



**PACC Offshore Services Holdings Ltd.**

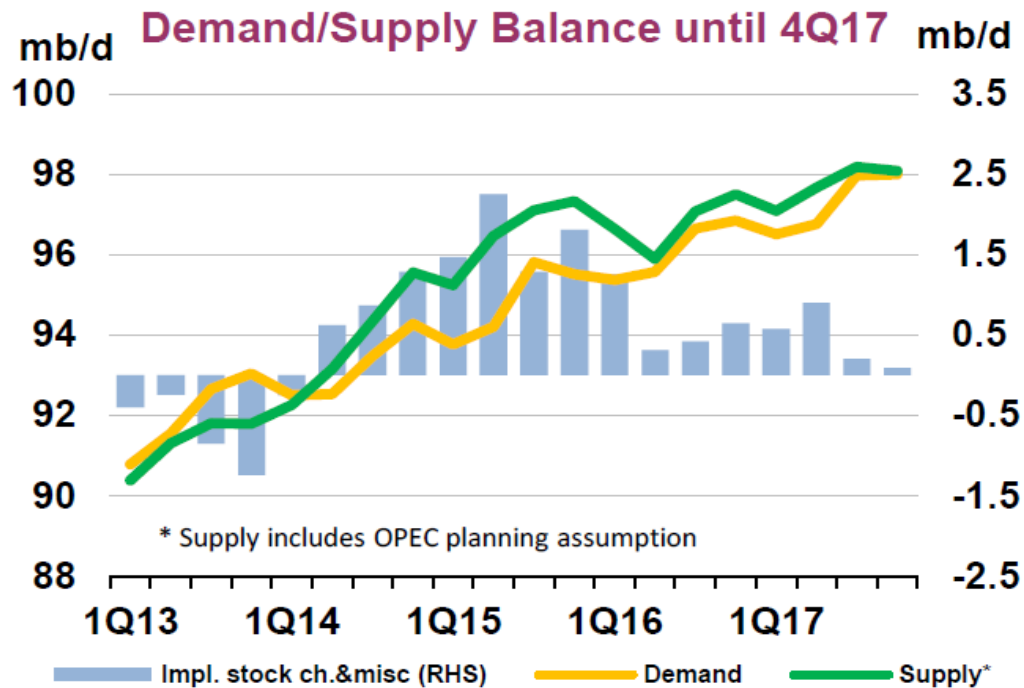
*Results Presentation  
Q3 FY16 Results  
4 November 2016*



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# Industry outlook

- In the oil market, market rebalancing continues as an OPEC supply cut is being anticipated
- US tight oil supply expected to decline this year along with the decline in oil prices
- In the short term, challenging market conditions to continue with overcapacity of vessels



# Key Highlights

- Q3 FY2016 revenue at US\$41.6 million; a decrease of 48% amid continued challenging industry conditions
- Net cash generated from operations of US\$8.5 million and positive EBITDA of US\$9.0 million in Q3 FY16, a decrease of 72% from US\$31.8 million recorded in Q3 FY15
- Loss in Q3 and 9M FY16 due to lower utilisation and charter rates
- Maintain strong financial position with Net Debt/Equity of 0.6x
- Continue new build programme for our Middle East contracts next year

# FINANCIAL HIGHLIGHTS

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# Group Financial Highlights

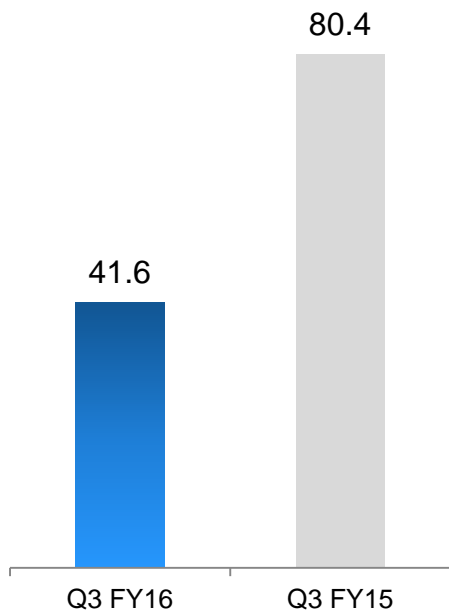
## SUMMARY

US\$'M	Q3 FY16	Q3 FY15	Change (%)	9M FY16	9M FY15	Change (%)
Revenue	41.6	80.4	-48	146.4	209.0	-30
Gross Profit	(1.4)	18.4	NM	14.4	40.8	-65
Other Expense/Income	(0.4)	3.6	NM	2.6	8.9	-71
Share of JV Results	(0.06)	0.9	NM	1.7	2.9	-41
Net (Loss)/Profit after Tax attributable to shareholders	(12.9)	12.6	NM	(26.0)	18.7	NM
EBITDA	9.0	31.8	-72	36.0	71.7	-50

# Group Financial Highlights – Q3 FY16

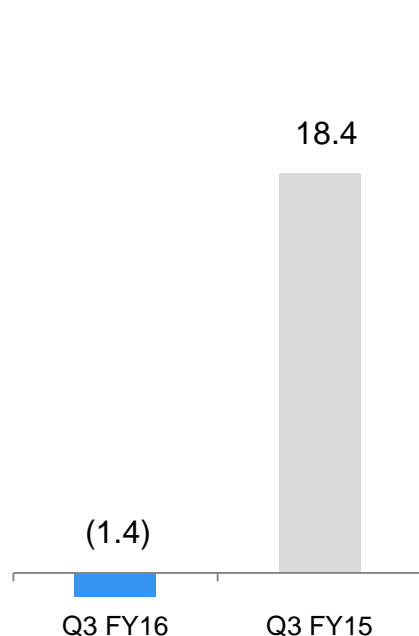
## Gross Revenue (US\$'M)

YoY -\$38.8M (-48%)



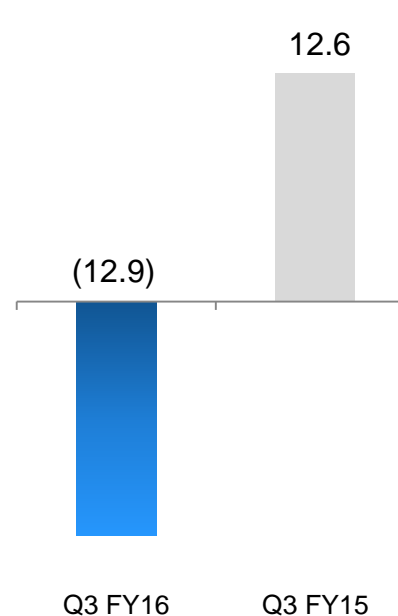
## Gross Profit (US\$'M)

YoY -\$19.8M (NM)



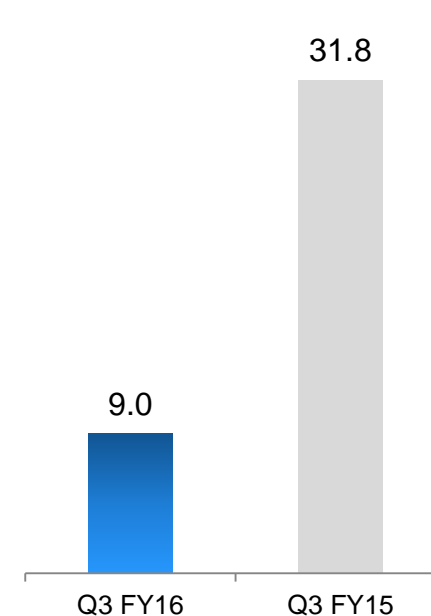
## (NLAT)/NPAT<sup>1</sup> (US\$'M)

YoY -\$25.5M (NM)



## EBITDA (US\$'M)

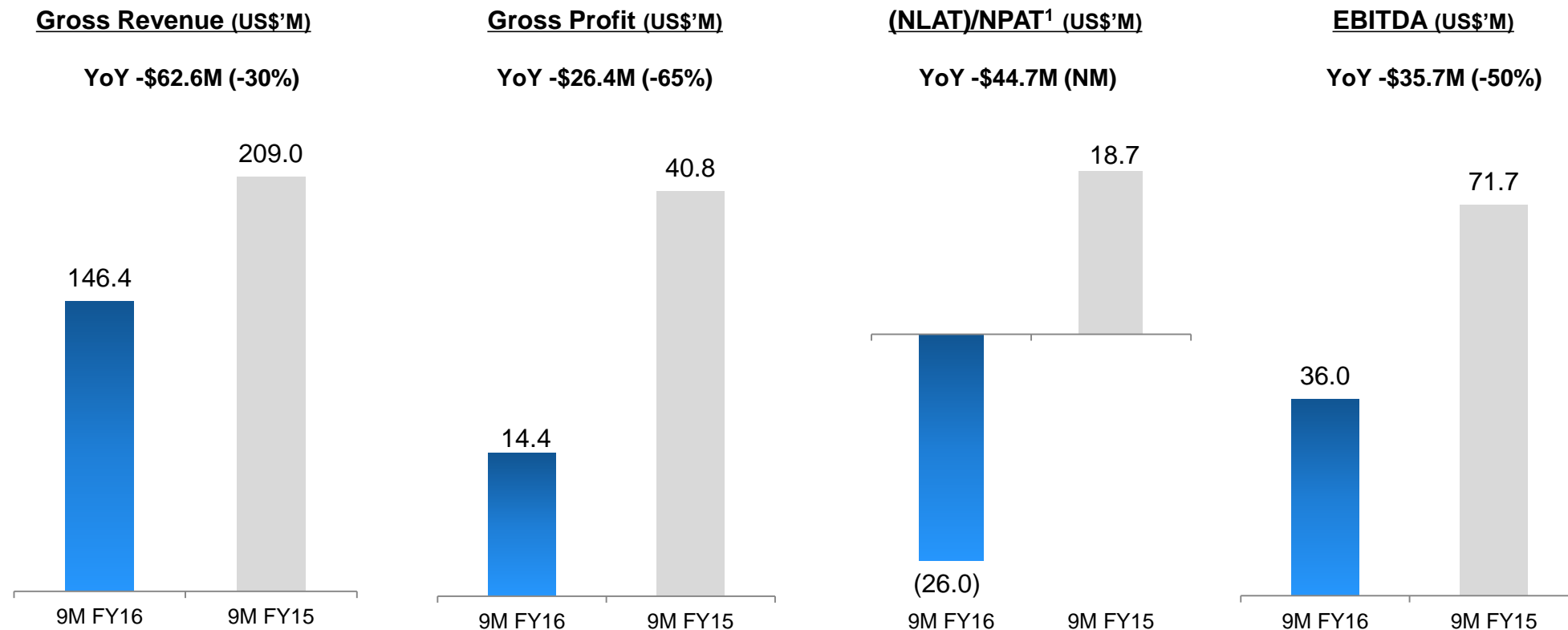
YoY -\$22.8M (-72%)



- Revenue decreased due to lower utilisation and charter rates across the major business segments.
- Decrease in Gross Profit was partly offset by lower operating cost.
- Net Loss was due to lower operating profit, lower contribution from JVs, higher finance cost and loss on vessel disposals instead of gains

Note 1: Net (Loss)/Profit After Tax attributable to shareholders

# Group Financial Highlights – 9M FY16



- Revenue decreased mainly due to lower charter rates and utilisation across business segments
- Net Loss instead of Net Profit due to lower operating profit, additional allowance for doubtful debt, higher finance cost and lower contribution from other income and JVs

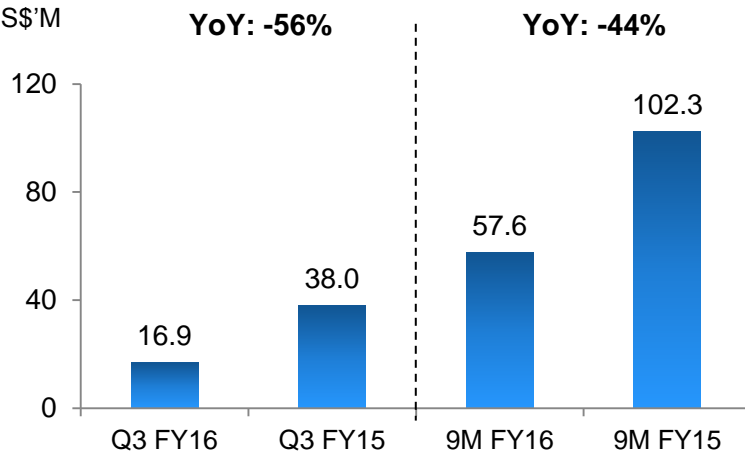
Note 1: Net (Loss)/Profit After Tax attributable to shareholders



# Financial Highlights - OSV

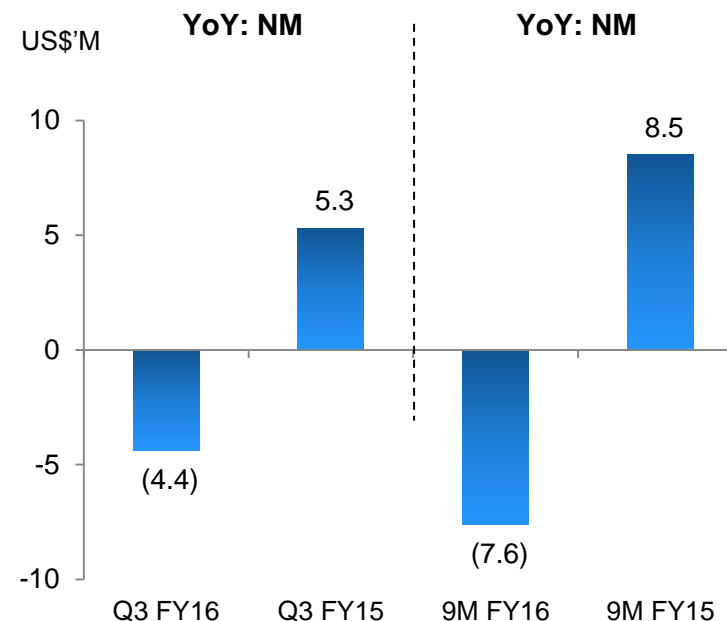
## Revenue

US\$'M



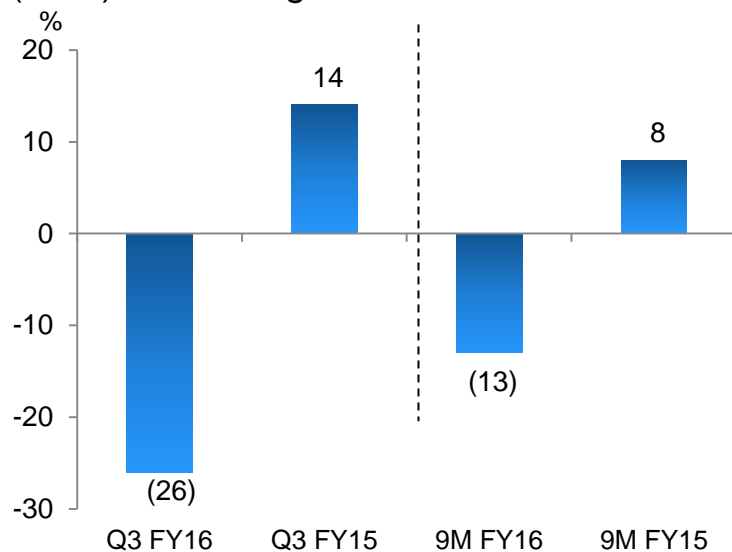
## Gross (Loss)/Profit

US\$'M



## Gross (Loss)/Profit Margin

%

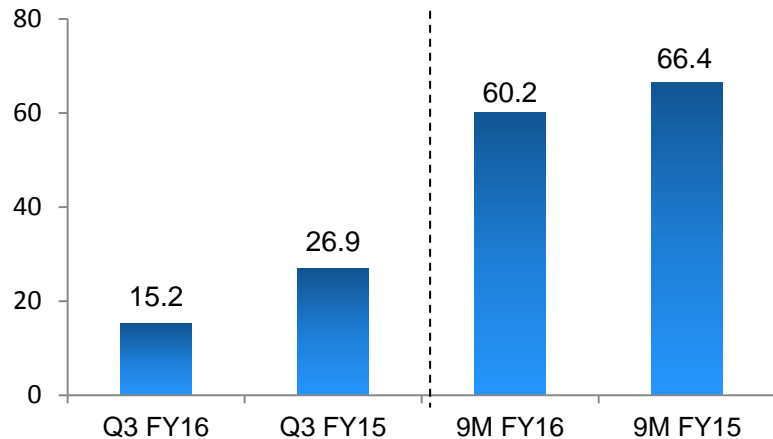


- Revenue decreased due to lower charter rates and utilisation levels
- Lower rates arose from discounts on rates previously contracted and reduced rates of new contracts
- Utilisation rate was 59% in Q3 FY16 compared to 74% in Q3 FY15

# Financial Highlights - OA

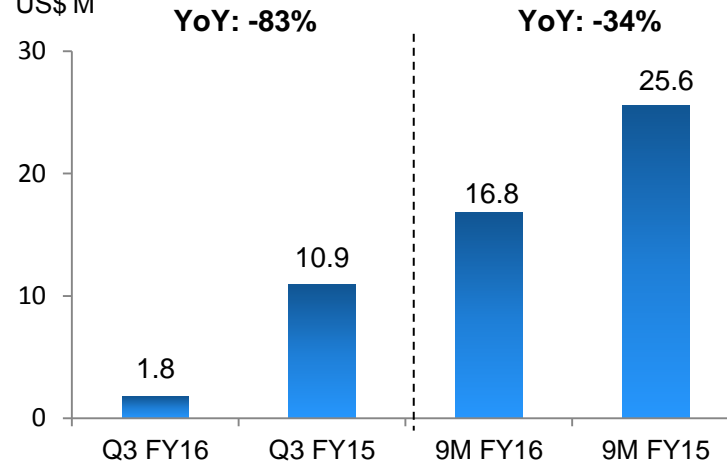
## Revenue

US\$'M



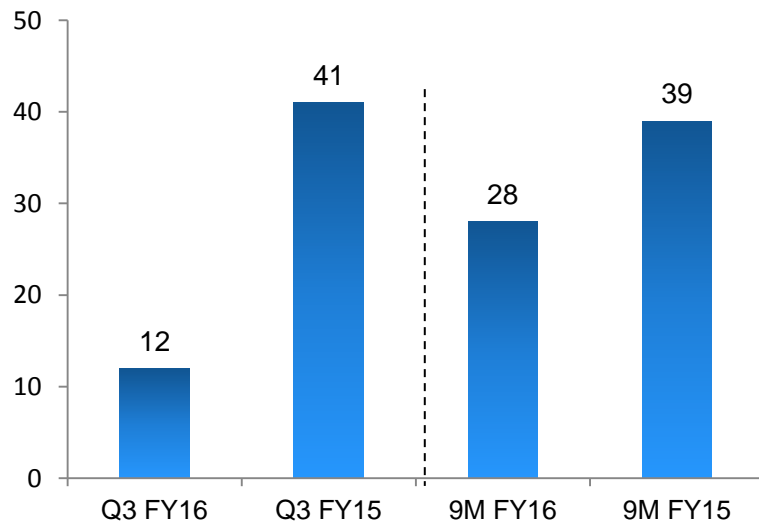
## Gross Profit

US\$'M



## Gross Profit Margin

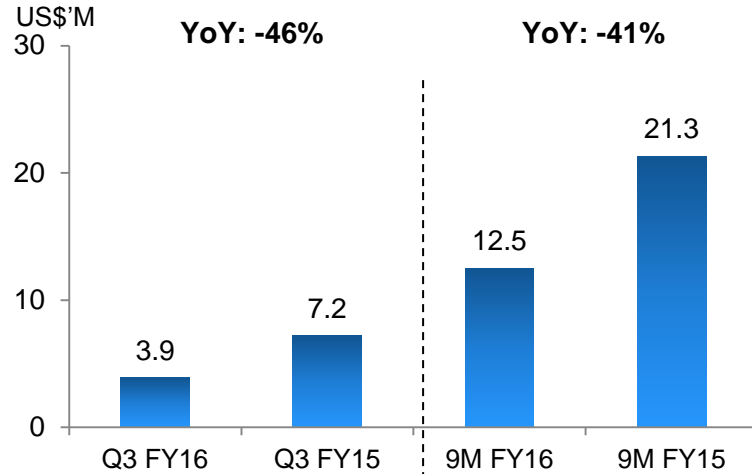
%



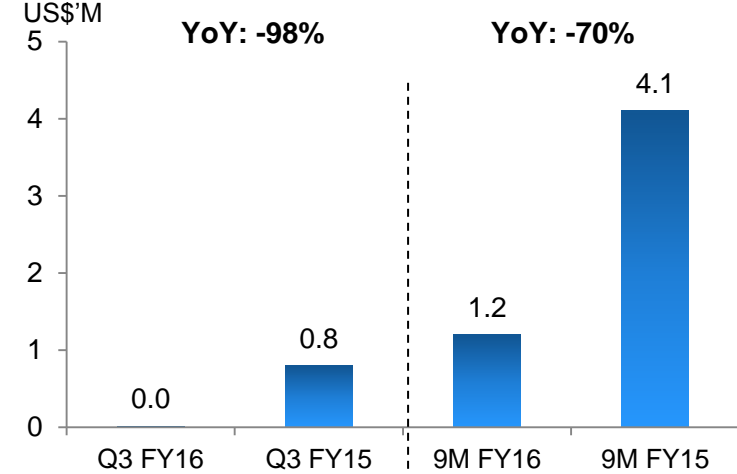
- Revenue decreased due to lower charter hire for POSH Xanadu on contract extension, lower utilisation and the early termination of two contracts as a result of non-payment of charter
- Gross profit was impacted by higher depreciation charges in Q3 FY16
- Utilisation rate was 36% in Q3 FY16 compared to 74% in Q3 FY15

# Financial Highlights – T&I

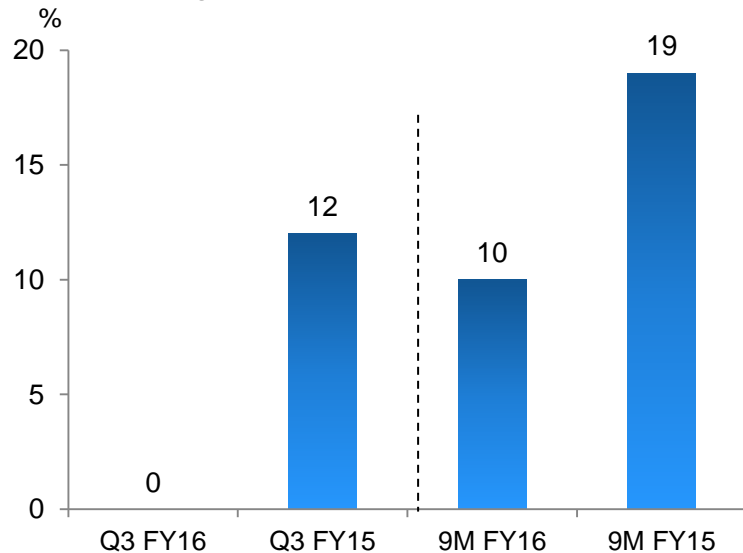
## Revenue



## Gross Profit



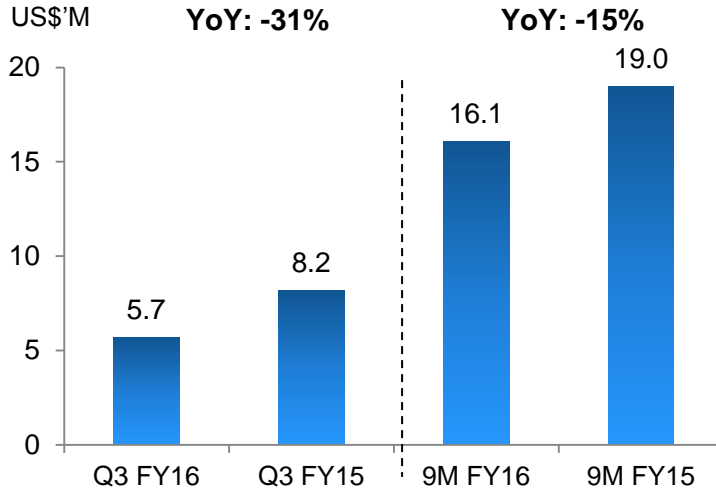
## Gross Profit Margin



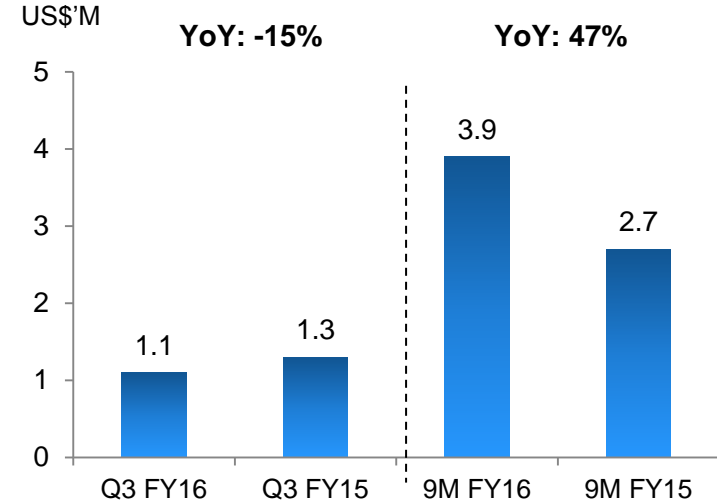
- Revenue decreased due to lower charter rates and utilisation arising from reduced capital expenditure and the cancellation of projects by oil companies
- Utilisation rate was 38% in Q3 FY16 compared to 60% in Q3 FY15

# Financial Highlights – HSER

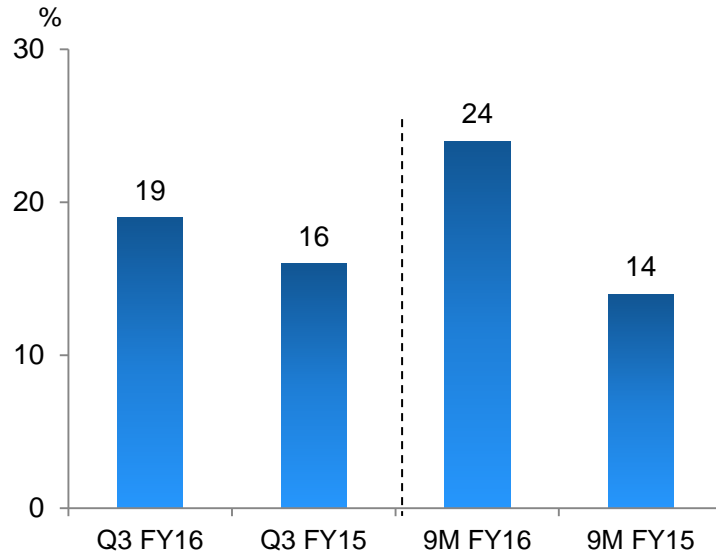
## Revenue



## Gross Profit



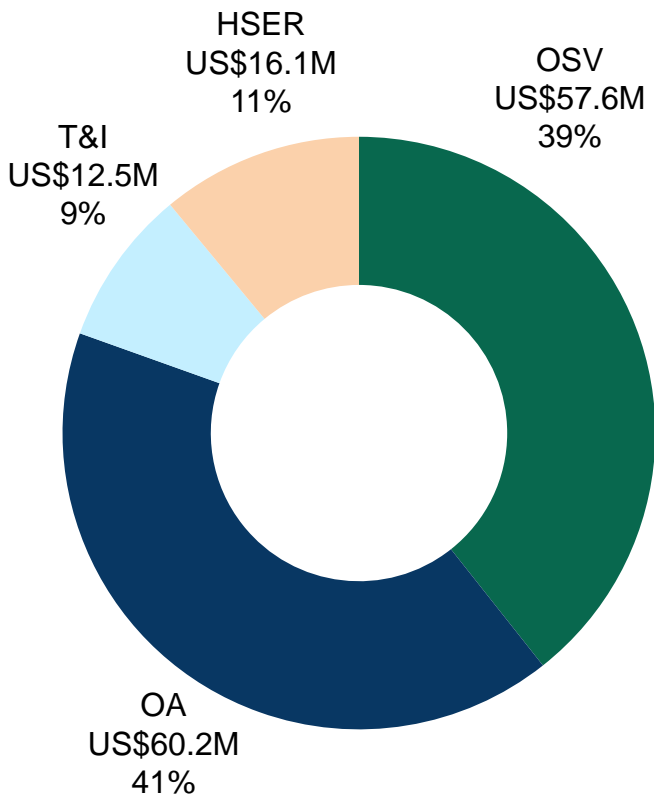
## Gross Profit Margin



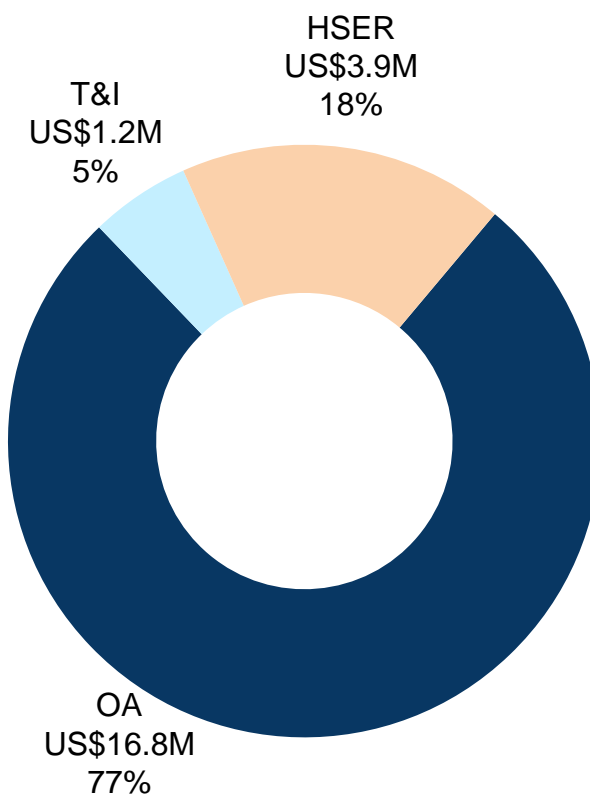
- The lower revenue was due to the absence of salvage jobs
- Increase in gross profit was mainly due to reduction in expenses

# Segments results<sup>1</sup> & Assets deployed<sup>2</sup>

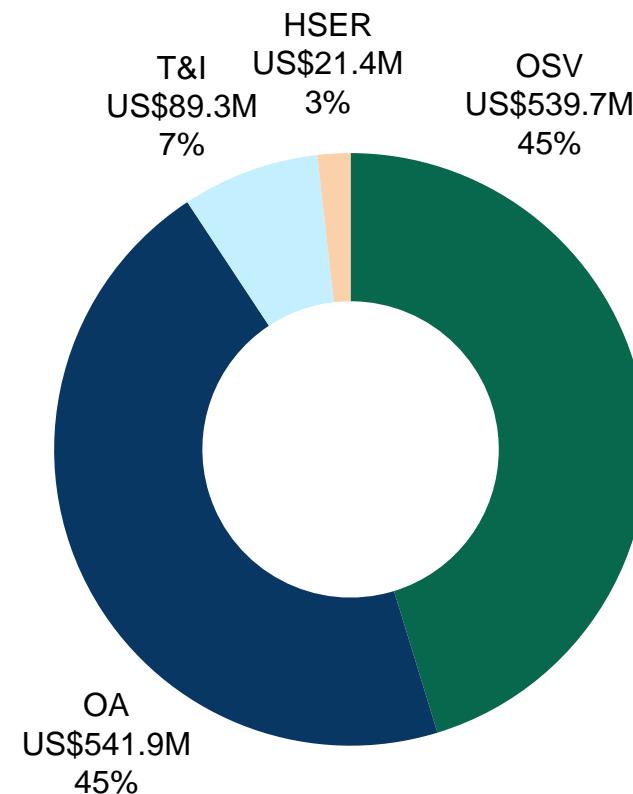
**Gross Revenue  
(US\$146.4M)**



**Gross Profit  
(US\$14.4M<sup>3</sup>)**



**Assets deployed  
(US\$1,192.3M)**



Note 1: For period 9M FY16

Note 2: As at 30 September 2016

Note 3: OSV made a gross loss of US\$7.6M in 9M FY16

# Capital Structure

US\$'000	30 Sep 2016	31 Dec 2015
<b>Net Debt</b>	613,640	545,951
<b>Equity</b>	1,026,283	1,061,043
<b>Net Debt /Equity</b>	60%	51%

- The Group has a net current liability of US\$133.6M mainly due to bank borrowings due within a year
- POSH has available undrawn bank lines of approximately US\$365.8M as of 30 September 2016

	Wholly Owned	JVs	Under Construction/Order	
Number of vessels <sup>1</sup>	74	40	19	
Net book value <sup>2</sup>	\$1,192.3M	-	-	
CAPEX commitment	-	-	\$134.9M Paid <sup>2</sup>	\$151.6M Outstanding

- As at 30 September 2016, the Group has 19 vessels under construction/order with expected delivery by 2017, of which 11 are for the Middle East with firm 5 years plus extensions contract.
- The Group is taking delivery of 7 vessels<sup>2</sup> in Q4 FY16 with remaining payments approximating \$27.0M

Note 1: See Appendix for details

Note 2: As of 30 Sep 2016

# Business Strategy – staying focused

- **Commitment to operational excellence** – training and vessel maintenance to improve competitive position
- **Asset reprofiling and talent retention** – reprofiling our vessels and talent retention for the long term
- **Seek growth in new markets to capitalise on opportunities** – new growth markets in the Middle East and South Asia
- **Maintain a strong balance sheet** – stay prudent in capital and cash management. This is important as oil majors are disqualifying companies with weak financials



# Appendix

# Overview of Business Segments

	Offshore Supply Vessels (OSV)	Offshore Accommodation (OA)	Transportation and Installation (T&I)	Harbour Services and Emergency Response (HSER)
Description	<ul style="list-style-type: none"> <li>▪ <b>AHTS and PSV:</b> Mid to deepwater oilfield operations in exploration, development, construction and production phases</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Offshore accommodation, workshop and storage facilities:</b> Offshore construction and maintenance operations</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>AHT:</b> Ocean towage of FPSOs and large offshore structures; shallow-water pipelay and construction works</li> <li>▪ <b>Barge:</b> Transportation, floatovers and launching of platform jackets</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Harbour Services:</b> Support harbour towage operators and provide heavy lift services to shipyards</li> <li>▪ <b>Emergency Response:</b> Salvage, wreck removal, rescue and oil-spill response operations globally</li> </ul>
Fleet	<ul style="list-style-type: none"> <li>▪ Operates <b>29 vessels</b> (JV: 4) including:               <ul style="list-style-type: none"> <li>• 8,000 – 16,000 BHP AHTS</li> <li>• 2,346 – 4,100 DWT PSVs</li> </ul> </li> <li>▪ <b>Youngest deepwater and midwater AHTS/PSV fleets globally</b></li> <li>▪ Average vessel age of 4.9 years</li> </ul>	<ul style="list-style-type: none"> <li>▪ Operates <b>9 vessels</b> (JV: 1) with total capacity of 3,100 persons</li> <li>▪ Average vessel age of 7.7 years</li> </ul>	<ul style="list-style-type: none"> <li>▪ Operates <b>42 vessels</b> (JV: 13) including:               <ul style="list-style-type: none"> <li>• 12,000 – 16,300 BHP AHTs</li> <li>• 4,000 – 8,000 BHP AHTs</li> <li>• Barges, including submersible barges and launch barge</li> <li>• Average vessel age of 8.0 years</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Operates <b>34 vessels</b> (JV: 22) including:               <ul style="list-style-type: none"> <li>• 3,200 – 4,000 BHP Azimuth Stern Drive (ASD) harbour tugs</li> <li>• Heavy lift crane barges</li> <li>• Average vessel age of 8.2 years</li> </ul> </li> </ul>
Typical Contract Type	<ul style="list-style-type: none"> <li>▪ Mix of short and long-term charters and spot contracts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Long-term contracts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Short-term charters or lump-sum project contracts</li> </ul>	<ul style="list-style-type: none"> <li>▪ MPA license to provide port towage services in Singapore</li> <li>▪ Retainer agreements for emergency response services</li> </ul>


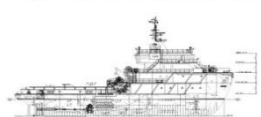

# Fleet Optimisation Program

Types of Vessels	Current Fleet		New Vessels Under Construction/Committed
	Wholly Owned	Owned by JVs	
AHTS	12	4	7
PSV	13	-	2
IMR	-	-	2
AHT	11	9	1
Towing Tugs	4	-	-
Barges	14	4	-
SSAV	2	-	-
Accommodation Vessels	6	1	1
Maintenance Utility Vessels	-	-	4
Harbour Tugs	9	19	2
Crane Barge	-	3	-
Utility Workboats	3	-	-
<b>Total as at 30 Sept 2016</b>	<b>74</b>	<b>40</b>	<b>19</b>

- 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 – Q4 FY16 onward

As at 30 September 2016, we have a total of 19 newbuilds contracted for delivery

POSH		Expected Delivery Date	No. of Newbuilds	Size	Contract	
OA	AV		<ul style="list-style-type: none"> <li>Q2 FY17</li> </ul>	<ul style="list-style-type: none"> <li>1 LCV</li> </ul>	<ul style="list-style-type: none"> <li>88 M</li> </ul>	
			<ul style="list-style-type: none"> <li>Q2 FY17</li> <li>Q3 FY17</li> </ul>	<ul style="list-style-type: none"> <li>2 DP2 IMR vessels</li> </ul>	<ul style="list-style-type: none"> <li>89 M</li> </ul>	
OSV	AHTS		<ul style="list-style-type: none"> <li>Q4 FY16</li> <li>Q3 FY17</li> <li>Q4 FY17</li> </ul>	<ul style="list-style-type: none"> <li>1 DP2 AHTS</li> <li>6 Shallow draft AHTS</li> </ul>	<ul style="list-style-type: none"> <li>8,000 BHP</li> <li>5,220 BHP</li> </ul>	<ul style="list-style-type: none"> <li>Firm 5 years plus 2 years extension</li> </ul>
	PSV		<ul style="list-style-type: none"> <li>Q4 FY16</li> <li>Q2 FY17</li> </ul>	<ul style="list-style-type: none"> <li>2 DP2 PSV</li> </ul>	<ul style="list-style-type: none"> <li>4,100 DWT</li> </ul>	
T & I	AHT		<ul style="list-style-type: none"> <li>Q4 FY16</li> </ul>	<ul style="list-style-type: none"> <li>1 AHT</li> </ul>	<ul style="list-style-type: none"> <li>6,600 BHP</li> </ul>	
	MUV		<ul style="list-style-type: none"> <li>Q4 FY16</li> <li>Q1 FY17</li> <li>Q2 FY17</li> </ul>	<ul style="list-style-type: none"> <li>4 MUV</li> </ul>	<ul style="list-style-type: none"> <li>2,597 – 3,152 BHP</li> </ul>	<ul style="list-style-type: none"> <li>Firm 5 years plus 2 years extension</li> </ul>
HSER	Tug		<ul style="list-style-type: none"> <li>Q4 FY16</li> </ul>	<ul style="list-style-type: none"> <li>2 ASD Harbour Tugs</li> </ul>	<ul style="list-style-type: none"> <li>5,000 BHP</li> </ul>	

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