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EMAS Offshore Limited

Q1 FY2017 Results Presentation

January 2017

Disclaimer

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Agenda

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I. Overview

Overview of EMAS Offshore Limited

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Offshore Support & Accommodation Services

Overview

- Global fleet with established presence in the Asia-Pacific OSV market.
- Diverse client base, providing ship management services for both the Group and third party vessels.
- Owns, operates and/or manages a diverse fleet of 42 OSVs, 4 OAVs, 2 barges and 1 heavy lift and pipelay vessel (average age of approximately 7 years).

Business development strategies

- Continued focus on improving overall vessel utilisation
- Increased bidding efforts in Southeast Asia, India and West Africa in a competitive global environment
- Cost reduction and containment to preserve financial resources
- Undertaking strategies to monetize assets and enhance financial strength/flexibility

Offshore Production Services

Overview

- Provider of production vessels and services
- Expertise in project management, engineering, construction, installation and operation & maintenance in the fixed and floating production sectors
- Owns and operates Perisai Kamelia on a joint venture basis

FPSO assets

Perisai Kamelia
One of the world's largest FPSOs

First Oil:	Nov 2013
Gross tonnage:	63,101
DWT (Tropical):	127,540
Storage:	725m bbl
Export Gas:	175 MMSCFD (at 2),000 PSIG
Condensate:	4,000 bbl/d

- *Firm period of charter extended till May 2017, with potential of up to 12 month extensions*

Market Overview

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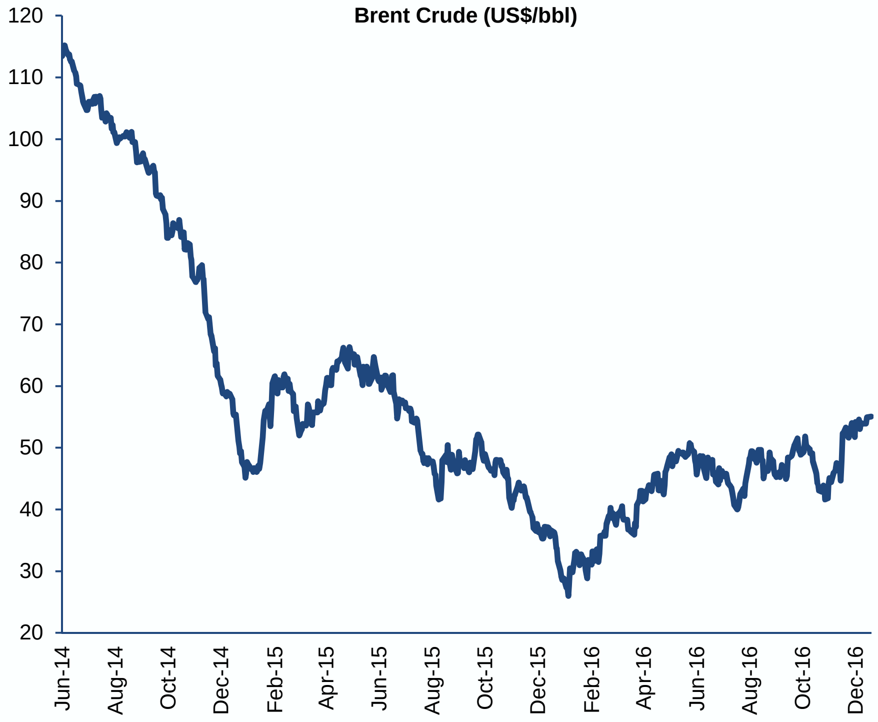
Oil price environment

Oil price development



Source: US Energy Information Administration

- Oil price has recovered from a low of US$36 in February 2016 to about US$55 in December 2016
- Oil prices have not yet stabilised to an extent that will result in an significant increase in activities in the oil and gas sector
- Oil majors globally continue to delay capital investments and reduce operating expenditures
- Consequential negative impact on OSV utilisation and charter rates

II. Business Review

Business Highlights

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Group Performance

- **OSV sector to remain extremely challenging through FY2017**
- **Results in Q1FY2017 remained impacted by weak demand and general oversupply in offshore supply vessel sector**
- **Daily charter rates are expected to remain depressed for a considerable period of time**

Offshore Support & Accommodation Services

- Utilisation rate was approximately 53% during the quarter
- Overall weakness in the offshore support industry
- West Africa remains in focus as the Company look to deploy more vessels and entrench its position to that region, as well as India



Offshore Production Services

- *Perisai Kamelia* continued to perform operationally well during Q1 FY2017
- Uptime was close to 100%
- The sale of Lewek EMAS was completed on 19 December 2016.


Business Development Activity

Increased bidding activity in West Africa in respect of multi-vessel, multi-year contracts.

Additional resources in West Africa to support our increased business activity in the region

Global operational footprint with vessels currently working in Asia-Pacific (81%) and West Africa (19%)

Order Backlog

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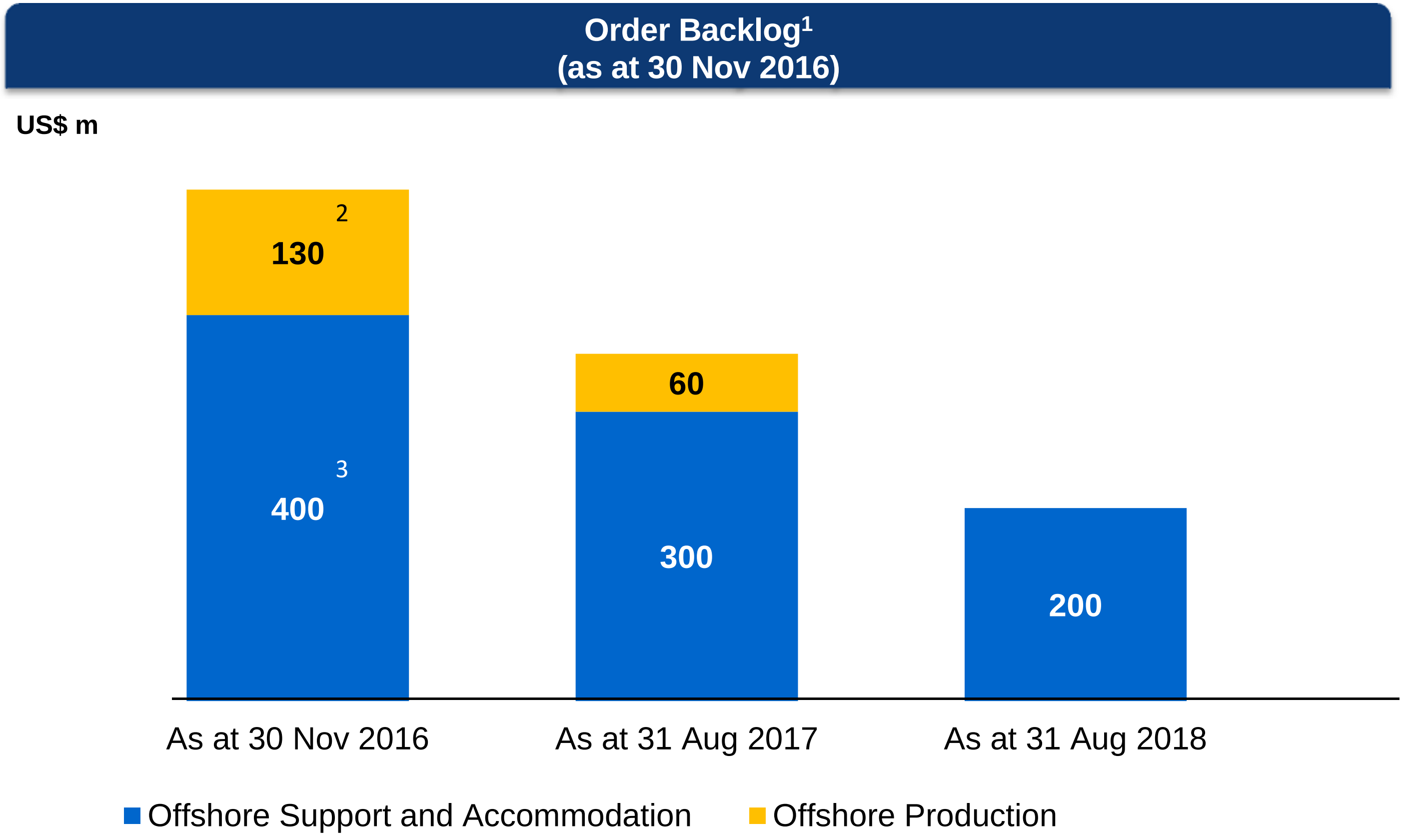

Average remaining contract duration for Offshore Support & Accommodation Services: **2.6 years**

- OSV generally on shorter charters especially for AHTs and PSVs
- OAVs generally continue to be deployed on long term charters

Average remaining contract duration for Offshore Production Services: **1.4 years**

- FPSO charters generally stable and for medium term

Note:

1. Net orderbook assuming options are exercised. Lewek EMAS was excluded since 1 March 2016
2. FPSOs are accounted for under "Share of results of associates" on the Profit or Loss Statement. The Group ceased to share the profits of *Lewek EMAS* with effect from 1 March 2016, with the sale of completed on 19 December 2016.
3. The order backlog for the Offshore Support & Accommodation Services division includes the bareboat of *Lewek Champion* to EMAS AMC

Utilisation Rate

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Offshore Support & Accommodation Services

Utilisation Rate (1)

	FY2013	FY2014	FY2015	FY2016	Q1FY2017
Fleet of vessels (2)(3)	82%	84%	75%	55%	53%
Total Fleet Size (4)(5)	45	45	46	46	46

Highlights for Q1FY2017

- Utilisation during Q1FY2017 increased slightly to 53% vis-a-via Q4 FY2016 of about 50%
- Fleet utilisation significantly impacted by industry downturn and general oversupply of offshore support vessels

Notes:
1. Utilisation rate is calculated by aggregating the number of contract days and dividing that by the aggregate number of days each type of vessels are available for charter.
2. The utilisation rates of FPSOs have not been included as it is not industry practice to measure the performance of FPSOs using utilisation rates. (3) The utilisation rates for barges have not been included as it is not a meaningful indicator. (4) As at 31 August of each financial year. (5) *Lewek Ruby* was sold in Q2FY2015. *Lewek Hydra* was not included for Q1FY2016. *Lewek Lark* was sold in Q2FY2016

Recent Developments

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- EOL owns an equity stake of 11.5% in Perisai Petroleum Teknologi Berhad ("PPT")
- In November 2016, PPT applied to and was accepted by Malaysia's Corporate Debt Restructuring Committee. It is understood that all affected lenders of PPT are required with immediate effect to observe an informal standstill, and withhold proceedings against PPT and its subsidiaries (includes SJR Marine, EMAS Victoria and Intan Offshore which are either associated or JV companies with the Group)
- In December 2016, the Group reached agreement with all its financial lenders to refinance its financial obligations over a period of 5 years. The agreement also contemplates the raising of new working capital facilities and includes provisions that would retrospectively discharge the Group from complying with financial covenants until FY2020
- In December 2016, the Group also reached a settlement agreement with PPT with respect to disputes arising from the put option held by PPT for the acquisition of 51.0% equity stake in SJR Marine (L) Ltd, subject to the fulfilment of the various conditions precedent as detailed in the announcement.
- The Group is continuing with its efforts to finalise agreements that would result in the provision of additional working capital facilities. As a result of the uncertainties including those surrounding PPT's developments, the completion of the refinancing exercise and obtaining additional working capital facilities have been delayed.
- The completion dates of these agreements are currently targeted to be concluded before the end of the second quarter of financial year 2017. In the event that these efforts do not achieve a favourable and timely outcome, the Group will be faced with a going concern issue.

Recent Developments

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- As disclosed by Ezra Holdings Limited (“Ezra”) on 29 November 2016, the Ezra and its subsidiaries and associated companies (“Ezra Group”) is are in discussions with its various stakeholders and consolidating its funding requirements. In the event that this these efforts does not achieve a favourable and timely outcome, the Ezra Group will be faced with a going concern issue. Ezra Holdings Limited is a guarantor to various financial obligations of the Group and accordingly, this development may have a negative impact on the Group.

- Taking into consideration the uncertainties as disclosed, the Group had also written in to the Accounting and Corporate Regulatory Authority (“ACRA”) for approval of an extension of time to hold its AGM and to present its audited financial statements for the full financial year ended 31 August 2016 (the “Audited Financial Statements for FY2016”) at the AGM. As a result, the Audited Financial Statements for FY2016 is not available as at date of this announcement.

- The Company has applied to the Accounting and Corporate Regulatory Authority (“ACRA”) and requested for the extension of time by sixty (60) days to hold its annual general meeting of shareholders (“AGM”) and to present its audited financial statements for the full financial year ended 31 August 2016 at the AGM. The approval was granted by ACRA on 10 January 2017.

III. Financial Highlights

Income Statement Highlights

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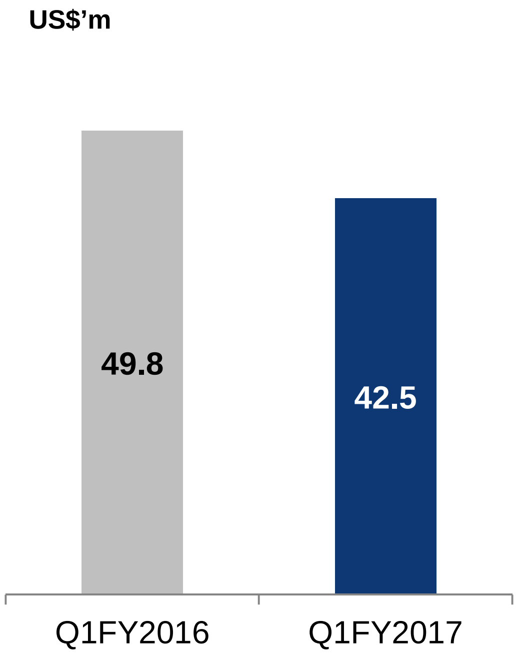
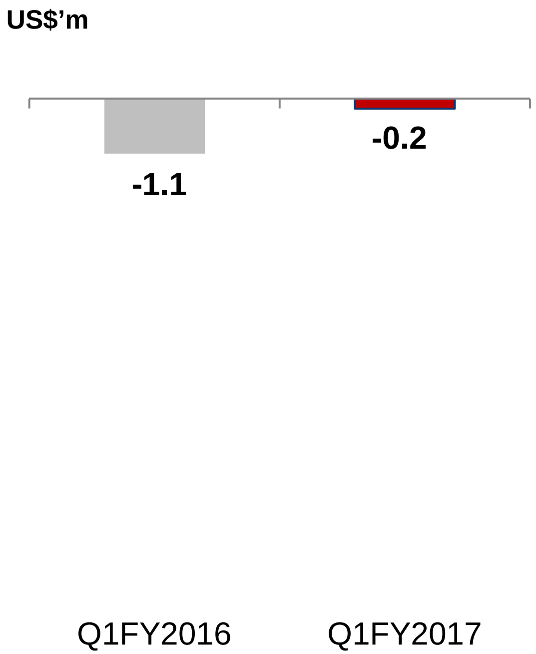
Revenues



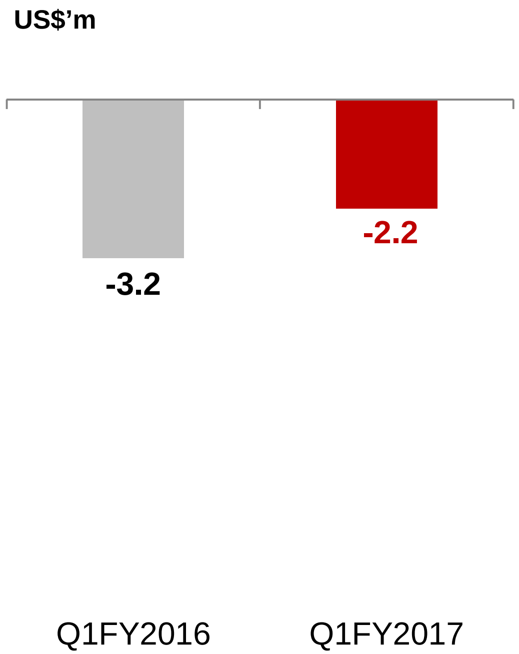
- Revenues for Q1FY2017 was US$42.5 million, an 15% decrease from same quarter last year
- Largely due to overall weakness in shallow water PSV and AHTS segments

Gross Profit/(Loss)



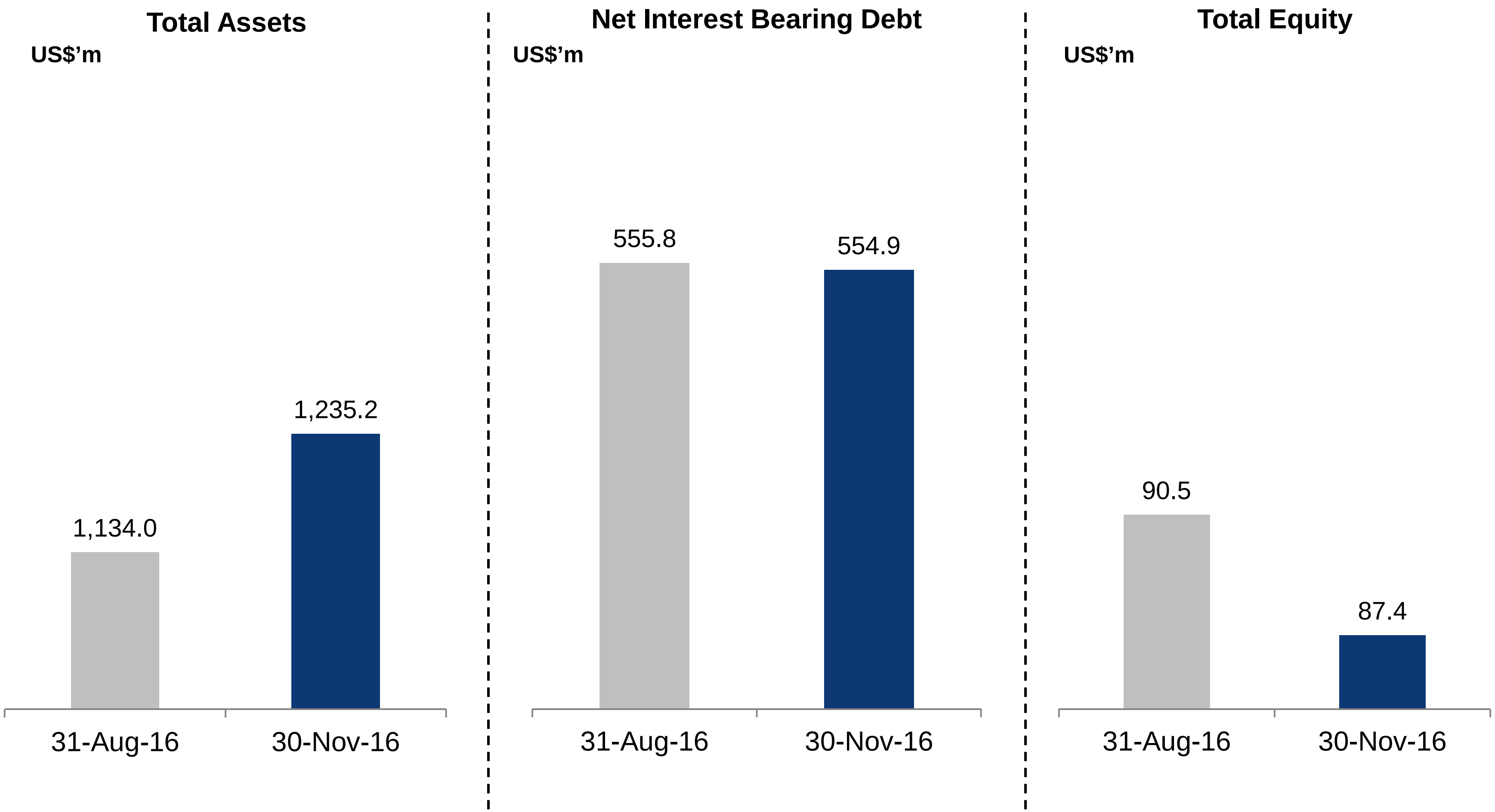
- Gross loss for Q1FY2017 was US$0.2 million compared to an gross loss of U$1.1 million in Q1FY2016
- Gross profit impacted by higher depreciation following certain lease modifications, offset by lower vessel operating expenses

Profit /(Loss) After Tax



- Loss after tax was US$2.2 million compared to loss after tax of US$3.2 million in the same period last year
- Results impacted by vessel lease modifications, higher financial expenses and lower share of results from associates and joint ventures

Balance Sheet Highlights



- Increase in Total Assets from recognition of finance lease arrangement
- Increase in Total Liabilities from recognition of finance lease obligations
- Net interest bearing debt decreased marginally as at 30 Nov 2016

Balance Sheet and Capital Management

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Balance Sheet as at 30 November 2016

US$ m	Group
Total Assets	1,235.2
less: Total Liabilities	1,147.8
Total Equity	87.4
Gearing	
Total Debt	565.7
less: Cash & Equivalents	10.8
Net Debt	554.9
Total Debt/ Equity	**6.47x**
Net Debt/ Equity	**6.35x**

- Completed the sale of Lewek EMAS on 19 December 2016.
- Continues to leverage on support from its lending banks and capital providers to support the balance sheet and maintain financial flexibility
- EOL has reached agreements with all its financial lenders, subject to documentation and conditions, on refinancing its financing obligations, in order to tide through the current market downturn

Key Figures & Ratios

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US$ ‘m	Period ended 30 Nov 2016	Period ended 30 Nov 2015
EBITDA	18.3	14.3
EBIT	4.7	1.8
Earnings per share[1] – Basic and Diluted (US¢)	(0.01)	(0.01)
Weighted average number of shares (in millions)	438.4	438.4
Interest cover ratio (times)[2]	2.9	3.2
Return on equity[3]	-2.5%	-0.6%

[1] Net profit / Weighted average number of shares
[2] EBITDA / Net interest expenses
[3] Net profit / Average book equity

IV. Outlook & Strategies

Outlook & Strategies

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Environment is challenging with continual pressures, but we are advancing various initiatives...

1

Cost optimisation – reduce vessel operating costs and general administrative expenses

2

Geographical strategy – leverage and consolidate in SE Asia and expand in selected relatively resilient areas e.g. West Africa and India

3

Active capital management – to strengthen/enhance financial position and liquidity

4

Leveraging opportunistically on synergies with the Ezra Group to win tenders with potential penetration to new markets