

# PACIFIC RADIANCE

3QFY2015 Results Presentation

12 November 2015



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# Financial Performance

# WEAKER OFFSHORE OIL & GAS MARKET

US\$'000	3QFY2015	3QFY2014	9MFY2015	9MFY2014
Revenue	33,759	44,359	100,082	135,012
Gross profit	7,185	10,244	27,654	50,893
Pre-tax profit	3,055	15,223	8,934	66,094
Profit after tax	1,586	14,309	6,472	63,253
PATMI	1,665	13,066	6,406	63,266
Gross margin (%)	21.3	23.1	27.6	37.7

## 3QFY2015

- Weaker revenue and earnings due to softer market conditions which reduced overall vessel utilisation and margins.
- Group remained profitable due to ongoing cost management measures as well as a gain of US\$6.5m from sale of two vessels.

## 3QFY2015 vs 2QFY2015

- **Subsea Services:** Revenue rose from US\$0.4m in 2QFY2015 to US\$2.5m in 3QFY2015 on improved vessel utilisation.

# SOUND BALANCE SHEET

US\$'000	As at 30 Sep 2015	As at 30 Jun 2015	As at 31 Dec 2014
<b>Non-current assets</b>	709,513	753,122	638,049
<b>Current assets</b>	197,161	168,557	201,498
<b>Current liabilities</b>	135,922	143,067	115,669
<b>Non-current liabilities</b>	353,355	360,633	291,959
<b>Shareholders' funds</b>	414,028	415,014	427,962
<b>Net gearing (x)</b>	0.82	0.80	0.53

- Non-current assets rose mainly due to an increase of US\$67.7 million in property, plant and equipment.
- Non-current liabilities rose mainly due to net increase in bank loans of US\$58.3 million.
- Net gearing came in at 0.8x as at 30 Sep 2015.

# CASHFLOW STATEMENT

(US\$'000)	3QFY2015	2QFY2015	3QFY2014
Net cash generated from operating activities	6,752	1,401	7,702
Net cash used in investing activities	(17,671)	(58,183)	(10,896)
Net cash generated from / (used in) financing activities	(9,958)	33,389	71,006
Net increase / (decrease) in cash	(20,877)	(23,393)	67,812
Cash and cash equivalents at beginning of period	74,737	98,406	71,876
Cash and cash equivalents at end of period	54,199	74,737	139,898

## 3QFY2015

- Net cash generated from operating activities mainly due to vigilant working capital management.
- Net cash used in financing activities mainly due to repayment of bank loans of US\$53.9m, partially offset by proceeds from bank loans of US\$46.0m.

## 3QFY2015 vs 2QFY2015

- Group's net operating cashflow of US\$6.8m in 3QFY2015 was higher than the US\$1.4m recorded in 2QFY2015.

# UNDERTAKINGS FOR SERIES 001 NOTES

Covenants	As at 31 Dec 14	As at 31 Mar 15	As at 30 Jun 15	As at 30 Sep 15
<b>Tangible Net Worth (TNW)</b> (Requirement: $\geq$ US\$ 225m)	USD\$ 427.7m	USD\$ 427.1m	USD\$ 414.7m	USD\$ 413.7m
<b>Total Borrowings / TNW</b> (Requirement: $\leq$ 2.5x)	0.8x	0.8x	1.0x	1.0x
<b>EBITDA / Interest Expense</b> (Requirement: $\geq$ 3.0x)	11x (12 months)	4.1x (3 months)	4.0x (6 months)	4.1x (9 months)

- Group remains within its covenants undertaken for its Series 001 Notes issued Aug 2014
- As part of the Group's prudent measures, a Consolidation Solicitation Exercise has commenced to include a cure mechanism in the event that EBITDA / Interest Expense falls below 3.0x such that it will not be a breach of the covenant if the Group also deposits an amount equal to 1 or 2 interest payments into a Interest Reserve Account





# Our Strategy



# MARKET CONDITIONS TO REMAIN WEAK

## Management's Focus

- Continue prudent balance sheet management.
- Continue to deploy cost management measures.
- Focused marketing effort to develop our business in key emerging markets as well as grow existing ones.

Remains positive on the long term prospects of the oil & gas sector as global population growth and urbanisation will drive energy consumption and fuel demand for offshore support services.

# 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