# PACIFIC RADIANCE

## 2QFY2016 Results Presentation

12 August 2016

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# Financial Performance

# OPERATING CONDITIONS STILL CHALLENGING

| US$'000 | 2QFY2016 | 2QFY2015 | 1HFY2016 | 1HFY2015 |
|---|---|---|---|---|
| **Revenue** | 20,010 | 34,780 | 38,376 | 66,323 |
| **Cost of Sales (excl. depreciation)** | (20,618) | (19,801) | (33,753) | (34,125) |
| **Depreciation of PP&E (included in cost of sales)** | (7,108) | (6,002) | (13,666) | (11,729) |
| **Gross profit** | (7,716) | 8,977 | (9,043) | 20,469 |
| **Pre-tax profit/(loss)** | (62,063) | 2,825 | (68,586) | 5,880 |
| **(Loss)/ Profit after tax** | (62,848) | 2,176 | (69,712) | 4,887 |
| **Less: Impairments** | 45,969 | 45 | 46,074 | 45 |
| **Net (Loss)/Profit after tax, less impairments** | (16,879) | 2,221 | (23,638) | 4,932 |

**2QFY2016**

- Revenue improved by 9% over 1QFY2016, but down 42% as compared to 2QFY2015
- Net loss excluding one-off impairment charges came to US$16.9 million, due mainly to lower charter rates and overall fleet utilisation arising from weaker demand for offshore support & subsea services
- The Group recognized total impairments of US$46.0 million, including US$32.9 million for vessel impairment (own fleet), US$3.8 million for vessel impairment (joint venture's fleet), and US$9.3 million for provision of doubtful receivables

# BALANCE SHEET

| US$'000 | As at 30 June 2016 | As at 31 Mar 2016 | As at 31 Dec 2015 |
|---|---|---|---|
| **Non-current assets** | 775,984 | 807,882 | 750,004 |
| **Current assets** | 164,390 | 167,459 | 166,634 |
| **Current liabilities** | 178,999 | 184,442 | 154,654 |
| **Non-current liabilities** | 420,027 | 378,977 | 345,973 |
| **Shareholders' funds** | 342,601 | 407,439 | 413,388 |
| **Net gearing (x)** | 1.4 | 1.1 | 0.9 |

**As at 30 Jun 2016 versus 31 Dec 2015**

- Non-current assets rose mainly due to an increase of US$60.4 million in property, plant and equipment
- Non-current liabilities rose mainly due to increase in bank loans of US$74.4 million
- Total bank loans and notes payable was US$496.9 million; net gearing edged up to 1.4 as at 30 June 2016
- Enjoys full support of bankers and lenders. Working closely with banks to refinance loans



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# CASH FLOW STATEMENT

| (US$'000) | 2QFY2016 | 2QFY2015 | 1QFY2016 |
|---|---|---|---|
| **Net cash (used in)/generated from operating activities** | (10,905) | 1,401 | (15,087) |
| **Net cash used in investing activities** | (14,112) | (58,183) | (41, 836) |
| **Net cash generated from financing activities** | 23,156 | 33,389 | 43,167 |
| **Net decrease in cash** | (1,861) | (23,393) | (13,756) |
| **Cash and cash equivalents at beginning of period** | 25,261 | 98,406 | 38,960 |
| **Cash and cash equivalents at end of period** | 23,379 | 74,737 | 25,261 |

**2QFY2016**

- Net cash outflow from operating activities due to net loss position
- Net cash used in investing activities arose mainly from additions of property, plant and equipment of US$32.9 million, net loans to related companies of US$14.9 million, and partially offset by proceeds from sale of property, plant and equipment of US$34.0 million
- Higher net cash generated from financing activities due to US$45.6 million rise in bank loans, partially offset by loan repayment of US$17.3 million and dividend payment of US$5.8 million



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# Outlook & Strategy

# OUTLOOK & STRATEGY

- Expects challenging operating environment to last for possibly the next two to three years

- Will constantly evaluate and pursue opportunities to enhance liquidity position and raise additional cash to ensure business sustainability and position the Group for any potential market opportunities

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# PROACTIVE : STRENGTHEN OPERATIONS

- Since the industry downturn in 2H 2014, Group has made efforts to streamline operations and reduce costs, including:
  - ✓ Crew, personnel, and overhead costs
  - ✓ General & administrative expenses

- Continues to pursue cost reduction initiatives and manage cash flows closely

- No additional capital expenditure for fleet expansion since mid-2004. Last of previously committed newbuild vessel on order is expected to be delivered in late 2016

- Focus on improving existing fleet utilisation through stepped up marketing and business development efforts in existing, and new or non-O&G related markets, such as the offshore wind farm industry.

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# PROACTIVE : STRENGTHEN FINANCIAL POSITION

- Enjoys full support of bankers and business partners
- Amended a financial covenant under the Group's sole S$100 million medium term notes programme due August 2018 to avoid technical breaches
- Working closely with bankers to refinance loans, including the extension of repayment schedules

# Thank You

Questions & Answers

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