



PACC Offshore Services Holdings Ltd.

*Results Presentation
Q4 & FY16 Results
21 February 2016*

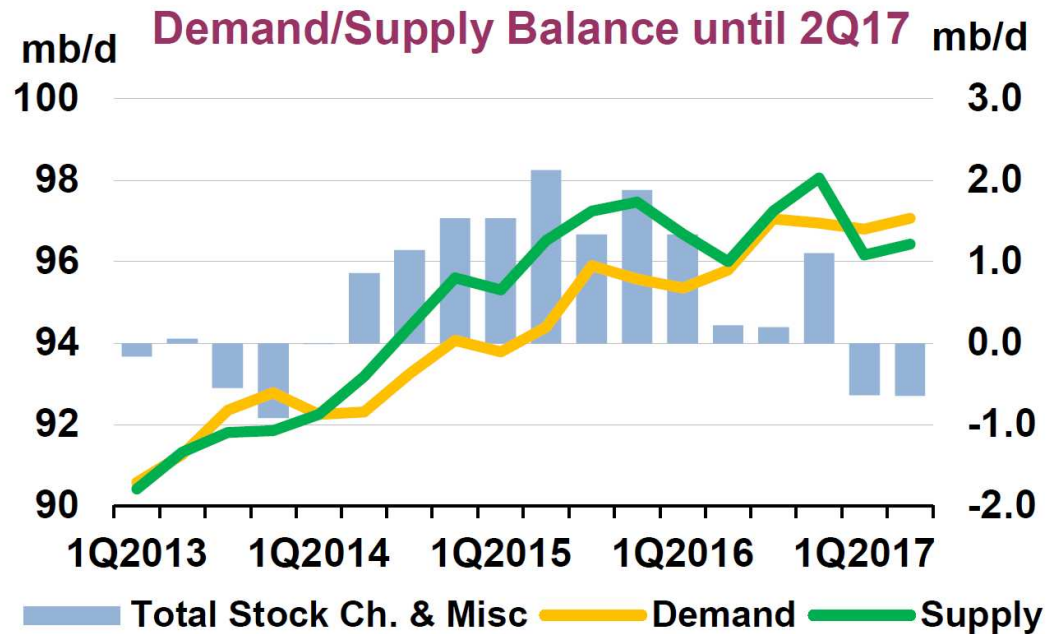


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Industry outlook

Industry Overview for Q4 FY16:

- First proposed cut by OPEC (since 2008) and non-OPEC producers, likely to allow market to go into deficit in the first half of 2017.
- Proposed cuts is for six months and will be reviewed at end of May at the next OPEC ministerial meeting.



Source: International Energy Agency, Oil Market Report, 13 December 2016

Key Highlights

- Q4 FY16 revenue at US\$36.7 million; a decrease of 49% (FY15: US\$71.8 million) amid lower fleet utilisation and deflated charter rates.
- Amid challenging macro conditions, the Group had kept cost in check and minimise Q4 FY16 gross loss to US\$9.5 million. Full year gross profit for FY16 stands at US\$5.0 million.
- Q4 FY16 net loss of US\$345.4 million, arising from non-cash impairment of goodwill (US\$111.2 million) and impairment of fixed assets (US\$198.9 million).
- Resilient financial performance with positive full year EBITDA of US\$23.9 million and net cash generated from operations of US\$38.2 million.
- Continue new build programme for our Middle East contracts in FY17.

FINANCIAL HIGHLIGHTS



Group Financial Highlights



SUMMARY

US\$'M	Q4 FY16	Q4 FY15	Change	FY16	FY15	Change
Gross Revenue	36.7	71.8	-49%	183.1	280.8	-35%
Gross (Loss)/Profit	(9.5)	17.2	NM	5.0	58.0	-91%
Share of JV Results	(15.5)	(12.4)	25%	(13.8)	(9.5)	45%
Net Loss after Tax¹	(345.4)	(149.7)	131%	(371.4)	(131.0)	184%
Impairment of goodwill	(111.2)	(127.0)	-12%	(111.2)	(127.0)	-12%
Impairment of fixed assets	(198.9)	(21.4)	828%	(198.9)	(21.4)	828%
Net (Loss)/Profit¹ excluding impairments	(35.3)	(1.3)	NM	(61.3)	17.4	NM
EBITDA	(12.1)	18.7	NM	23.9	90.4	-74%

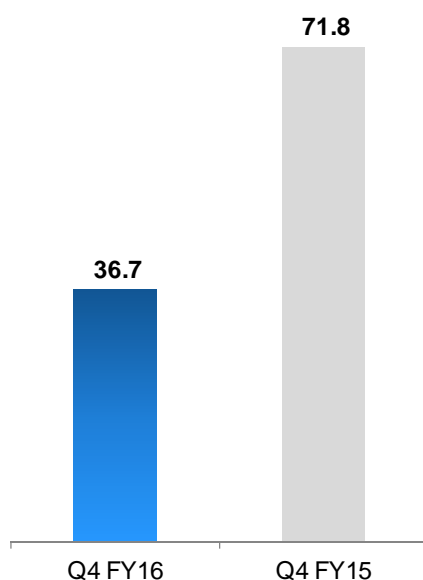
¹: Net (Loss)/Profit after tax attributable to shareholders

Group Financial Highlights – Q4 FY16

In US\$'M

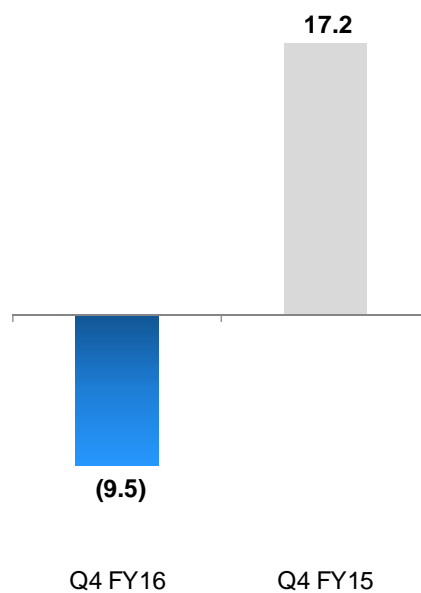
Gross Revenue

YoY -35.1M (-49%)



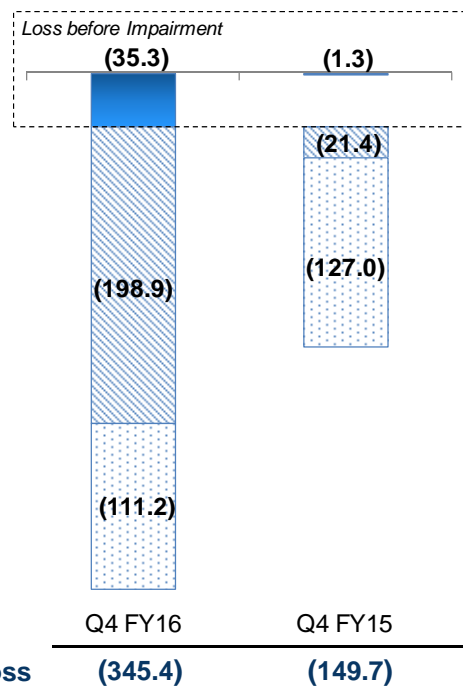
Gross (Loss)/Profit

YoY -26.7M (NM)



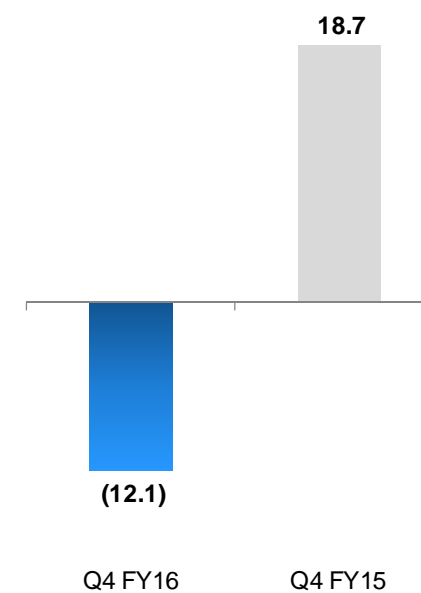
Net Loss after Tax¹

YoY -195.7M (131%)



EBITDA

YoY -30.8M (NM)



: Impairment of fixed assets (vessels)
 : Impairment of goodwill

- 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 impairment losses.

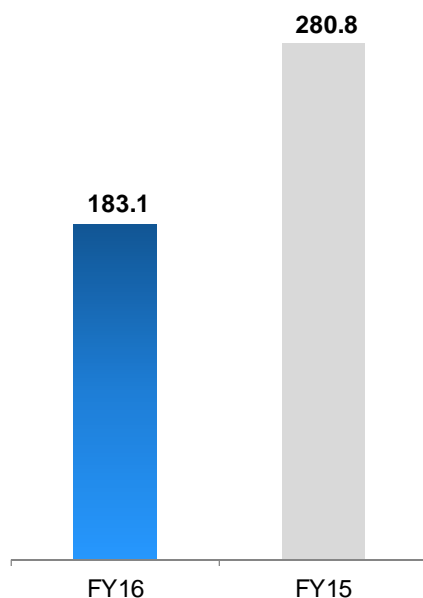
¹: Net Loss after tax attributable to shareholders

Group Financial Highlights – FY16

In US\$'M

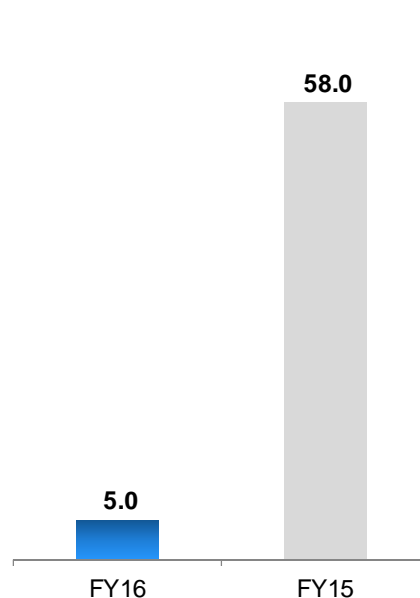
Gross Revenue

YoY -97.7M (-35%)



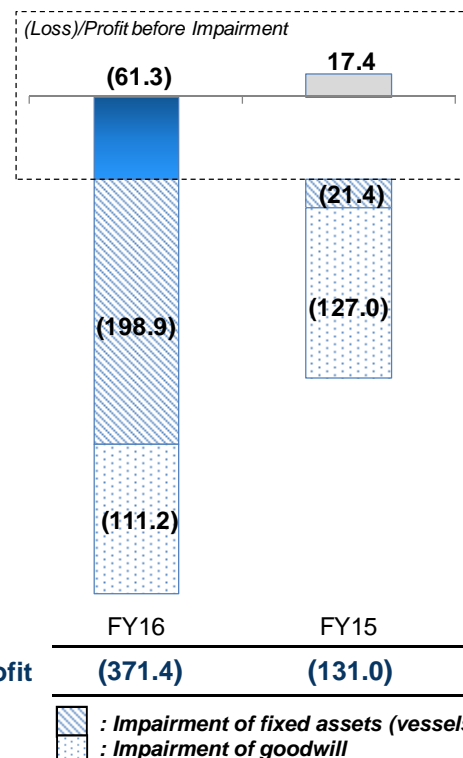
Gross Profit

YoY -53.0M (-91%)



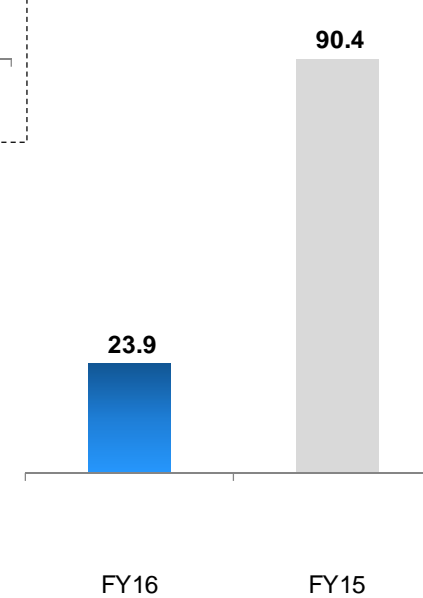
Net Loss after Tax¹

YoY -240.4M (184%)



EBITDA

YoY -66.5M (-74%)



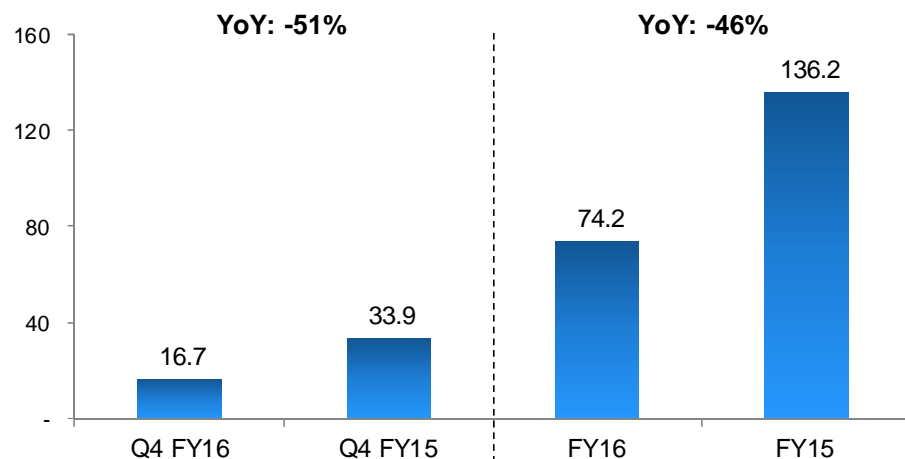
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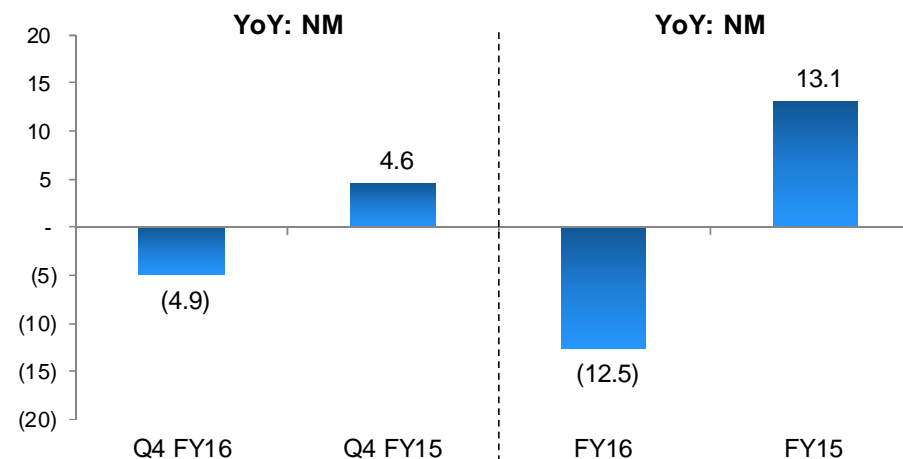
Financial Highlights - OSV

In US\$'M

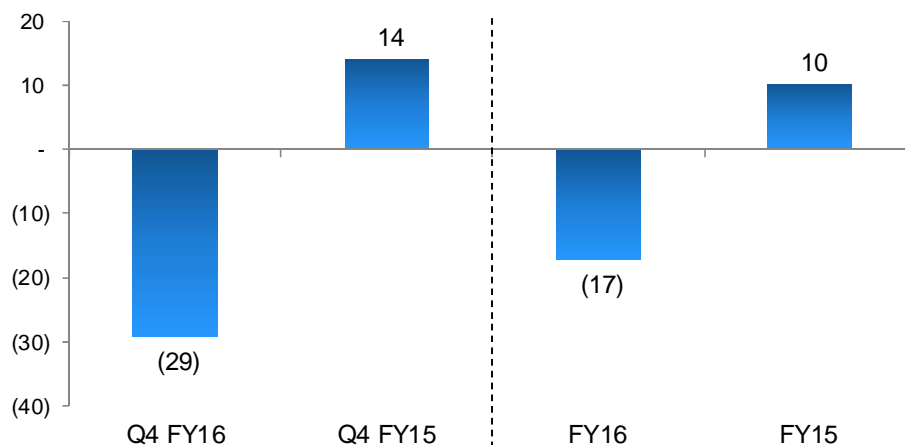
Gross Revenue



Gross (Loss)/Profit



Gross (Loss)/Profit Margin (%)

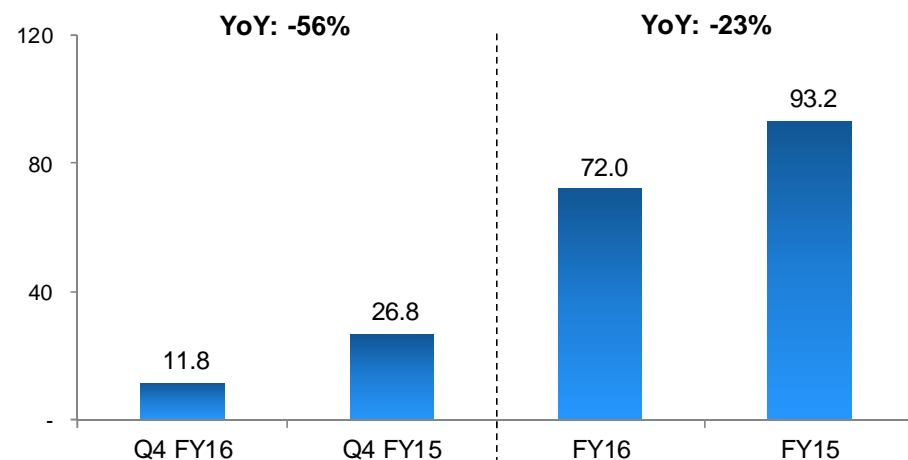


- Revenue decreased due to lower charter rates and utilisation levels.
- Lower rates arose from discounts on rates previously contracted and reduced rates of new contracts.
- Utilisation rate was 62% in Q4 FY16 compared to 67% in Q4 FY15.

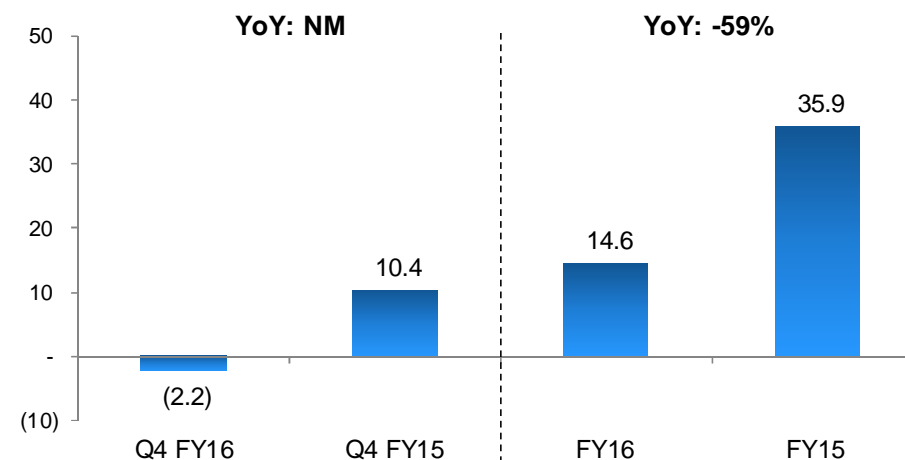
Financial Highlights - OA

In US\$'M

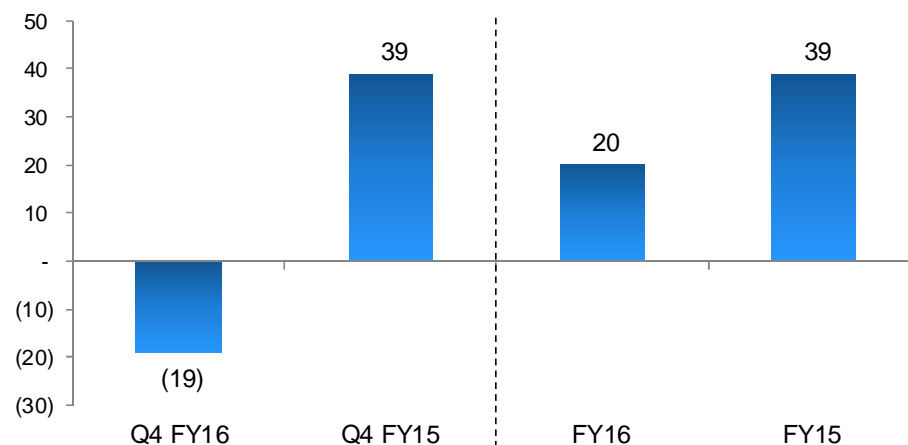
Gross Revenue



Gross (Loss)/Profit



Gross (Loss)/Profit Margin (%)

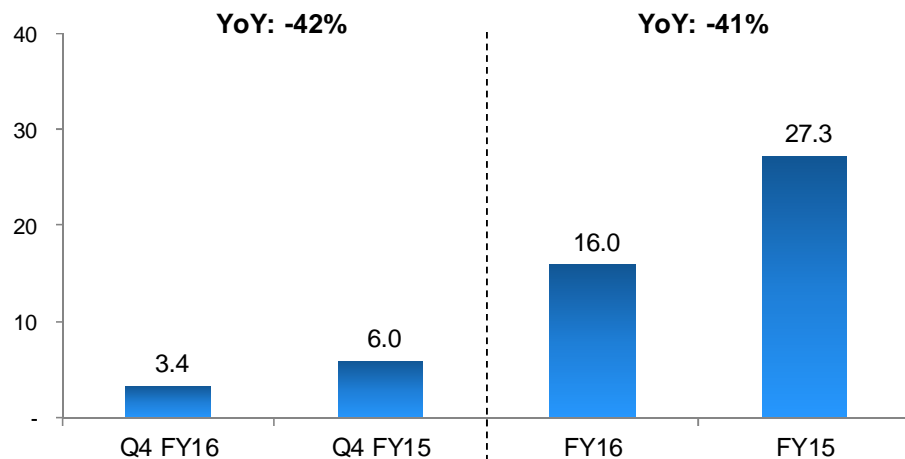


- Revenue decreased due to lower charter rate and absence of mobilisation revenue from POSH Xanadu.
- Lower utilisation and rates affected revenue of the OA (shallow water) fleet.
- Gross profit was affected by higher depreciation charge in Q4 FY16 with new vessels delivered.

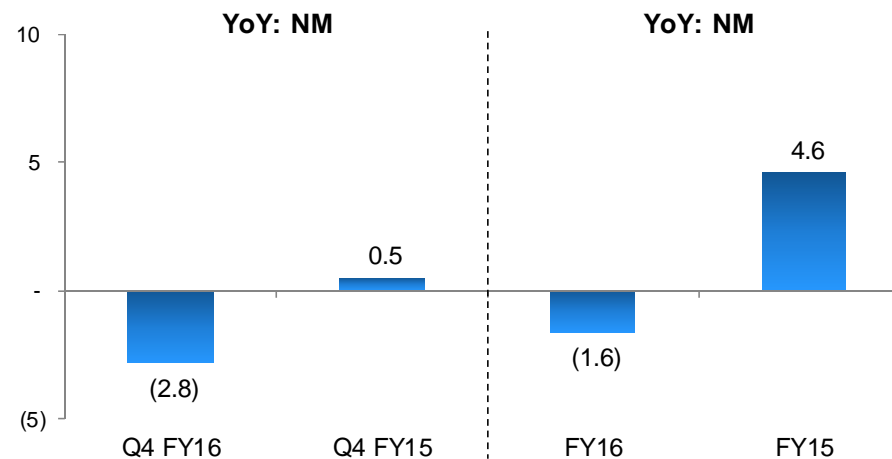
Financial Highlights – T&I

In US\$'M

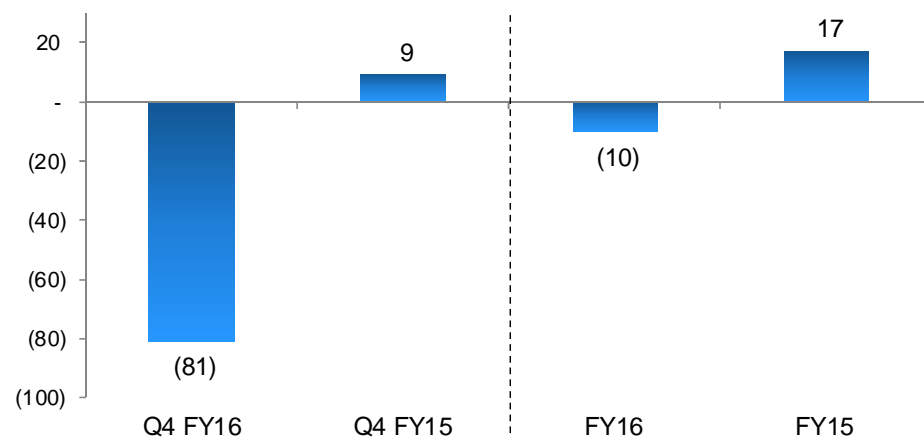
Gross Revenue



Gross (Loss)/Profit



Gross (Loss)/Profit Margin (%)

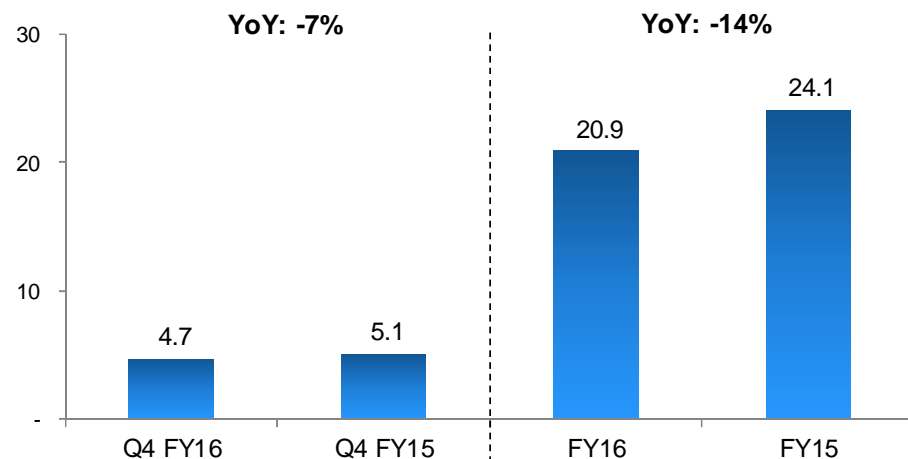


- Revenue decreased due to lower charter rates and utilisation arising from reduced capital expenditure and the cancellation of projects by oil companies.
- Utilisation rate was 34% in Q4 FY16 compared to 59% in Q4 FY15.

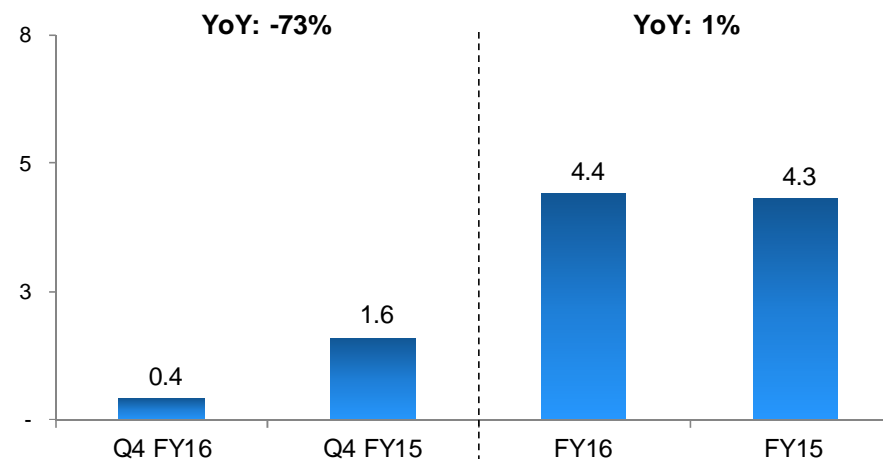
Financial Highlights – HSER

In US\$'M

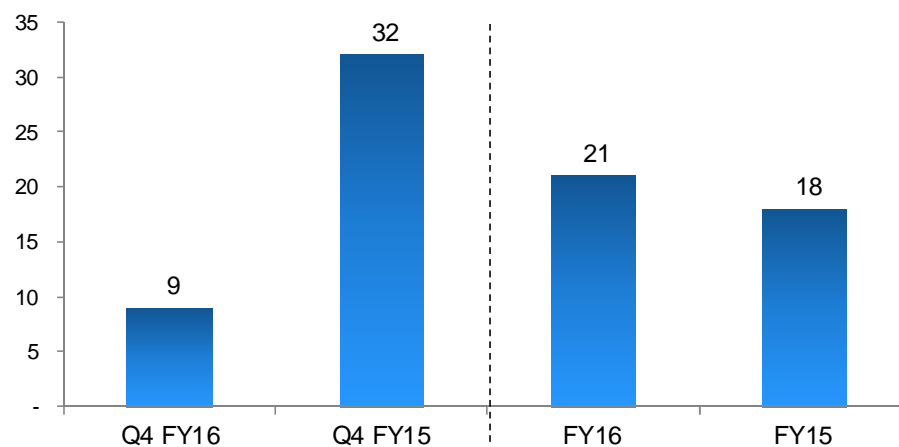
Gross Revenue



Gross Profit

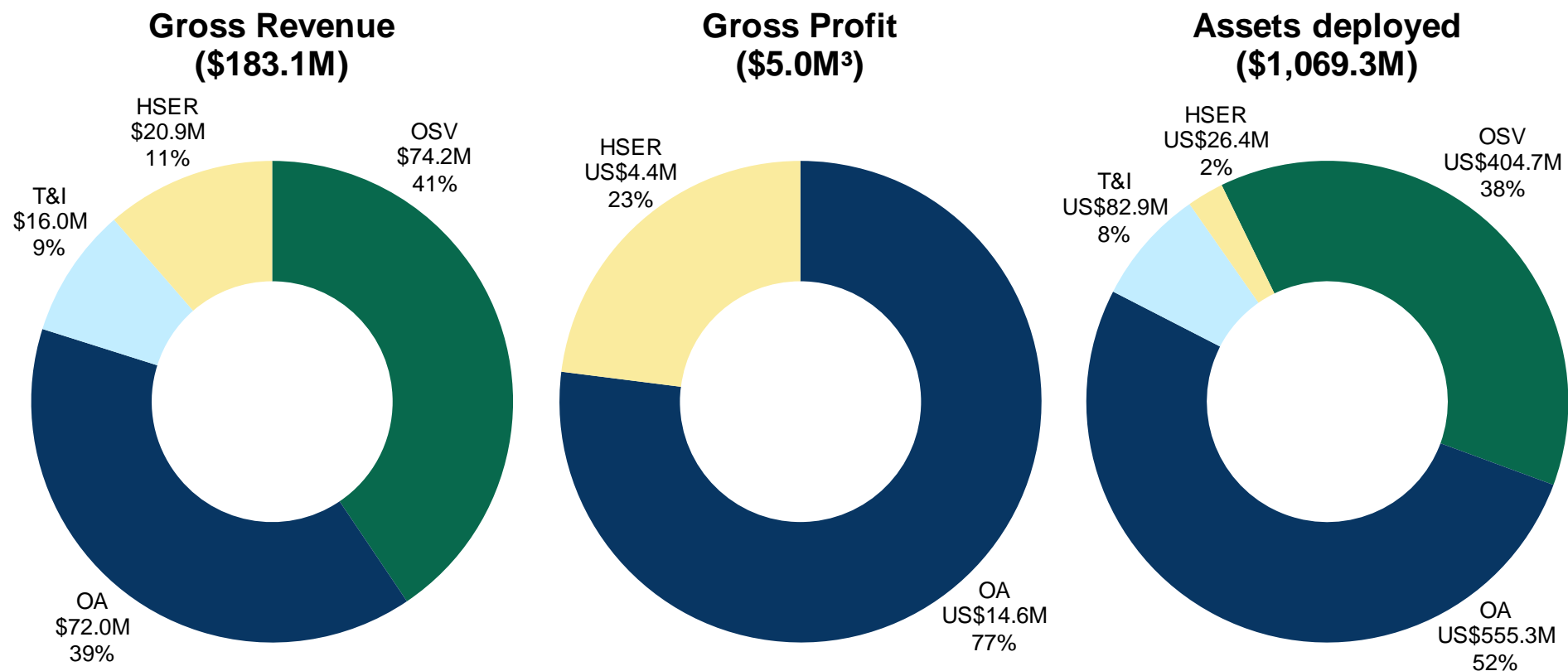


Gross Profit Margin (%)



- The lower revenue was due to the lack of salvage jobs.
- Decrease Q4 FY16 gross profit was due to higher depreciation as a result of delivery of new vessel.

Segments results¹ & Assets deployed²



¹: For year ended 31 December 2016

²: As at 31 December 2016

³: OSV and T&I made a gross loss of \$12.5M and \$1.6M respectively

Capital Structure



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 (\$310.1 million) in FY16, which reduced the Group's equity.

¹: Equity attributable to shareholders of the Company

CAPEX Plan

	Wholly owned	Owned by JVs	Under Construction/ Order	
Number of Vessels¹	79	40	14	
Net Book Value²	US\$1,069.3M	-	-	
CAPEX Commitment	-	-	US\$113.1M Paid ²	US\$85.6M Outstanding

- As at 31 December 2016, the Group has 14 vessels under construction/order with expected delivery progressively by 2017, of which 10 are for the Middle East with firm 5 years plus 2 years extensions contract.
- The Group will be expecting delivery of 5 vessels in Q1 FY17 with remaining payments of approximating US\$9.0 million.

¹: See Appendix for details

²: as at 31 December 2016

Business Strategy – staying focused

- **Maintain a strong balance sheet** – stay prudent in capital and cash management. This is important as oil majors are disqualifying companies with weak financials
- **Focus on** – maximising utilisation of vessels, managing costs & counter party risk
- **Seek growth in new markets to capitalise on opportunities** – new growth markets in the Middle East and South Asia
- **Commitment to operational excellence** – continuous focus on training & project execution
- **Asset reprofiling and talent development** – reprofiling our vessels and talent development for the long term

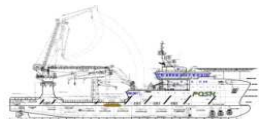



Appendix

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"> ▪ AHTS and PSV: Mid to deepwater oilfield operations in exploration, development, construction and production phases 	<ul style="list-style-type: none"> ▪ Offshore accommodation, workshop and storage facilities: Offshore construction and maintenance operations 	<ul style="list-style-type: none"> ▪ AHT: Ocean towage of FPSOs and large offshore structures; shallow-water pipelay and construction works ▪ Barge: Transportation, floatovers and launching of platform jackets 	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ Operates 31 vessels (JV: 4) including: <ul style="list-style-type: none"> • 8,000 – 16,000 BHP AHTS • 2,346 – 4,100 DWT PSVs ▪ Youngest deepwater and midwater AHTS/PSV fleets globally ▪ Average vessel age of 4.8 years 	<ul style="list-style-type: none"> ▪ Operates 10 vessels (JV: 1) with total capacity of approximately 3,300 persons ▪ Average vessel age of 7.2 years 	<ul style="list-style-type: none"> ▪ Operates 43 vessels (JV: 13) including: <ul style="list-style-type: none"> • 12,000 – 16,300 BHP AHTs • 4,000 – 8,000 BHP AHTs • Barges, including submersible barges and launch barge • Average vessel age of 8.1 years 	<ul style="list-style-type: none"> ▪ Operates 35 vessels (JV: 22) including: <ul style="list-style-type: none"> • 3,200 – 5,000 BHP Azimuth Stern Drive (ASD) harbour tugs • Heavy lift crane barges • Average vessel age of 8.2 years
Typical Contract Type	<ul style="list-style-type: none"> ▪ Mix of short and long-term charters and spot contracts 	<ul style="list-style-type: none"> ▪ Long-term contracts 	<ul style="list-style-type: none"> ▪ Short-term charters or lump-sum project contracts 	<ul style="list-style-type: none"> ▪ MPA license to provide port towage services in Singapore ▪ Retainer agreements for emergency response services

Vessels to be delivered – Q1 FY17 onward

As at 31 December 2016, we have a total of 14 newbuilds contracted for delivery

POSH			Expected Delivery Date	No. of Newbuilds	Size	Contract
OA	IMR & MPSV		<ul style="list-style-type: none"> Q1 FY17 Q2 FY17 Q3 FY17 	<ul style="list-style-type: none"> 1 DP2 MPSV 2 DP2 IMR vessels 	<ul style="list-style-type: none"> 4,100 dwt 89 M 	
	AHTS		<ul style="list-style-type: none"> Q3 FY17 Q4 FY17 	<ul style="list-style-type: none"> 6 Shallow draft AHTS 	<ul style="list-style-type: none"> 5,220 BHP 	<ul style="list-style-type: none"> Firm 5 years plus 2 years extension
OSV	MUV		<ul style="list-style-type: none"> Q1 FY17 Q2 FY17 	<ul style="list-style-type: none"> 4 MUV 	<ul style="list-style-type: none"> 2,597 – 3,152 BHP 	<ul style="list-style-type: none"> Firm 5 years plus 2 years extension
	Tug		<ul style="list-style-type: none"> Q1 FY17 	<ul style="list-style-type: none"> 1 ASD Harbour Tugs 	<ul style="list-style-type: none"> 5,000 BHP 	

Fleet Optimisation Program

Type of vessels	Current fleet		New vessels under construction/ committed
	Wholly owned	Owned by JVs	
AHTS	13	4	6
PSV	14	-	-
Maintenance Utility Vessels	-	-	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 was subsequently delivered in Jan 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

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