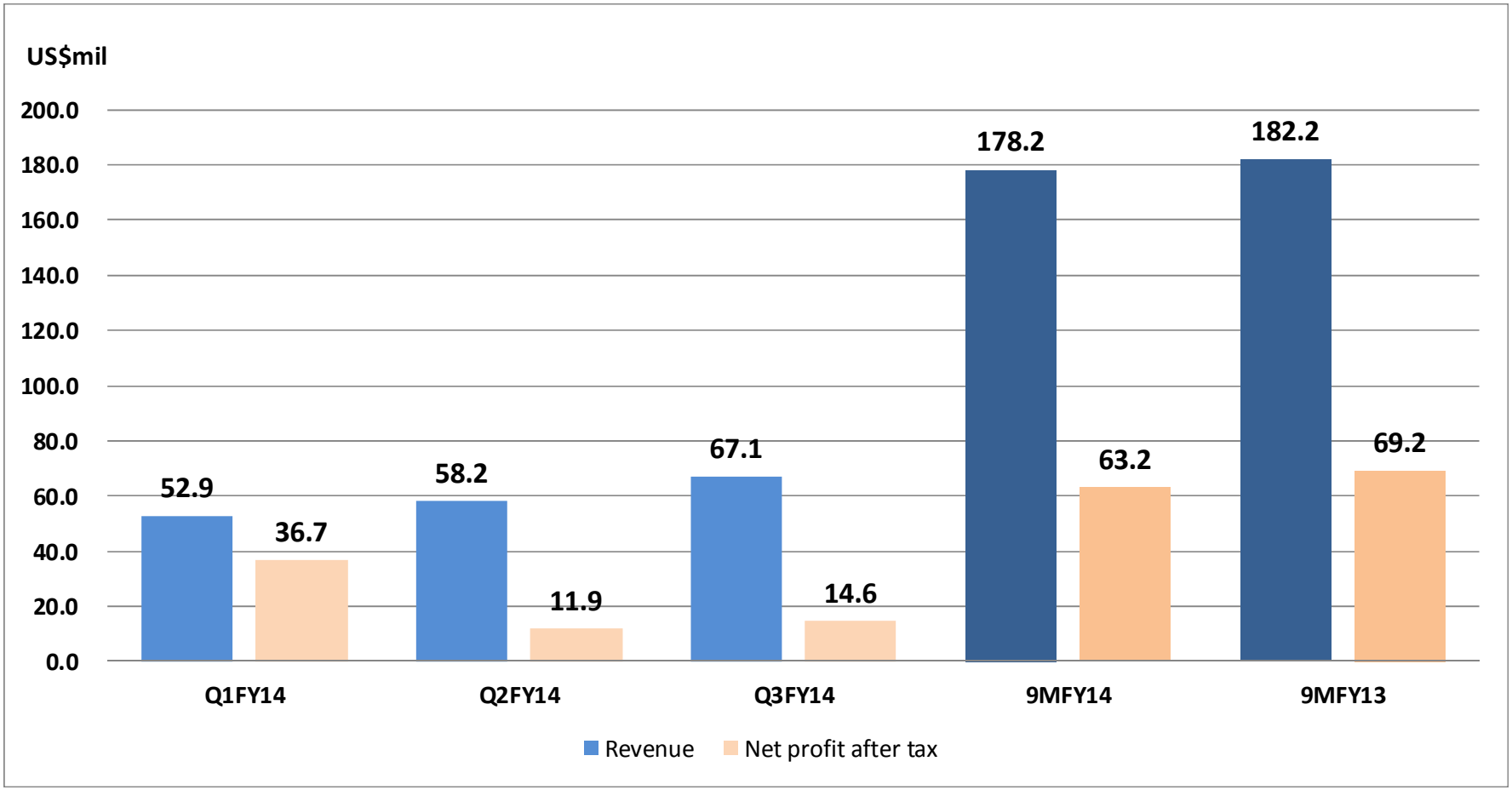
Financial Highlights

SUMMARY

US$'000	Q3FY13	Q3FY14	9MFY13	9MFY14
Revenue	65,081	67,032	182,189	178,230
Gross profit	26,747	17,363	60,122	50,737
Other operating income	6,904	13,707	34,749	56,153
Share of JV results	1,415	(5,683)	7,321	(8,579)
Net profit after tax	20,971	14,648	69,177	63,195
EBITDA	32,606	34,414	110,933	110,522

Financial Highlights

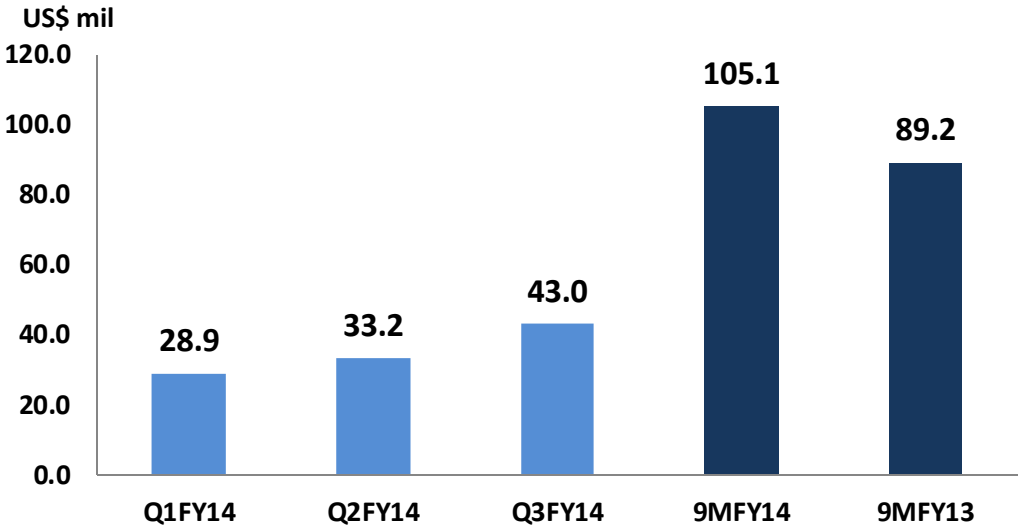
Revenue and Net Profit Overview



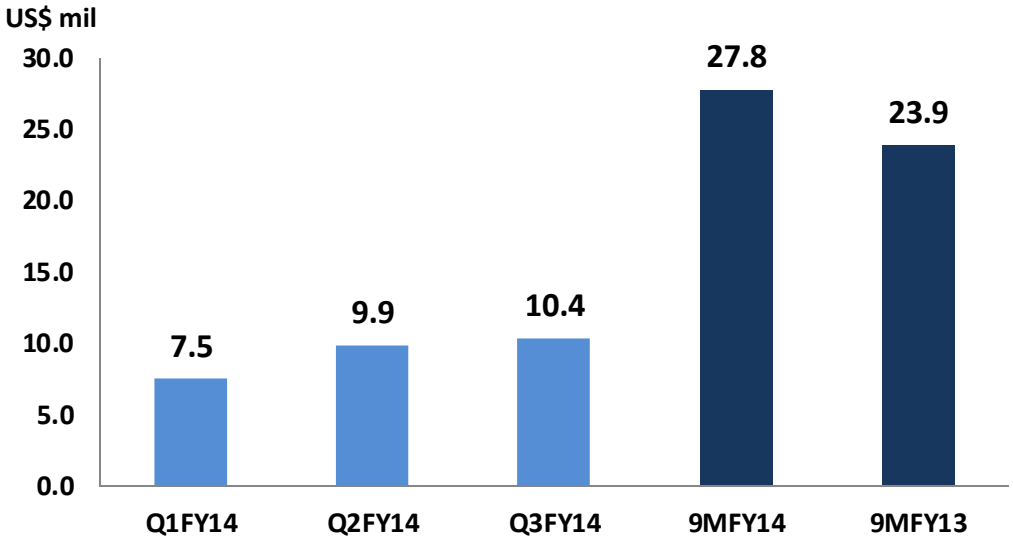
- 9MFY14 Revenue decreased by 2% due mainly to injection of T&I Deepwater operations into a JV. Excluding the assets and operations sold to JV, revenue increased by 2.4%.
- 9MFY14 Lower net profit resulted from a US$8.5 million loss from JV as compared to a profit of US$7.3m in 9MFY13.

Financial Highlights - OSV

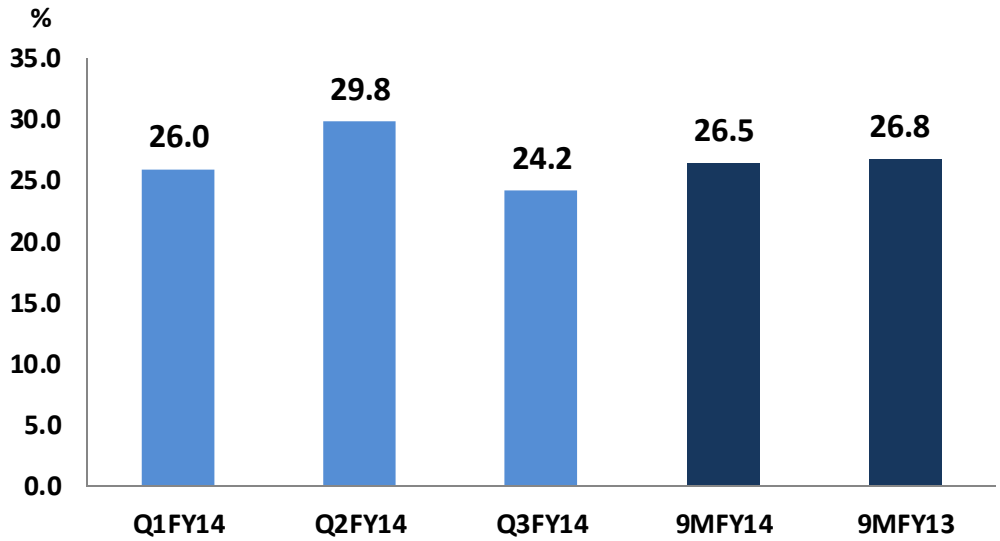
Revenue



Gross Profit



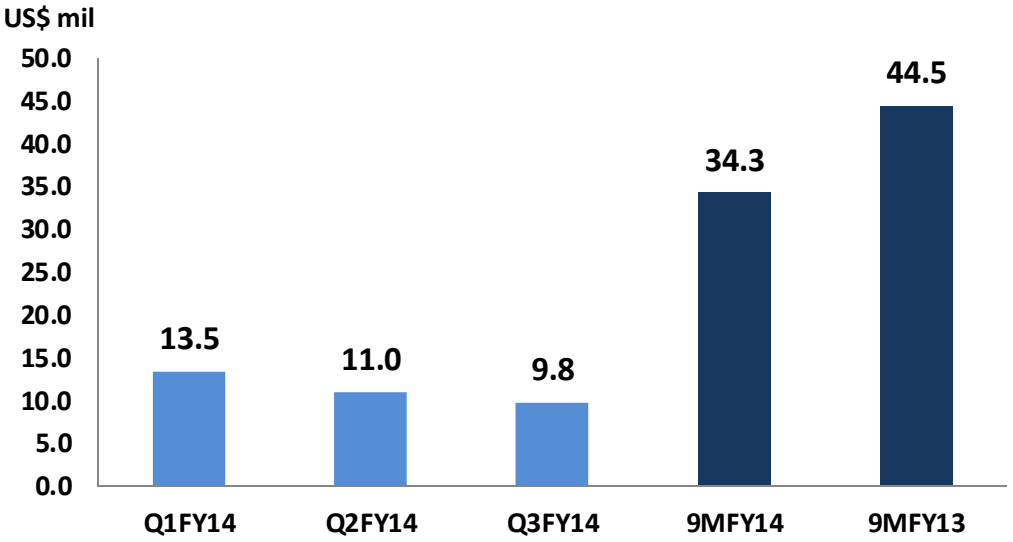
Gross Profit Margin



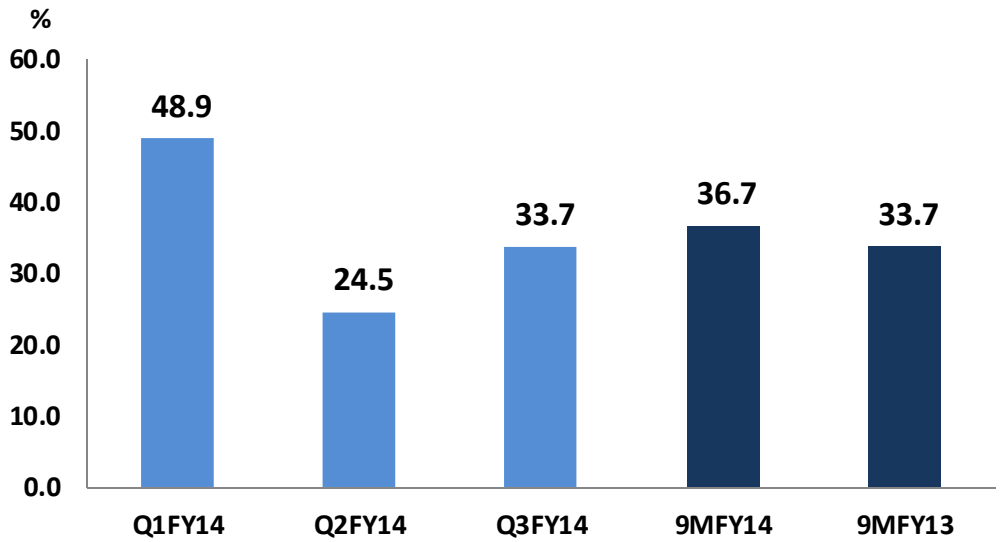
- YTD 9M14 utilisation was 89% as compared to 90% in 9M13
- Two 5,000bhp AHTs and a 16,000bhp AHTS have been undergoing repair since May and Jul 14 respectively
- 3 new vessels delivered during 2H2013 helped to lift revenue in FY14
- GP for 9MFY14 increased by 16% to US$27.8m

Financial Highlights – T&I Shallow water

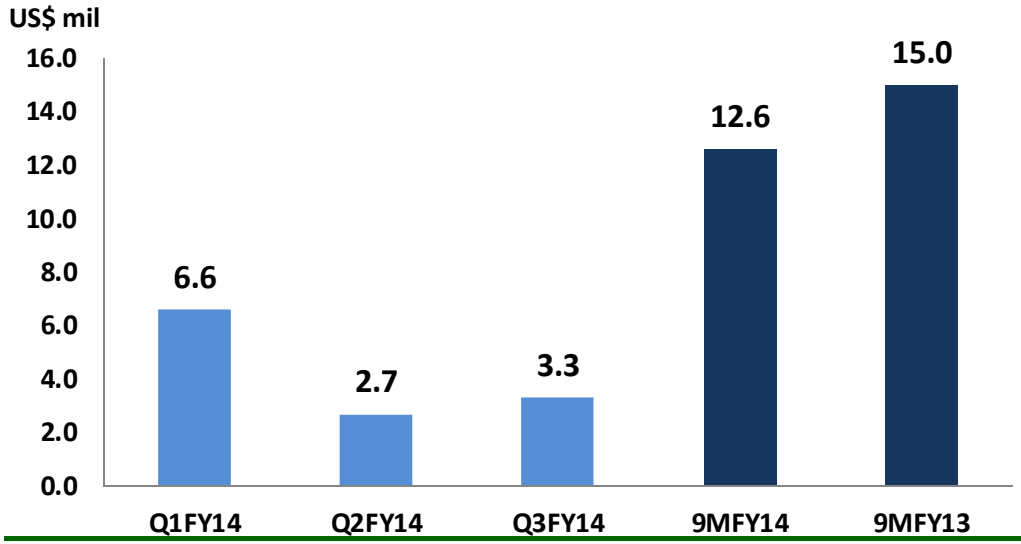
Revenue



Gross Profit Margin



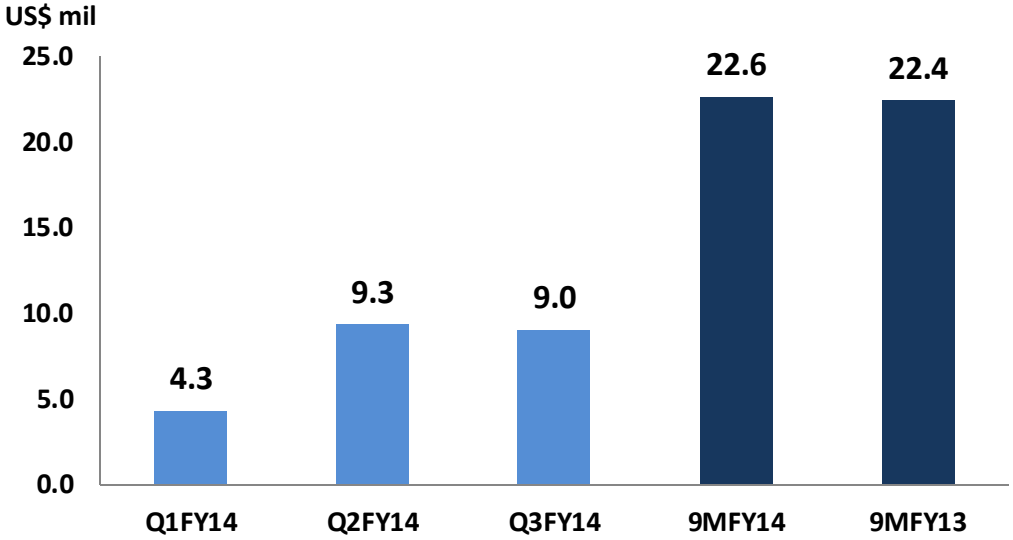
Gross Profit



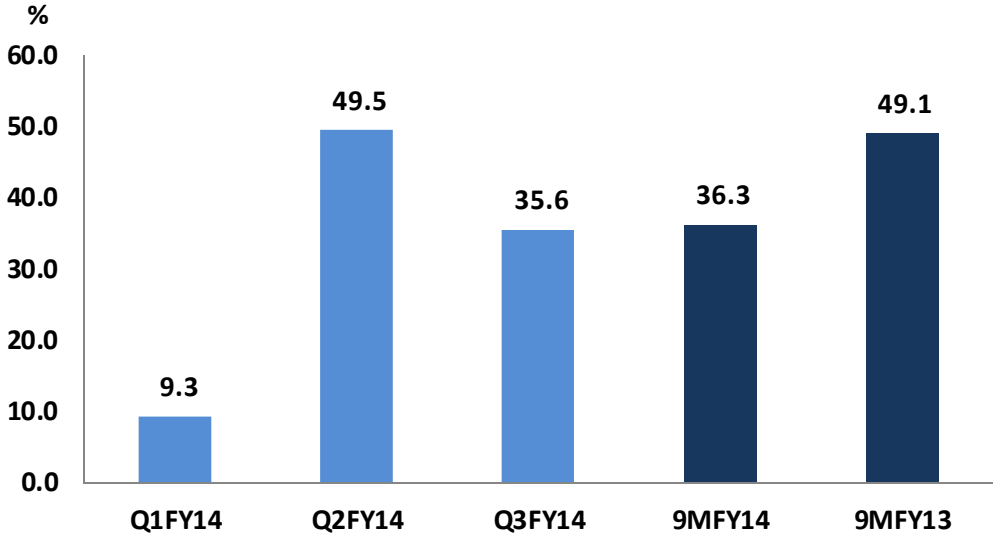
- Utilisation rates for T&I Tugs and Barges were 74% and 54% respectively in 9MFY14 as compared to 87% and 72% in 9MFY13 due to competitive market
- GP Margin improved from 33.7% in 9MFY13 to 36.7% in 9MFY14 with disposal of 4 older vessels as part of the Group's fleet renewal programme

Financial Highlights - OA

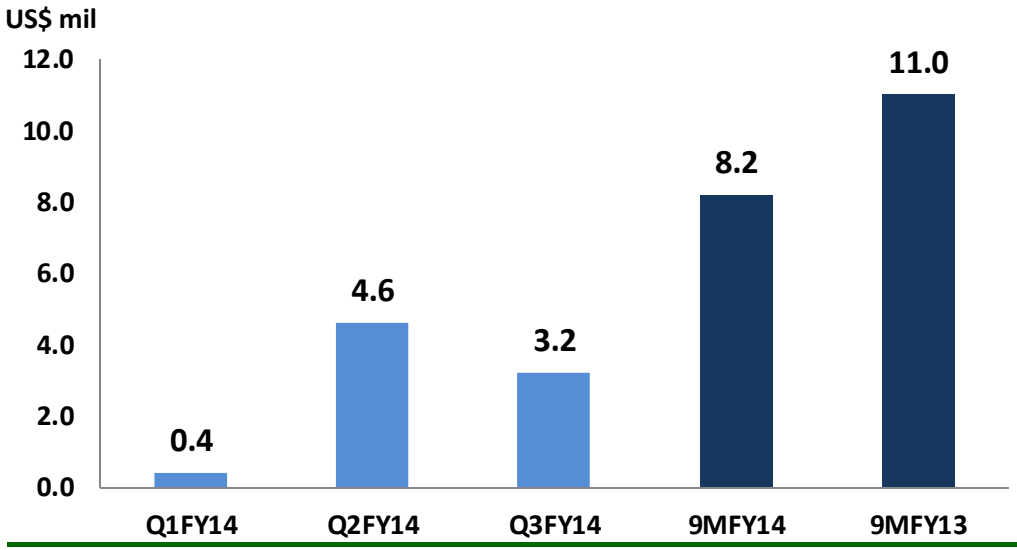
Revenue



Gross Profit Margin



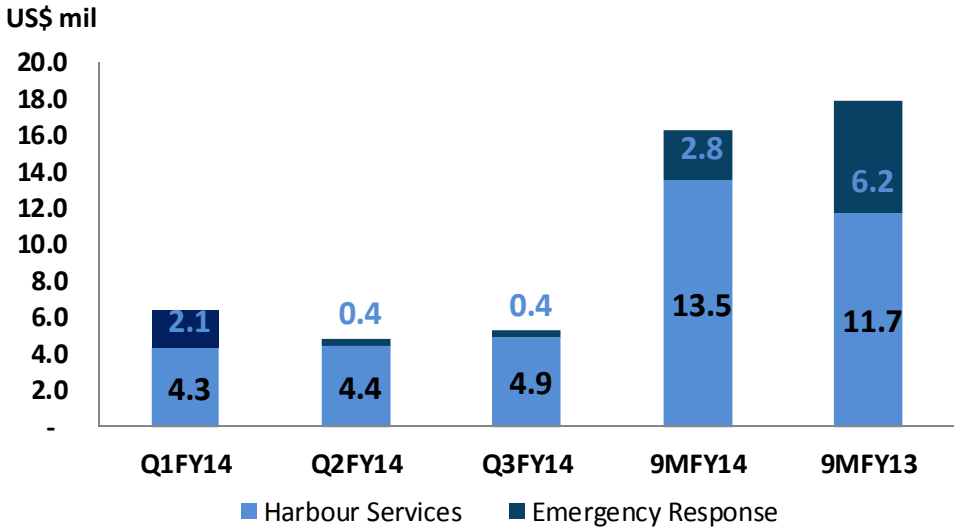
Gross Profit



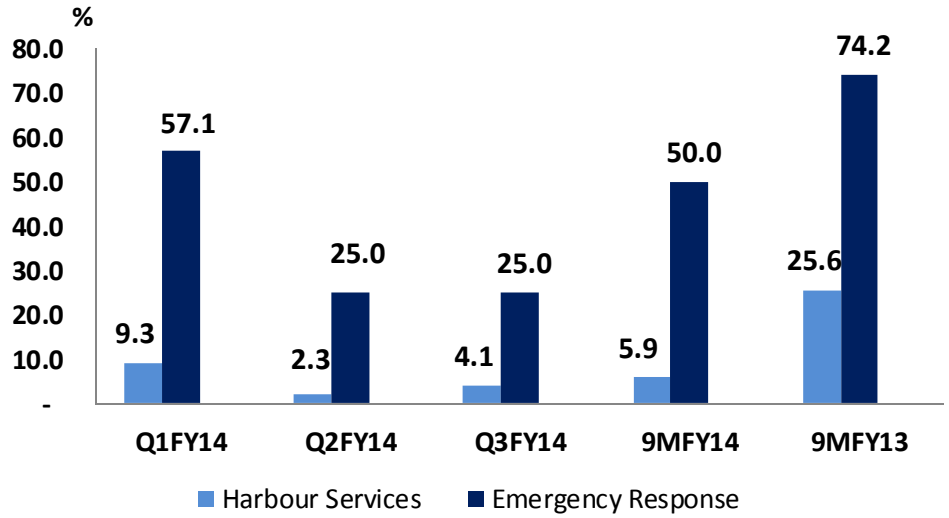
- Utilisation was 76% in 9MFY14 as compared to 84% in 9MFY13
- Revenue and GP in Q1FY14 lower because a vessel was docked and another was in-between charters
- 9MFY14 revenue is higher due to addition of a 198-pax vessel in 2QFY14

Financial Highlights - HSER

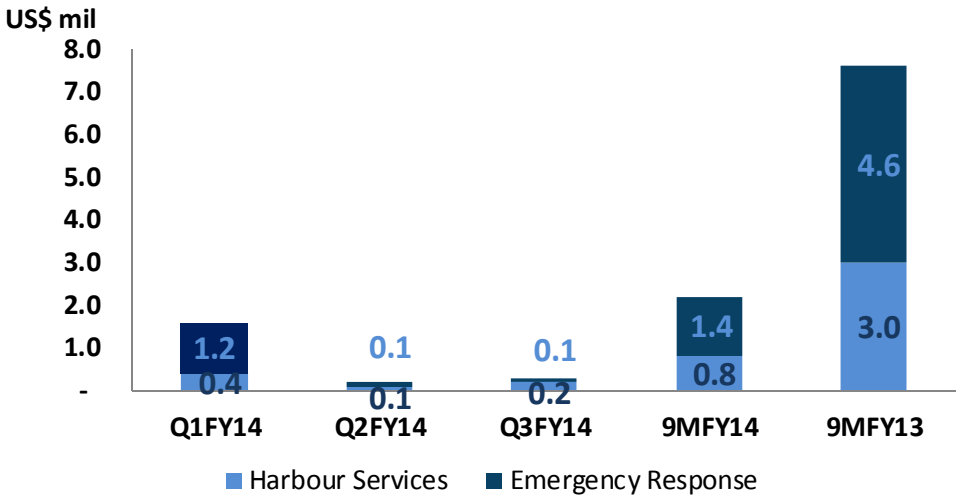
Revenue



Gross Profit Margin



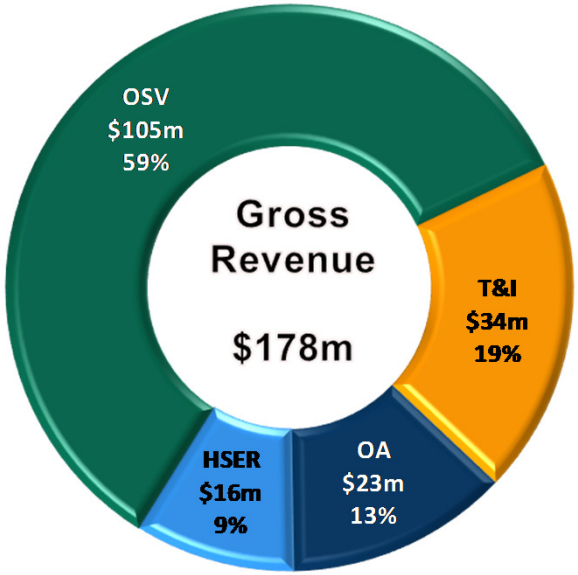
Gross Profit



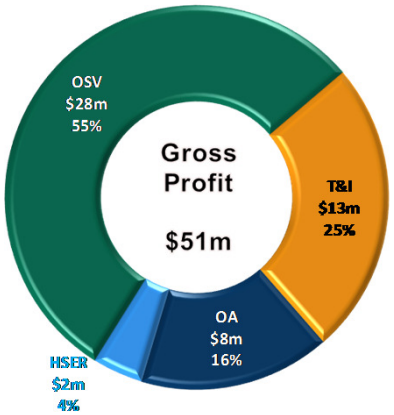
- Decline in revenue is due to the absence of significant salvage revenue in 9MFY14
- Reduction in GP from Q2FY14 reflects the start-up cost of building market share for harbour towage services in Singapore
- With 4 harbours tugs to be delivered by mid 2015 to replace chartered-in tugs, margins are expected to improve

Segments results (9MFY14) vs Assets deployed (30.9.14)

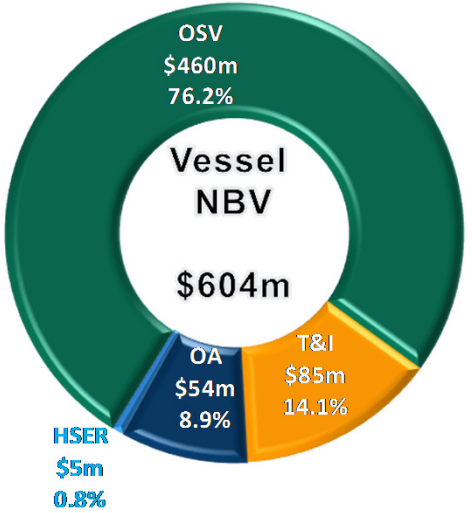
Gross Revenue



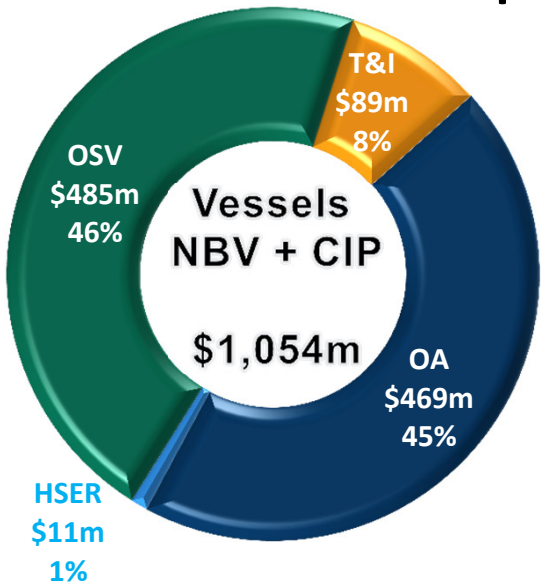
Gross Profit



Assets deployed



Potential assets to be deployed



Currency: US$

Financial Highlights

Other Income

US$'000	FY11	FY12	FY13	9MFY13	9MFY14
Interest Income[1]	33	12,587	15,967	10,438	5,257
Gain on sale of vessels[2]	13,565	11,287	10,938	3,249	46,456
Net fair value gain on derivatives[3]	-	13,193	19,052	15,020	-
Sundry income	4,123	3,380	4,422	6,042	4,440
	17,721	**40,447**	**50,379**	**34,749**	**56,153**

- Note 1: Interest income was mostly derived from loans to JVs
- Note 2: Included gain on sale of vessels to a JV of US$25.9 million in 9MFY14. From 2007 to 2013, the Company had disposed, re-profiled and upgraded the fleet to meet changing market demands with gain on sale of assets totaling US$90m
- Note 3: No further derivatives contracts in FY14

Capital Structure

US$'000	31 Dec 2013	30 Sep 2014
Net Debt	796,874	474,770
Equity	864,295	1,223,716
Net Debt /Equity	92.2%	38.8%

- Net debt approximately 3.7x of FY2013 EBITDA
- The Company has available undrawn bank lines in excess of US$400 million

Strong Financial Position Provides Flexibility to Grow Business

CAPEX Plan

As at now, the Group has 22 vessels under construction/committed with expected delivery by mid 2017.

	Wholly Owned	JVs	Under Construction/Committed	
Number of vessels	61	47	22	
Net book value[1]	US$604m	-	-	
CAPEX commitment	-	-	US$445m paid[1]	US$361m to be paid

The Group is taking delivery of 3 vessels[2] in Q4FY14 and 10 vessels[2] in FY15 with remaining payments approximating US$139m.

Note 1: As of 30 Sep 2014
Note 2: See Appendix for details

Fleet Optimisation Program

	Currently in Fleet		New Vessels Under Construction/Committed
Types of Vessels	**Wholly Owned**	**Owned by JVs**	
AHTS	10	4	2
PSV	6	8	2
IMR	-	-	4
AHT	10	9	2
Towing Tugs	7	1	-
Barges	14	4	2
SSAV	-	-	2
Accommodation Vessels	4	1	3
Harbour Tugs	5	18	4
Crane Barge	2	2	1
Utility Workboats	3	-	-
Total as at to-date	61	47	22

- Young fleet of customised new builds to meet customers' needs
- Focus on high-capacity and high-specification offshore accommodation vessels
- Enter into Inspection, Maintenance and Repair (IMR) segment with construction of IMR vessels

BUSINESS UPDATES



Overview of Business Segments

	Offshore Supply Vessels (OSV)	Transportation and Installation (T&I)	Offshore Accommodation (OA)	Harbour Services and Emergency Response (HSER)
Description	▪ **AHTS and PSV:** Mid to deepwater oilfield operations in exploration, development, construction and production phases	▪ **AHT:** Ocean towage of FPSOs and large offshore structures; shallow-water pipelay and construction works ▪ **Barge:** Transportation, floatovers and launching of platform jackets	▪ **Offshore accommodation, workshop and storage facilities:** Offshore construction and maintenance operations	▪ **Harbour Services:** Support harbour towage operators and provide heavy lift services to shipyards ▪ **Emergency Response:** Salvage, wreck removal, rescue and oil-spill response operations globally
Fleet	▪ Operates **30 vessels** (JV: 12) including: • 8,000 – 16,000 BHP AHTS • 2,200 – 4,100 DWT PSVs ▪ **Youngest deepwater and midwater AHTS/PSV fleets globally** ▪ **Average vessel age of 3.1 years**	▪ Operates **43 vessels** (JV: 14) including: • 12,000 – 16,300 BHP AHTs • 4,000 – 8,000 BHP AHTs • Barges, including submersible barges and launch barge • Average vessel age of 7.8 years	▪ Operates **5 vessels** (JV: 1) with total capacity of 879 persons ▪ **Capacity expected to increase to 3,291 persons by 2015** ▪ Average vessel age of 13.4 years	▪ Operates **30 vessels** (JV: 20) including: • 3,200 – 5,000 BHP Azimuth Stern Drive (ASD) harbour tugs • Heavy lift crane barges with safe working load capacities of 60 - 1,500 tonnes • Average vessel age of 16.4 years
Typical Contract Type	▪ Mix of short and long-term charters and spot contracts	▪ Short-term charters or lump-sum project contracts	▪ Long-term contracts	▪ MPA license to provide port towage services in Singapore ▪ Retainer agreements for emergency response services

Current year developments

- **Signing of SSAV POSH Xanadu**
  - 1 + 1 year contract signed with Petrobras.
  - Contract worth US$80.5m for fixed term and if extended by another year, full value is US$144m
  - Due to additional modifications requested by Petrobras, contract will commence towards the middle of Q1 2015

- **Mexico**
  - Intermediary charterer, Oceanografia S.A. de C.V. was investigated for fraud and placed under bankruptcy proceedings
  - Despite significant part of claims recognised by the Mexican Bankruptcy Court, full allowance has been made by the Group (US$0.5m) and its JVs (US$4.6m being Group's share)
  - Share of losses from Mexican JVs amounted to US$12.5m in 9MFY14
  - In October 2014, the Company secured equity control over all of its Mexican operations and assets
  - Loans granted by the Company to its Mexican subsidiary are fully underpinned by the value of the assets

- **Harbour Services**
  - Kick-start new harbour towage operation by chartering-in vessels to complement existing fleet
  - Set-up a 24x7 operation control centre to manage the vessel movements with proprietary tug ordering system

- **Completion of JV for Deepwater T&I business**
  - JV structure finalised in Q1 FY14 with the final delivery of vessel from JV partner

Industry outlook

Impact of oil price on the industry

- \- Sustained reduction in oil price will have negative impact on charter-hire rates
- \- Expect delays in high capex projects, such as in ultra deep water & harsh environment projects
- \+ Expect shifts from exploration towards development and production activities
- \+ National oil companies account for 80% of global capex and continue to invest for long term needs
- \+ Healthy market correction to discourage speculators from overbuilding
- \+ More fuel efficient diesel-electric and younger vessels are better positioned to withstand the headwind

Updates – Business Segment

OSV

- Focus on West Africa and Middle East and setting up a representative office in Dubai
- Recent wins included a blend of both short-term and long-term contracts with rates comparable to that of 6 months ago
- Excluding extension options, OSV (ex Mexico) has contracted 40% of available fleet days for 2015 as at 30 Nov 2014

T&I Shallow water

- Affected by more competition in Pacific and Indian Oceans.
- Opportunities in India and Indonesia remain with increased focus on the O&G sector.
- T&I (excluding extension options) has contracted 18% of available fleet days for 2015 as at 30 Nov 2014

Updates - Business Segment

OA

- SSAV POSH Xanadu will commence the Petrobras charter towards the middle of Q1FY15
- POSH Arcadia will be delivered in April 2015 and awaiting tender results for charters in Brazil, GOM & West Africa.
- 238-pax LCV POSH Endurance contracted to a Southeast Asian NOC for a 2 + 1 year contract starting in Q1 FY15
- OA has contracted (excluding extension options) 36% of available fleet days for 2015 as at 30 Nov 2014

HSER

- Taking delivery of 4 ASD tugs to reduce reliance on charter-in vessels for harbour towage services by middle of 2015

As at 30 Nov 2014, the Group (ex-JVs) has secured contracts worth US$162m for FY2015

Updates - JVs

T&I Deepwater

- Services are typically contracted as early as 18 to 24 months ahead
- Utilisation was sub-optimal as JV started in Q2 FY13 with final 9th vessel delivered only in Q1 FY14
- T&I DW has contracted 54% of available fleet days for 2015 as at 30 Nov 2014 with contract value of US$96m

Mexico update

- Group took equity control of all ship-owning Mexican JVs in Oct 2014
- Of its fleet of 9 vessels,
  - 3 vessels are currently on mix of long-term and spot charters with POSH Gannet having a 2.5 years direct charter with PEMEX.
  - 6 vessels have been put forth for tender and awaiting tender results in Mexico

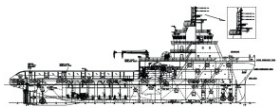


QUESTIONS & ANSWERS

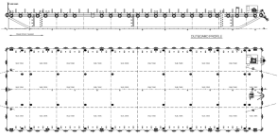
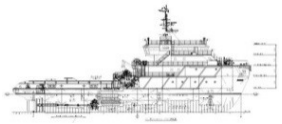
Appendix

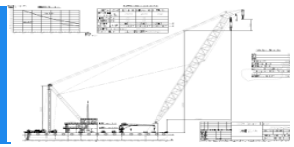
Vessels to be delivered

As at 30 November 2014, we have a total of 22 newbuilds contracted for delivery

POSH			Expected Delivery Date	No. of Newbuilds	Size
OA	SSAV		▪ Q4 2014 ▪ Q2 2015	▪ 2 DP3 SSAVs	▪ 750-person
	OA		▪ Q4 2014 ▪ Q1 2015 ▪ Q2 2015	▪ 3 DP2 LCVs	▪ 238-person ▪ 89 M
			▪ Q4 2016 ▪ Q1 2017 ▪ Q2 2017 ▪ Q2 2017	▪ 4 DP2 IMRs	▪ 108-person ▪ 89 M
OSV	AHTS		▪ Q2 2015	▪ 1 DP2 AHTS	▪ 8,000 BHP
			▪ Q2 2015	▪ 1 DP2 AHTS	▪ 12,000 BHP
	PSV		▪ Q2 2016 ▪ Q2 2016	▪ 2 DP2 PSV	▪ 70 M

Vessels to be delivered

POSH			Expected Delivery Date	No. of Newbuilds	Size
HSER	Tug		▪ Q4 2014 ▪ Q1 2015 ▪ Q2 2015 ▪ Q2 2015	▪ 4 ASD Harbour Tugs	▪ 4,000 BHP
T & I	Barge		▪ Q1 2015 ▪ Q1 2015	▪ 2 Deck Cargo Barges	▪ 7,500 DWT
	AHT		▪ Q1 2016 ▪ Q2 2016	▪ 2 AHTs	▪ 6,600 BHP

JV		Expected Delivery Date	No. of Newbuilds	Size
Floating Crane Barge		▪ Q4 2014	▪ 1 Floating Crane Barge	▪ 500T Sheerleg

Disclaimer

The information contained in this presentation is for information purposes only, and does not constitute or form part of any offer or invitation to sell or the solicitation of an offer or invitation to purchase or subscribe for, or any offer to underwrite or otherwise acquire any securities of PACC Offshore Services Holdings Ltd. (the "Company") or any other securities, nor shall any part of this presentation or the fact of its distribution or communication form the basis of, or be relied on in connection with, any contract, commitment or investment decision in relation thereto in Singapore or any other jurisdiction. No reliance may be placed for any purpose whatsoever on the information set forth in this presentation or on its completeness. This presentation has been prepared solely for information used by the Company for presentation purposes and may not be reproduced or redistributed to any other person.

The information ("Confidential Information") contained in this presentation does not contain all relevant information relating to the Company or its securities, particularly with respect to the risks and special considerations involved with an investment in the securities of the Company. No part of this document shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This presentation is strictly confidential and has been prepared by the Company to you solely for your reference. The Confidential Information is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning the Company. The information contained in this presentation has not been independently verified. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. Neither the Company nor any of their respective directors makes any representation or warranty (express or implied) regarding, and assumes any responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information or opinions contained herein. None of the Company or any of its members, directors, officers, employees, affiliates, advisors or representatives nor any other person will be liable (in negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with the presentation.

This presentation may contain forward-looking statements which are statements that are not historical facts that may be identified by their use of words like "plans," "expects," "will," "anticipates," "believes," "intends," "depends," "projects," "estimates" or other words of similar meaning and that involve substantial risks and uncertainties. You should not unduly rely on such statements. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company does not guarantee that these assumptions and expectations are accurate or will be realised. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions.

Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of the Company's management on future events. The Company do not assume any responsibility to amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise.

The information in this presentation has not been independently verified, approved or endorsed by any manager or adviser retained by the Company. No representation, warranty, express or implied, is made as to, and no reliance, in whole or in part, should be placed on, the fairness, accuracy, completeness or correctness of the information and opinions in this presentation. It is not intended that these materials provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the Company. The information and opinions in these materials are provided as at the date of this presentation, and are subject to change without notice. None of the Company or its affiliates, advisers or representatives, makes any representation as to, or assumes any responsibility with regard to, the accuracy or completeness of any information contained here or undertakes any responsibility for any reliance which is placed by any person on any statements or opinions appearing herein or which are made by the Company or any third party, or undertakes to update or revise any information subsequent to the date hereof, whether as a result of new information, future events or otherwise and none of them shall have any liability (in negligence or otherwise) for nor shall they accept responsibility for any loss or damage howsoever arising from any information or opinions presented in these materials or use of this presentation or its contents or otherwise arising in connection with this presentation.

The distribution of this presentation in certain jurisdictions may be restricted by law and, accordingly, this presentation is being communicated only to persons who have requisite experience in matters relating to investments and are persons to whom it may be lawful to communicate it without contravention of any unfulfilled registration requirements or other legal restrictions in the jurisdiction in which they reside or conduct business or in which they receive this presentation.



THANK YOU