

Miclyn Express Offshore

FY16 Results Presentation



www.meogroup.com



Financial Year 2016 Results

	FY16 US\$m	FY15 US\$m	Variance
Revenue	247.3	283.8	-12.9% ↓
Operating Earnings	84.0	84.4	-0.5% ↓
Normalised EBITDA	82.2	84.5	-2.6% ↓
Non-recurring Exceptional Items	(11.9) ¹	(27.2) ²	56.0% ↑
EBITDA	70.3	57.3	22.6% ↑

- Operating earnings maintained in a tough environment
- Core fleet utilisation slightly reduced to 82% (FY15: 86%), DCRs significantly reduced leading to lower revenues
- Non core segments and Projects also down due to lower volume of project work
- Opex and SG&A cost savings of \$37.7m, gross profit margins improved year-on-year (FY16: 42%; FY15: 38%)
- Total facility repayments of \$57.5m (excluding refinancing), focus remains on deleveraging



Market Outlook

Market Outlook

- Sentiment, investment and activity continues to remain depressed
- Exacerbated by increasing oversupply of vessels
- With most major offshore projects concluding or deferred, market focus turns to the rest of the world e.g. India, Africa and Middle East



Weathering the Storm ...

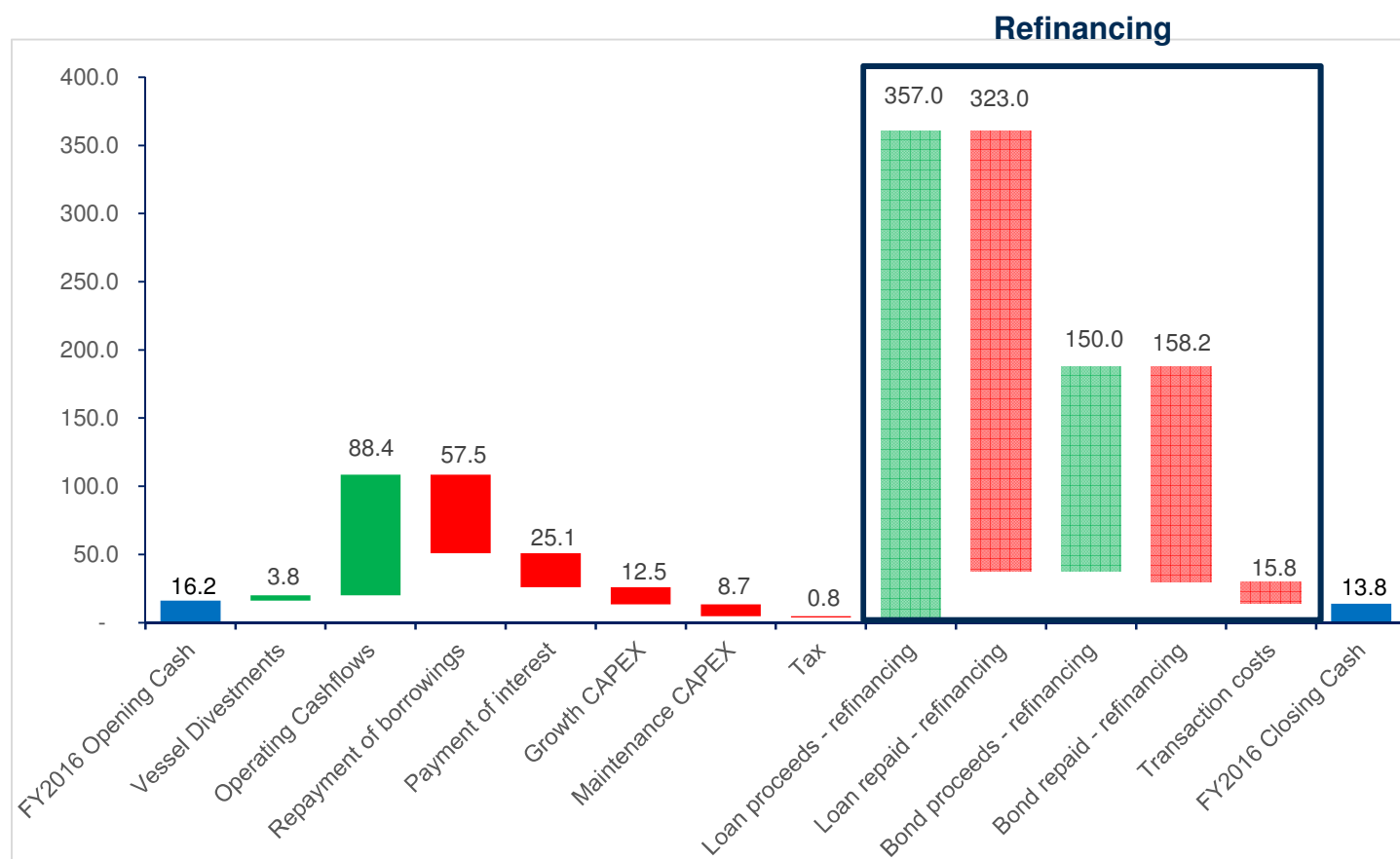
- Focus remains on more resilient shallow water production related activities
- Maintain current utilisation levels by leveraging strategic customer relationships
- Continue driving internal efficiencies to preserve margins
- Explore new market opportunities



Finance Update

- Remaining crewboat pipeline completed, no further committed CAPEX
- Significant reduction in maintenance CAPEX through cost rationalisation and optimisation achieved without compromising operational excellence
- Reducing debt levels, total facility repayments of \$57.5m (excluding refinancing)
- **Strategy of deleveraging rapidly to continue**

	FY16	FY15
Net Debt (US\$m)	464.3	482.1
Net Debt / EBITDA	5.6 ¹	5.7 ²
Gearing (%) ³	54.6%	54.4%



Summary



Clear strategy



Proven Operational Excellence



Solid execution capability



Financial capacity to deleverage



Ability to weather cyclical downturns



Appendix 1

Statement of Financial Performance

US\$m	FY16 (Equity)	Adjustments for Equity Accounting	FY16 (Proportionate)	FY15 (Proportionate)	Variance %
Revenue	230.9	16.3	247.3	283.8	-13%
Operating Costs ¹	(141.8)	(2.5)	(144.3)	(176.2)	-18%
Gross Profit	89.2	13.8	103.0	107.7	-4%
<i>GP Margin</i>	<i>38.6%</i>		<i>41.6%</i>	<i>37.9%</i>	
Other Income	0.8	0.1	0.9	1.3	-32%
Overheads	(18.7)	(1.5)	(20.1)	(25.9)	-22%
Forex	0.1	0.1	0.2	1.3	-82%
Operating Earnings	71.4	12.5	84.0	84.4	0%
Gain/(loss) on disposal of vessels	(1.8)	0.0	(1.8)	0.1	-2358%
Normalised EBITDA	69.7	12.5	82.2	84.5	-3%
<i>Normalised EBITDA Margin</i>	<i>30.2%</i>		<i>33.3%</i>	<i>29.8%</i>	
Non-recurring Exceptional Items ²	(11.9)	-	(11.9)	(27.2)	-56%
EBITDA	57.7	12.5	70.3	57.3	23%
<i>EBITDA Margin</i>	<i>25.0%</i>		<i>28.4%</i>	<i>20.2%</i>	<i>41%</i>
Depreciation & Amortisation	(39.4)	(4.0)	(43.4)	(37.7)	15%
EBIT	18.4	8.5	26.9	19.6	37%
Net Finance Costs	(29.7)	(0.4)	(30.2)	(27.0)	12%
Upfront fees write off	(13.9)	0.0	(13.9)		NM
Share of profit from joint ventures	7.8	(7.8)	-	-	NM
PBT	(17.4)	0.3	(17.1)	(7.3)	133%
Income Tax Expense	(4.3)	(0.3)	(4.6)	(3.7)	22%
Income Tax Expense Rate	-1.9%		-1.8%	-1.3%	
PAT	(21.7)	(0.0)	(21.7)	(11.1)	96%
Minority Interest	(1.0)	0.0	(1.0)	(1.4)	-28%
PATMI	(22.7)	(0.0)	(22.7)	(12.5)	81%
<i>PATMI Margin</i>	<i>-9.8%</i>		<i>-9.2%</i>	<i>-4.4%</i>	
NORMALISED PATMI	3.1³	-	3.1³	14.9⁴	-79%
<i>NORMAPATMI Margin</i>	<i>1.3%</i>		<i>1.2%</i>	<i>5.3%</i>	

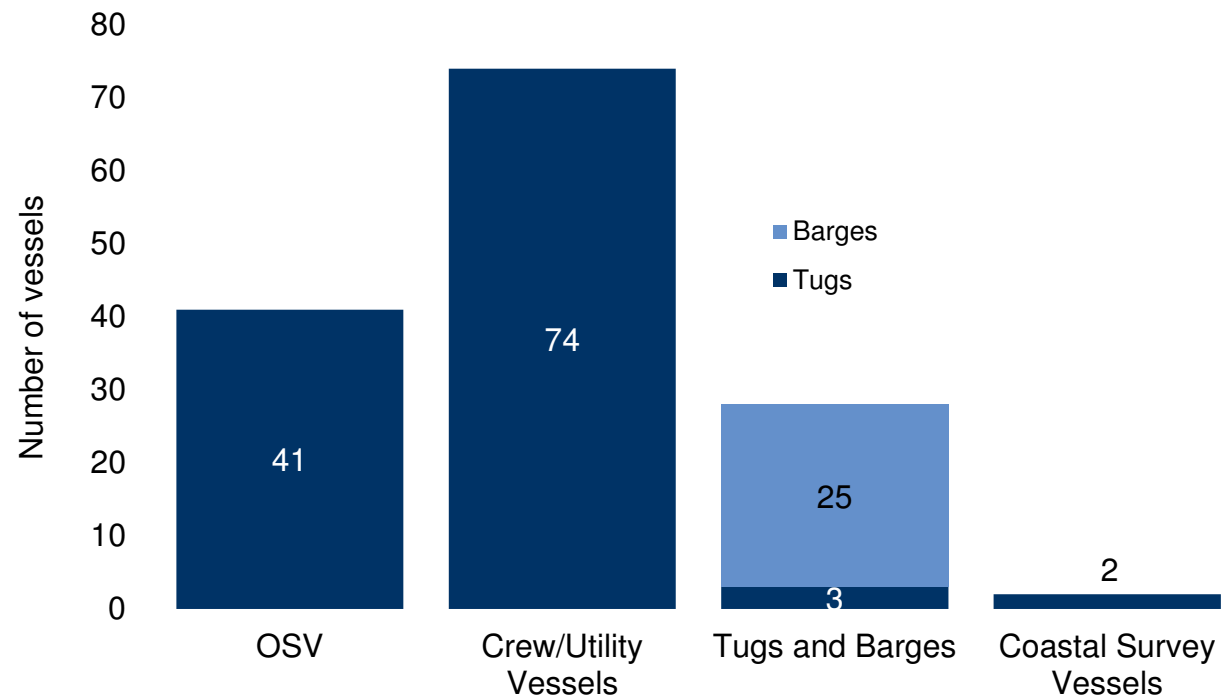
Appendix 2

Statement of Financial Position

(US\$'000)	As at 30 Jun 2016 (Equity)	Adjustments for Equity Accounting	As at 30 Jun 2016 (Proportionate)	As at 30 Jun 2015 (Proportionate)
<u>Current assets</u>				
Cash and cash equivalents	13.8	8.8	22.7	21.5
Trade receivables	58.3	1.1	59.4	85.1
Other receivables and prepayments	18.2	5.0	23.2	25.2
Loan to immediate holding company	139.2	-	139.2	139.2
Inventories	6.0	0.4	6.4	9.0
Assets classified as held for sale	1.6	-	1.6	1.5
Total current assets	237.1	15.4	252.4	281.5
<u>Non-current assets</u>				
Property, plant and equipment	587.2	70.3	657.4	695.9
Investment in joint ventures	74.7	(74.7)	-	-
Other intangible assets	0.2	-	0.2	0.3
Deferred tax assets	-	-	-	-
Goodwill	32.8	0.8	33.7	33.7
Other non current assets	2.7	-	2.7	6.0
Total non-current assets	697.6	(3.6)	694.1	735.9
TOTAL ASSETS	934.7	11.8	946.5	1,017.4
<u>Current liabilities</u>				
Trade and other payables	64.9	0.6	65.5	83.5
Current tax payable	2.8	0.1	2.9	2.5
Borrowings	31.9	5.6	37.5	43.7
Other liabilities	0.2	-	0.2	0.3
Total current liabilities	99.9	6.3	106.1	130.0
<u>Non-current liabilities</u>				
Borrowings	300.1	6.5	306.5	328.9
Senior secured guaranteed bonds	146.2	-	146.2	142.7
Other non-current liabilities	2.3	-	2.3	11.9
Total non-current liabilities	448.5	6.5	455.0	483.6
TOTAL LIABILITIES	548.4	12.7	561.1	613.5
NET ASSETS	386.3	(0.9)	385.4	403.9
<u>Shareholders equity</u>				
Share capital	-	-	-	-
Other equity reserves	143.4	(10.2)	133.2	130.9
Translation reserve	(11.8)	2.1	(9.7)	(11.1)
Retained earnings	252.2	7.2	259.5	282.2
Minority interests	2.4	-	2.4	1.9
TOTAL EQUITY	386.3	(0.9)	385.4	403.9

Appendix 3

Fleet Composition as at 30 Jun 2016¹



- No vessels under construction / to be delivered

1. Excludes Third Party Vessels

Important notice and disclaimer

Reliance on Third Party Information

The views expressed here contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. This presentation should not be relied upon as a recommendation or forecast by Miclyn Express Offshore Limited (“Miclyn Express Offshore”).

Forward Looking Statements

Some of the information contained in this document may constitute forward-looking statements that are subject to various risks and uncertainties. Nothing in this document is a promise or representation as to the future. Statements or assumptions in this document as to future matters may prove to be incorrect. Miclyn Express Offshore does not make any representation or warranty as to the accuracy of such statements or assumptions. You acknowledge that circumstances may change and the contents of this document may become outdated as a result. You also acknowledge that no audit or review has been undertaken by an independent third party of the assumptions, data, results, calculations and forecasts contained in or referred to in this document. You should make your own independent assessment of the information.

No Warranties

We makes no warranty, express or implied, nor assumes any responsibility in its contents for its accuracy, completeness, its use for any general of particular purpose, nor that such items or use of such items would not violate or infringe rights of others.

No Offer of Securities

Nothing in this release should be construed as either an offer to sell or a solicitation of an offer to buy or sell Miclyn Express Offshore securities in any jurisdiction.