

PACC Offshore Services Holdings Ltd.

Annual General Meeting
27 April 2017

Agenda

1. Year In Review
2. Financial Highlights
3. Business Outlook and Strategy
4. Appendices





YEAR IN REVIEW

POSH stands apart: Resilient performance amid challenges

- **Persistent challenges in offshore marine services industry**
  - Oil prices remained low as supply continued to outstrip demand
  - Further reduction in oil and gas capital expenditure

- **Continued to achieve operational milestones and drive efficiency**
  - Focus on operational excellence continued to bear fruit with landmark charter wins
  - 3rd straight year of cost rationalisation

- **Maintained strong balance sheet and financial position**
  - Operational resilience underpinned positive cash flow and EBITDA in 2016
  - Robust capital structure

2016: Challenging year for the offshore marine industry

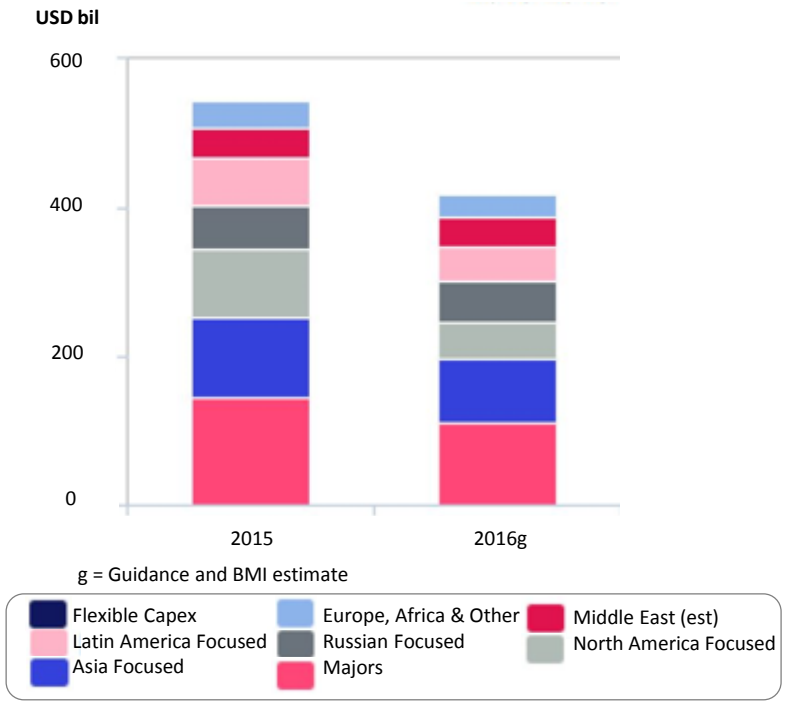
Brent Crude Prices



- Oil price remained low compared to pre-2014
- Sentiments remained cautious despite OPEC's announced cuts

Global Oil & Gas Capital Expenditure

BMI Research



- Further reduction in oil and gas capital expenditure
- Adversely affected utilisation and charter rates

Operational excellence is our key differentiating factor

Our major milestones across our four business divisions

Division	Highlights	
Offshore Supply Vessel ("OSV")		• Secured long-term charters for 12 vessels in the Kingdom of Saudi Arabia following setting up of POSH Saudi JV • Secured a five-year charter with a repeat customer for POSH Radiant in Qatar
Offshore Accommodation ("OA")		• One-year contract extension for POSH Xanadu to support Petrobras • POSH Arcadia appointed to provide accommodation support for the hook up and commissioning of the Shell Prelude Floating Liquefied Natural Gas ("FLNG") – world's largest offshore facility
Transportation & Installation ("T&I")		• Deepwater T&I joint venture POSH Teresea successfully delivered the Petronas FLNG Satu – world's first FLNG vessel • Commended by BP for rigorous operational standards when towing the Glen Lyon
Harbour Services & Emergency Response ("HSER")		• Secured long term towage contracts from tanker companies and projects arising from the development of the Singapore port



FINANCIAL HIGHLIGHTS

Resilient financial performance in FY2016

SUMMARY

US$000	FY16	FY15	Change
Revenue	183,100	280,820	-35%
Depreciation	(69,092)	(60,261)	15%
Other cost of sales	(109,023)	(162,533)	-33%
Gross profit	4,985	58,026	-91%
Impairment of fixed assets	(198,950)	(21,437)	828%
Impairment of goodwill	(111,179)	(127,000)	-12%
Share of JV results	(13,814)	(9,526)	45%
Net loss after tax[1]	(371,448)	(130,959)	184%
Net (loss)/profit excluding impairment of goodwill and fixed assets[1]	(61,319)	17,478	NM
EBITDA	23,886	90,393	-74%

[1]: Attributable to shareholders

Robust capital management

US$000	31 Dec 2016	31 Dec 2015
Net Debt	693,274	545,951
Equity[1]	688,332	1,061,043
Net Debt/Equity	101%	51%

- The Group has a net current liability of US$206.8 million mainly due to bank borrowings due within a year.
- The Group has undrawn bank lines of approximately US$282.9 million as at 31 December 2016.
- Increase in Net Debt/Equity was due to non-cash impairments of US$310.1 million in FY16, which reduced the Group's equity.

[1]: Equity attributable to shareholders of the Company

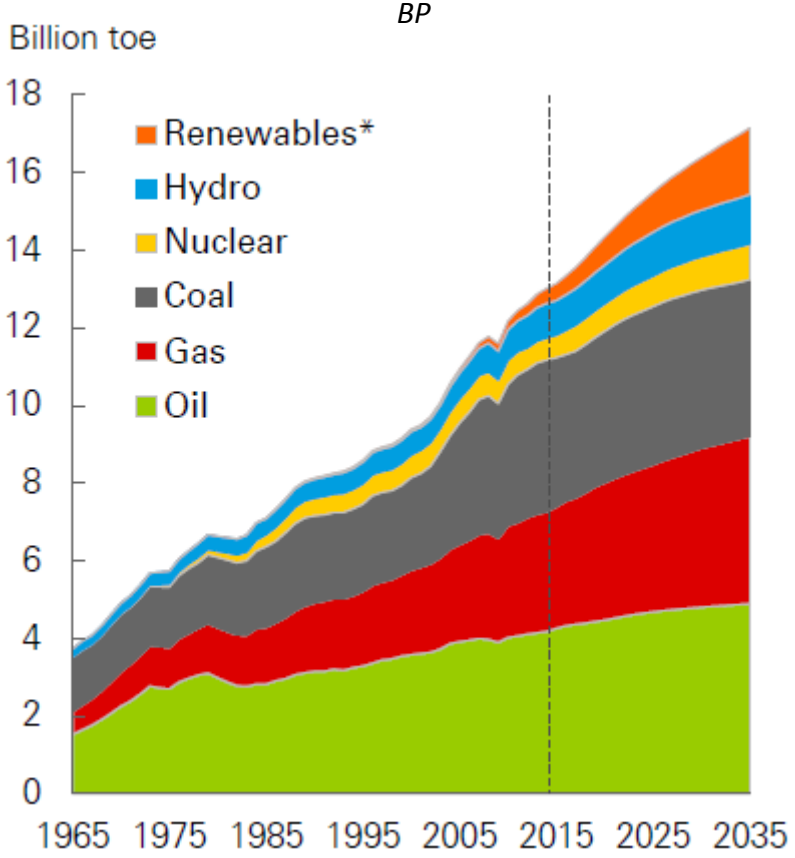


BUSINESS OUTLOOK AND STRATEGY

Long term: Oil and gas remain as dominant energy sources

Energy Consumption by Fuel

BP



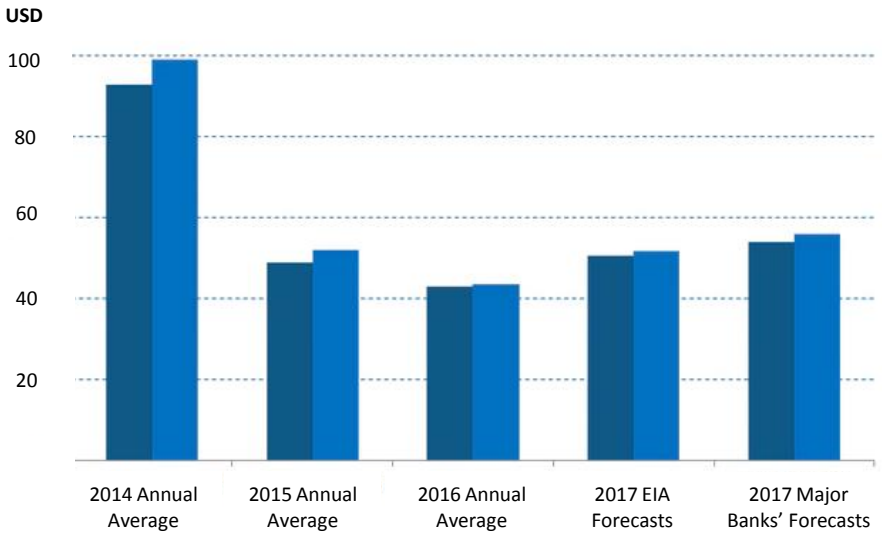
**Renewables include wind, solar, geothermal, biomass and biofuels*

- Oil and gas will stay as main sources of energy accounting for more than half of the world's total energy supplies
- This is despite growth in alternative sources of energy
- Points to the offshore marine services industry staying relevant in the long run

2017 outlook: Cautious optimism over prospects for recovery

Oil Price Forecast

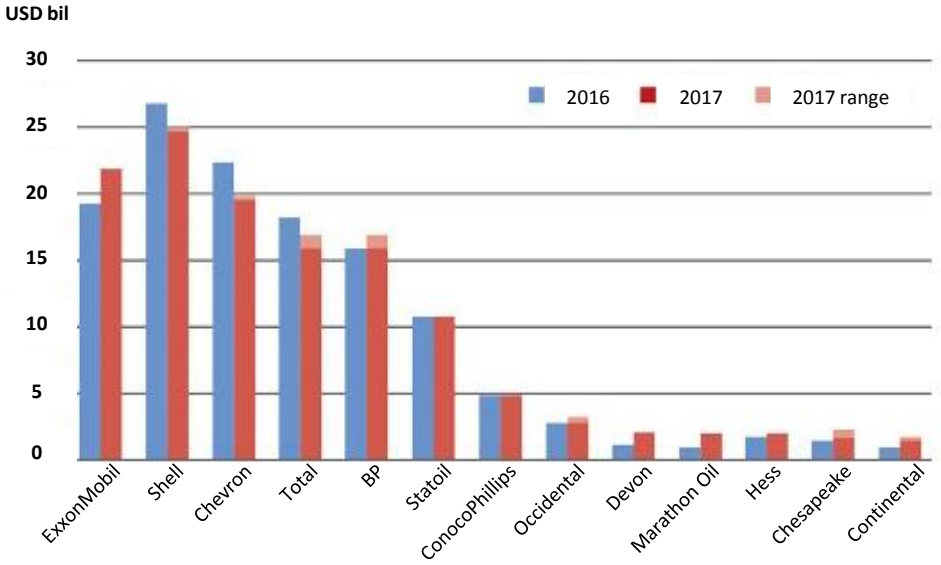
US Energy Information Administration, Wall Street Journal



- Broad consensus in the market for oil price to stay within the US$50-60 band for 2017

Capital Expenditure for Major Oil Companies

Oil & Gas Journal



- Several oil companies indicated slight increase in capital expenditure for 2017

2017 focus: Navigate uncertainty and emerge stronger

Our four strategic areas of focus

Drive Operational Excellence	• Uncompromising commitment to uphold operational and safety standards • Continue to invest in talent development
Maintain Financial Resilience	• Prudent capital management backed by our strong balance sheet • Pursue charters that generate positive cash flow and EBITDA
Continue Cost Efficiency and Optimisation	• Continue to reduce operating expenses across operations • Optimise resource allocation to capture opportunities for long-term growth
Pursue Selective Pockets of Growth	• Establish and expand offices and presence in key international markets • Re-profile and optimise asset portfolio

2017 focus: Reinforce reputation as best-in-class operator

We will successfully execute milestone projects in 2017

Saudi Arabia

- 12 long-term charters with an oil major in Saudi Arabia
- Includes 10 specially commissioned newbuilds to be delivered progressively over 2017




INPEX Projects

- To execute towing and installation contracts for:

1. INPEX Floating Production, Storage and Offloading ("FPSO") unit, and
2. INPEX Icthys Central Processing Facility ("CPF") – world's largest semi-submersible platform




Shell Prelude

- Two contracts for world's largest offshore facility
- Prelude is bigger than the size of four football fields
- Towing from South Korea to Australia and positioning
- Accommodation support for hook up and commissioning




Photo credits: Technip

2017 and beyond: Operating from position of strength

Well-placed to generate value for you over the longer term



- One of Asia's largest offshore operators
- Global footprint and proven track record
- Highly experienced management team
- Strong parentage
- Longstanding relationships with industry players
- Poised to capture opportunities across business segments


THANK YOU

Appendices

Diverse fleet operating across the oil and gas value chain

Oil & Gas Life Cycle

Exploration & Appraisal → Field Development → Operation & Maintenance → Decommissioning



Anchor Handling Tug Supply vessels (AHTS)
Tow and position drilling rigs



Platform Supply Vessels (PSV)
Transport materials and supplies



Accommodation Vessels (AV)
Provides accommodation, lifting, catering, workshop, storage and heli-deck facilities.

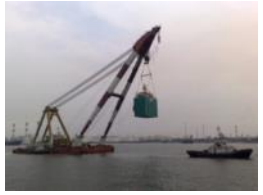


Anchor Handling Tugs (AHT)
Provides towage and construction support



Barges
Transport large marine structures for floatover and launch of platform jackets

Harbour Services & Emergency Response (HSER)



Crane Barges
For heavy lift services



Harbour Tugs
Deployed in harbour towage



Emergency Response
Provides equipment and personnel for salvage, rescue and oil spill response

Geographically diversified operations



Fleet summary

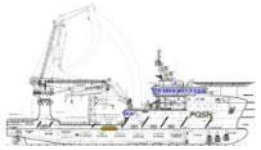
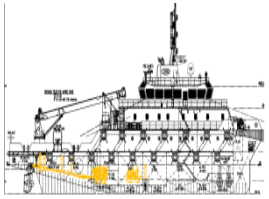
Type of vessels	Current fleet		New vessels under construction/ committed
	Wholly owned	Owned by JVs	
AHTS	13	4	6
PSV	14	-	-
Maintenance Utility Vessels[1]	-	-	4
AHT	12	9	-
Towing Tugs	4	-	-
Barges	14	4	-
SSAV	2	-	-
Accommodation Vessels	7	1	-
IMR/MPSV	-	-	3
Harbour Tugs[1]	10	19	1
Crane Barges	-	3	-
Utility Workboats	3	-	-
Total as at 31 Dec 2016	79	40	14

[1]: One ASD Harbour Tug and three MUV were subsequently delivered in Q1 2017.

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

Vessels to be delivered for 2017 onward

14 vessels to be delivered in FY2017 with remaining payments of ~US$85.6M

POSH			Expected Delivery Date	No. of Newbuilds	Size	Contract
OA	IMR & MPSV		▪ Q1 FY17 ▪ Q2 FY17 ▪ Q3 FY17	▪ 1 DP2 MPSV ▪ 2 DP2 IMR vessels	▪ 4,100 dwt ▪ 89 M	
OSV	AHTS		▪ Q3 FY17 ▪ Q4 FY17	▪ 6 Shallow draft AHTS	▪ 5,220 BHP	▪ Firm 5 years plus 2 years extension
	MUV		▪ Q1 FY17 ▪ Q2 FY17	▪ 4 MUV	▪ 2,597 – 3,152 BHP	▪ Firm 5 years plus 2 years extension
HSER	Tug		▪ Q1 FY17	▪ 1 ASD Harbour Tugs	▪ 5,000 BHP	

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