

PACC Offshore Services Holdings Ltd.

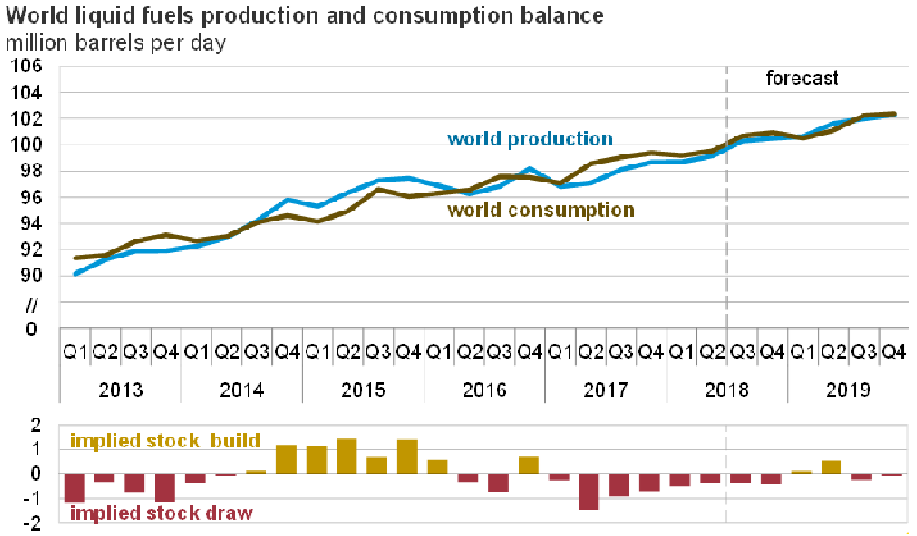
Results Presentation
9M FY18 Results
2 Nov 2018

Agenda

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Industry Outlook

Oil market stabilising with expected uptick in E&P spending



- Global oil demand growth is estimated to remain unchanged at 1.4mb/d for 2018.
- Global inventory level is expected to decrease by 0.4 mb/d with the prolonged imposition of Iranian sanctions, disruption in Canadian production after July's oil sands outage. Analysts estimate that oil prices will remain above US$75/bbl in 2019, and exploration and production spending to increase by 10%.
- Vessel utilization rate has picked up steadily over the last 18 months and is currently fluctuating at 60%. However, rates remain depressed due to persistent vessel oversupply.

Sources:

- *EIA, Short-Term Energy Outlook, Sept 2018*
- *Petrostrategies, The World energy Weekly, Vol 33, Pareto E&P Survey, Oct 2018*

Key Highlights – Q3 FY2018

- Revenue of US$79.7 million; an increase of 52% (Q3 FY17: US$52.5 million) mainly due to higher contribution from OA on improved vessel utilisation.
- The Group reported a gross profit of US$13.6 million compared with a gross loss of US$4.6 million in Q3 FY17.
- Net loss attributable to shareholder reduced 8% to US$5.3 million (Q3 FY17: US$5.8 million).
- POSH Kerry won its first contract in offshore renewables sector.

FINANCIAL HIGHLIGHTS



Group Financial Highlights

SUMMARY

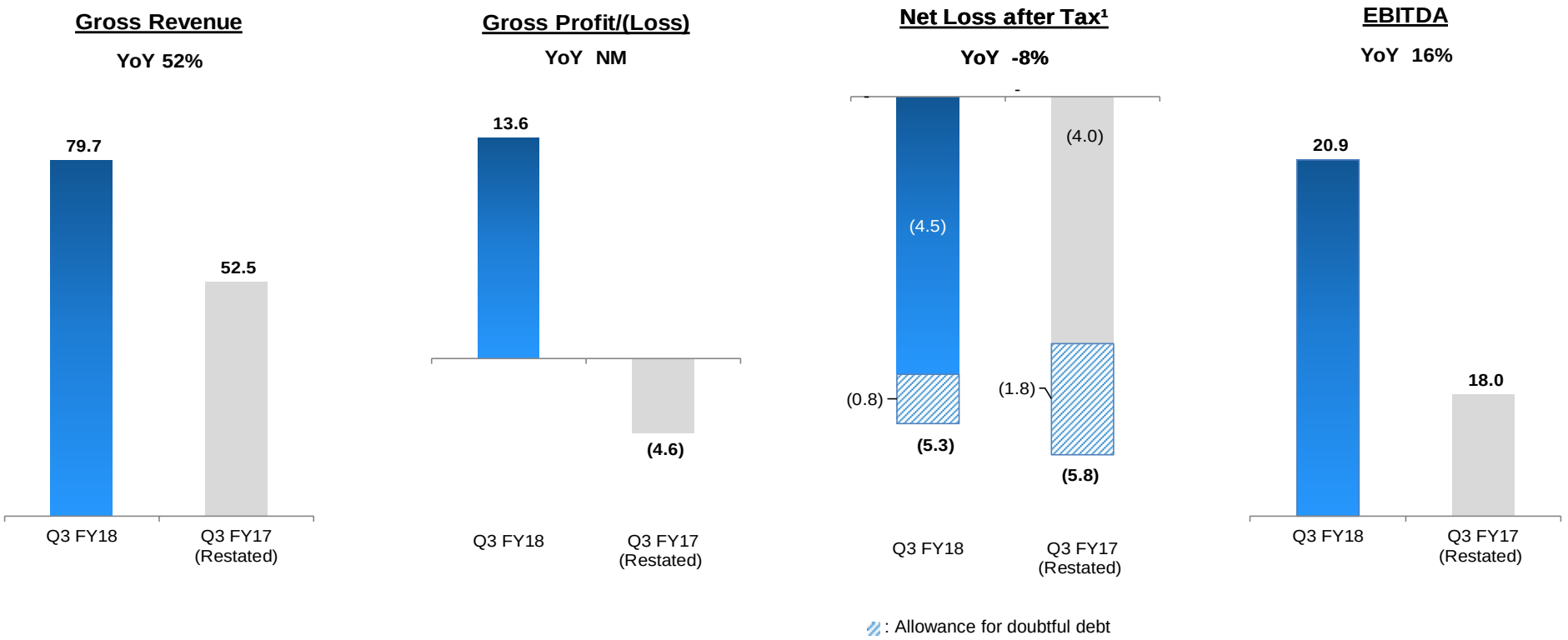
US$'M	Q3 FY18	Q3 FY17	Change	9M FY18	9M FY17	Change
	Actual	(Restated)[1]		Actual	(Restated)[1]	
Gross Revenue	**79.7**	52.5	52%	**233.4**	129.7	80%
Gross Profit/(Loss)	**13.6**	(4.6)	NM	**37.8**	(12.0)	NM
Share of JV Results	**(0.8)**	16.0	NM	**(1.3)**	13.8	NM
Net Loss after Tax[2]	**(5.3)**	(5.8)	-8%	**(18.3)**	(35.4)	-48%
EBITDA	**20.9**	18.0	16%	**58.1**	29.9	94%

[1]: The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") framework for the financial year ending 31 December 2018 and has applied SFRS(I) with 1 January 2017 as the date of transition.

[2]: Net Loss after tax attributable to shareholders

Group Financial Highlights – Q3 FY18

In US$'M



- Revenue increased mainly due to higher contribution from OA.
- Gross profit instead of gross loss mainly due to higher contribution from OA.
- Lower Net Loss mainly due to higher gross profit, lower allowance for doubtful debts, partially offset by higher finance cost & taxation and lower share of JV.

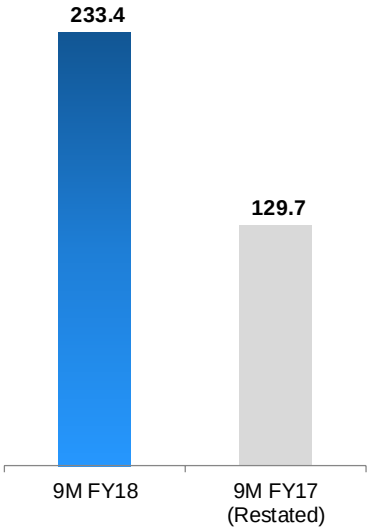
[1]: Net Loss after tax attributable to shareholders

Group Financial Highlights – 9M FY18

In US$'M

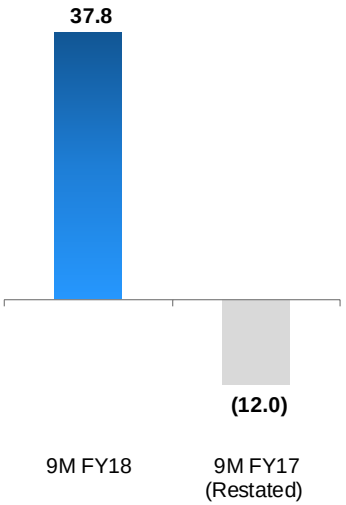
Gross Revenue

YoY 80%



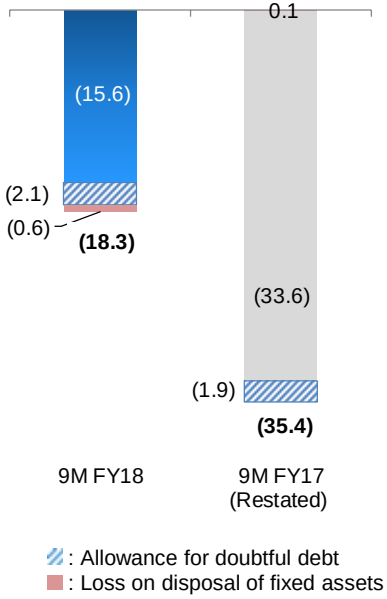
Gross (Loss)/Profit

YoY NM



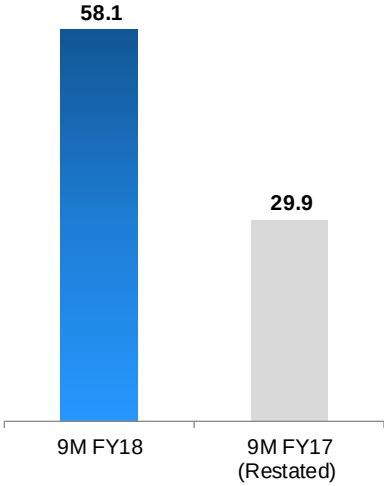
Net Loss after Tax[1]

YoY -48%



EBITDA

YoY 94%



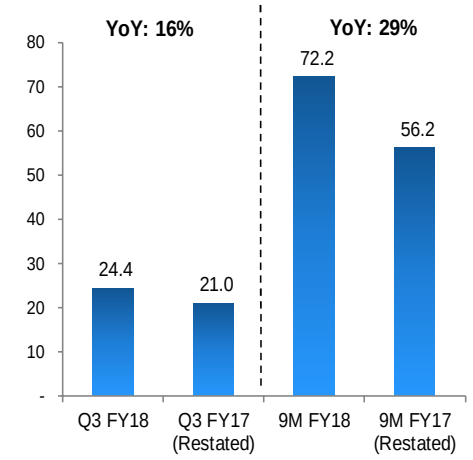
- Revenue increased due to higher contribution from all business segments.
- Gross profit instead of gross loss mainly due to higher contribution from OA, OSV and T&I.
- Lower Net Loss due to higher gross profit, offset by higher G&A, allowance for doubtful debt, finance cost & taxation.

[1]: Net Loss after tax attributable to shareholders

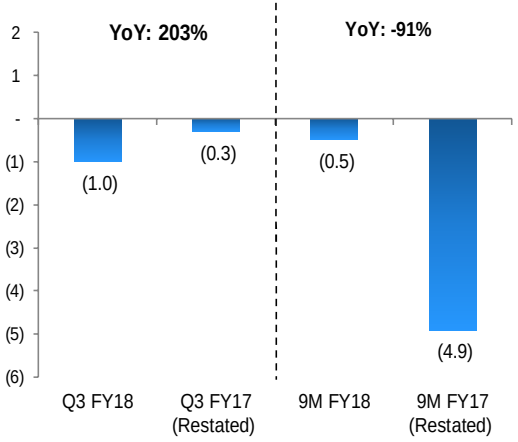
Financial Highlights - OSV

In US$'M

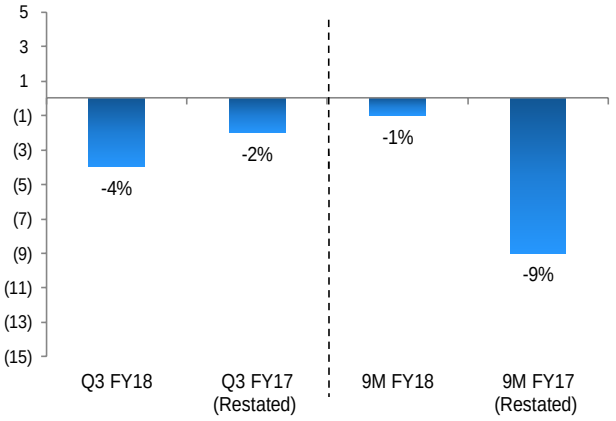
Gross Revenue



Gross Profit/(Loss)



Gross Profit/(Loss) Margin (%)

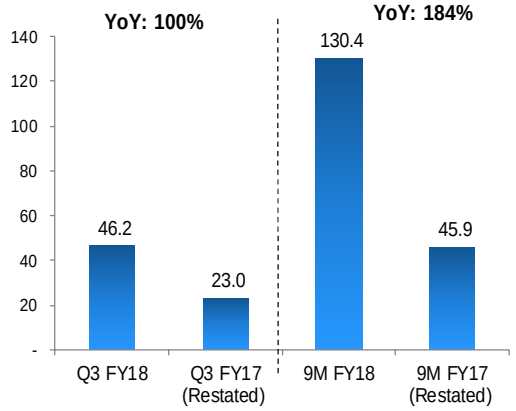


- Revenue increased in Q3 FY18 mainly from long-term charters to the Middle East partially offset by lower average daily charter rates and utilisation of remaining OSV vessels.
- Utilisation of 75% in Q3 FY18, compared to 72% in Q3 FY17.

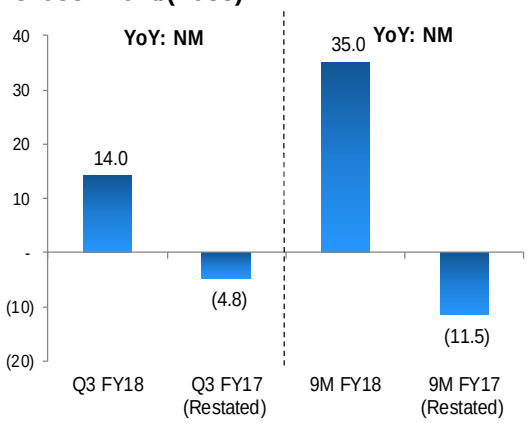
Financial Highlights - OA

In US$'M

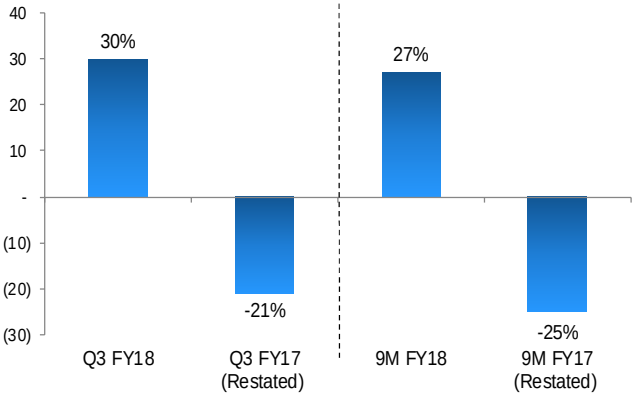
Gross Revenue



Gross Profit/(Loss)



Gross Profit/(Loss) Margin (%)

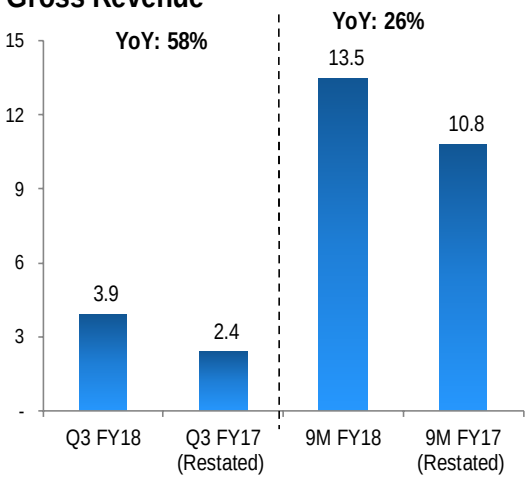


- Revenue increased in Q3 FY18 mainly due to POSH Xanadu and POSH Arcadia being fully deployed on Chevron Big Foot project and Shell Prelude project respectively; and higher utilisation of other OA vessels.
- Gross profit in Q3 FY18 instead of gross loss, as a result of higher revenue.

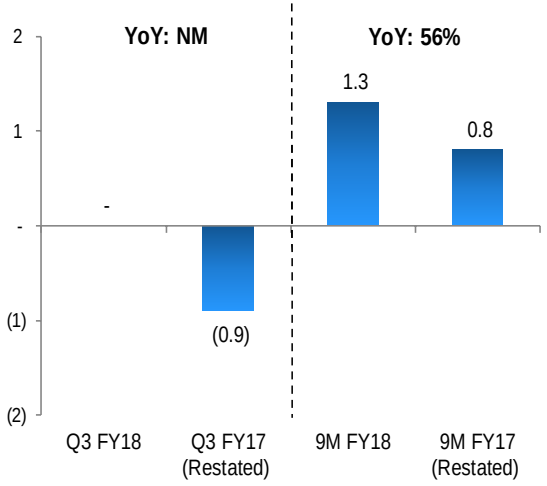
Financial Highlights – T&I

In US$'M

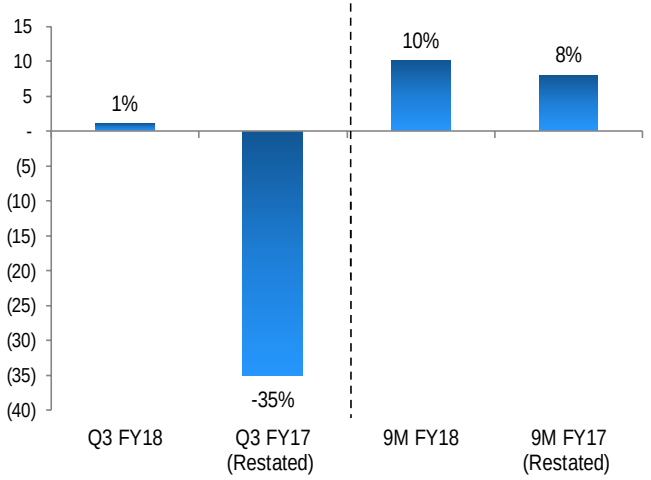
Gross Revenue



Gross Profit



Gross Profit Margin (%)

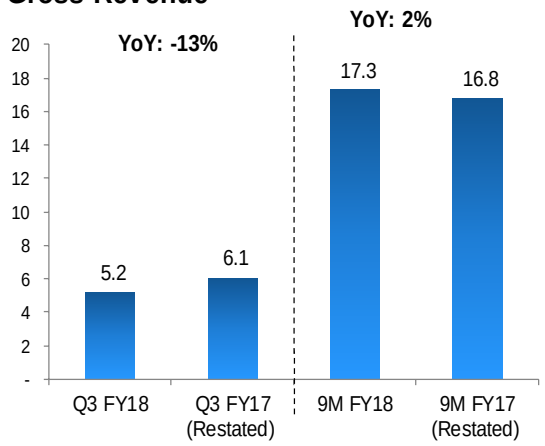


- Revenue increased in Q3 FY18 mainly due to higher vessel utilisation.
- Utilisation of 67% in Q3 FY18, compared to 38% in Q3 FY17.

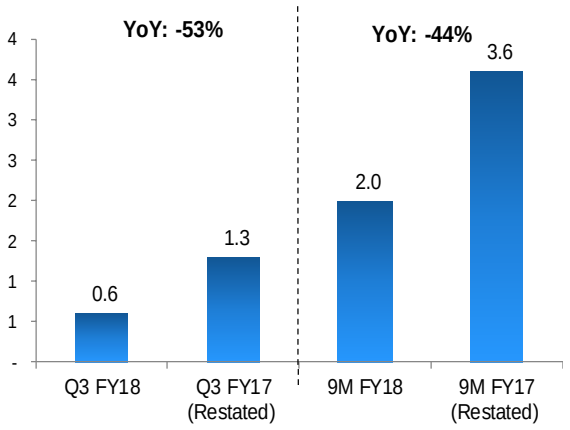
Financial Highlights – HSER

In US$'M

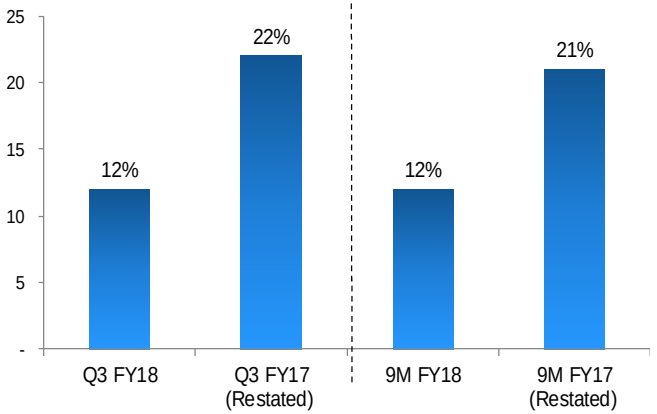
Gross Revenue



Gross Profit



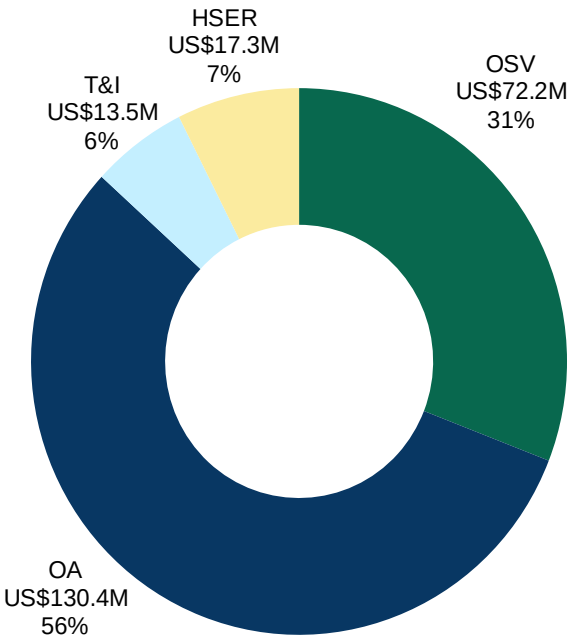
Gross Profit Margin (%)



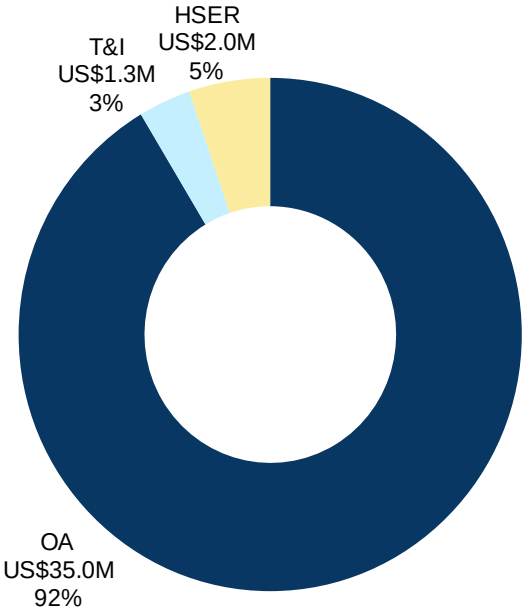
- Lower revenue in Q3 FY18 mainly due to lower revenue from salvage jobs and diving revenue.

Segments results[1] & Assets deployed[2]

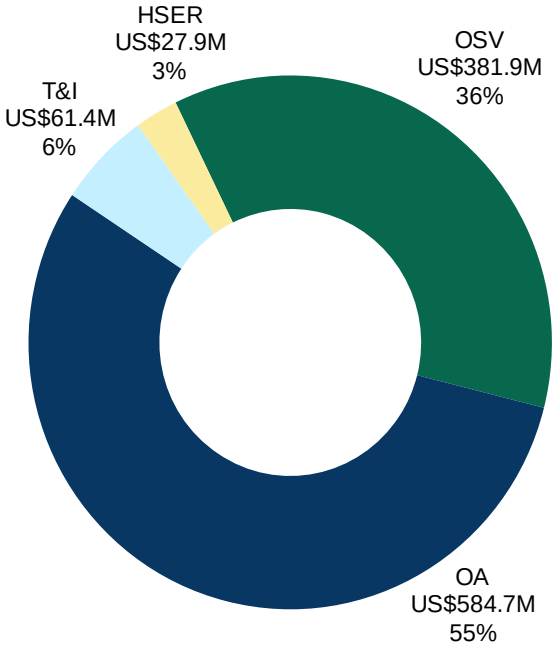
Gross Revenue
$233.4M



Gross Profit
$37.8M[3]



Assets deployed
$1,055.9M



[1]: For period ended 30 Sep 18
[2]: As at 30 Sep 18
[3]: OSV made a Gross Loss of $0.5M in 9M FY18

Capital Structure

US$'000	30 Sep 18	(Restated) 31 Dec 17
Net Debt	**750,227**	**751,837**
Equity[1]	**451,102**	**460,183**
Net Debt/Equity	**166%**	**163%**

[1]: Equity attributable to shareholders of the Company

- The Group has net current liabilities of US$182.5 million mainly due to bank borrowings due within a year.
- The Group has undrawn bank lines of approximately US$124.5 million as at 30 Sep 18.

2018 Focus: Pursuit of Accretive Growth Underpinned by Strong Fundamentals

Strategic Initiatives in 2018

Pursuing Growth in the Maintenance Space

- The offshore maintenance segment is expected to pick up due to previously deferred maintenance jobs
- Leverage on our ability to provide a wide spectrum of walk-to-work solutions
- Actively explore entry into adjacencies including the subsea Inspection, Maintenance and Repair (IMR) sector

Getting Closer to Our Customers

- Looking to establish and expand offices in key markets to interface directly with and better serve our customers
- Aim to expand suite of services to provide more value-add and be a one-stop solutions provider to customers

Increase Fleet Utilisation through New Business Segments

- Identify new or adjacent business segments where existing assets can be readily deployed
- Identified business segments include subsea operations and offshore windfarm development

UNDERPINNED BY

Excellence in Service and Safety

- Uncompromising commitment to operational and safety excellence

Upgrading our Human Capital

- Continual investment in talent development and capability building

Exercising Fiscal Prudence

- Prudent capital management, pursue charters that generate positive cash flow and EBITDA

Appendix

Overview of Business Segments

	Offshore Supply Vessels (OSV)	Offshore Accommodation (OA)	Transportation and Installation (T&I)	Harbour Services and Emergency Response (HSER)
Description	▪ **AHTS and PSV:** Mid to deepwater oilfield operations in exploration, development, construction and production phases	▪ **Offshore accommodation, workshop and storage facilities:** Offshore construction and maintenance operations	▪ **AHT:** Ocean towage of FPSOs and large offshore structures; shallow-water pipelay and construction works ▪ **Barge:** Transportation, floatovers and launching of platform jackets	▪ **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 **42 vessels** (JV: 5) including: • 5,150 – 16,000 BHP AHTS • 2,600 – 3,150 BHP MUV • 2,346 – 4,100 DWT PSVs ▪ **One of the youngest deepwater and midwater AHTS/PSV fleets globally** ▪ Average vessel age of 5.2 years	▪ Operates **12 vessels** (JV: 1) with total capacity of approximately 3,400 persons ▪ Average vessel age of 6.0 years	▪ Operates **38 vessels** (JV: 13) including: • 12,000 – 16,300 BHP AHTs • 4,000 – 8,000 BHP AHTs • Barges, including submersible barges and launch barge • Average vessel age of 9.4 years	▪ Operates **31 vessels** (JV: 18) including: • 3,200 – 5,000 BHP Azimuth Stern Drive (ASD) harbour tugs • Heavy lift crane barges • Average vessel age of 7.2 years
Typical Contract Type	▪ Mix of short and long-term charters and spot contracts	▪ Mix of long and short-term contracts	▪ Short-term charters or lump-sum project contracts	▪ MPA license to provide port towage services in Singapore ▪ Retainer agreements for emergency response services

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