PACIFIC RADIANCE

2QFY2015 Results Presentation

13 August 2015

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Financial Performance

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CHALLENGING OPERATING ENVIRONMENT

US$'000	2QFY2014	1QFY2015	2QFY2015		1HFY2014	1HFY2015
Revenue	48,698	31,543	34,780		90,653	66,323
Gross profit	22,733	10,321	10,148		40,732	20,469
Pre-tax profit	32,860	1,429	4,450		50,954	5,880
Profit after tax	31,623	1,085	3,801		48,944	4,887
PATMI	32,370	902	3,838		50,200	4,742
Gross margin (%)	46.7	32.7	29.2		44.9	30.9

2QFY2015 vs 1QFY2015

- **Revenue:** Improved due to higher fleet utilisation at its Offshore Support Services (OSS) division, despite the challenging operating conditions in the oil & gas sector.
- **OSS Division:** Driven by improved utilisation, revenue rose from US$28.7m in 1QFY15 to US$32.7m in 2QFY15, a touch below the US$33.8m recorded for 2QFY14.
- **Subsea Division:** Continue to experience low utilisation due to softer market conditions. Revenue declined from US$2.5m in 1QFY15 to US$0.4m in 2QFY15.

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SOUND BALANCE SHEET

US$'000	As at 30 Jun 2015	As at 31 Dec 2014
Non-current assets	753,122	638,049
Current assets	168,557	201,498
Current liabilities	143,067	115,669
Non-current liabilities	360,633	291,959
Shareholders' funds	415,014	427,962
Net gearing (x)	0.80	0.52

- Non-current assets rose due mainly to increase in property, plant and equipment of US$110.8m.
- Non-current liabilities rose due primarily to net increase in bank term loans of US$67.2m taken for its new vessels.
- Group's net gearing was at 0.8x as at 30 June 2015.

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CASHFLOW STATEMENT

(US$'000)	2QFY2015	2QFY2014
Net cash generated from operating activities	1,401	20,485
Net cash (used in)/generated from investing activities	(58,183)	35,070
Net cash generated from / (used in) financing activities	33,389	(35,943)
Net (decrease) / increase in cash	(23,393)	19,612
Cash and cash equivalents at beginning of period	98,406	52,302
Cash and cash equivalents at end of period	74,737	71,876

- Net cash used in investing activities was mainly for fleet rejuvenation programme. There was also a US$0.9m investment in joint ventures.
- Net cash generated from financing activities largely due to proceeds from bank term loans of US$67.0m to finance capital expenditure, which is partially offset by repayment of US$15.8m of bank loans in 2QFY15.

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Our Strategy

POTENTIALLY PROLONGED LOWER OIL PRICE ENVIRONMENT

Our Strategy

- Continue to overhaul cost structure to stay cost efficient and lean.
- Intensify marketing efforts and roll out business development initiatives in targeted markets.

These, together with the experienced management team, dedicated and hardworking staff, proven business model and sound balance sheet management will position the Group well to ride an upturn.

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COMPETITIVE STRENGTHS

Veteran Management

Navigated nimble-footedly through past market downturns

Proven Business Model

Own & operate diversified fleet of market relevant vessels, built at below-market costs

Healthy Financial Position

Sound balance sheet with strong support from banks & financial institutions

Cost Savings from Value Chain

Able to build cheaper with in-house shipbuilding expertise, & enjoy savings when ship repair yard is ready in early 2016

Thank You

Questions & Answers