

Micllyn Express Offshore

First Half FY16 Results Presentation



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Half Year 2016 Results

	1HFY16 US\$m	2HFY15 US\$m	Variance	1HFY15 US\$m	Variance
Revenue	131.5	136.5	↓ 4%	147.3	↓ 11%
Normalised EBITDA	49.7	36.9	↑ 35%	48.8	↑ 2%
One-off Adjustments	(10.5) ¹	(28.7) ²	↑ 63%	-	-%
EBITDA	39.2	8.2	↑ 378%	49.1	↓ 20%

- Normalised EBITDA of \$49.7m vs \$36.9m in 2H FY15
 - OSV's and Crewboats acquired in 2H FY15 now onhire, albeit at significantly discounted DCRs
 - Non core segments and Projects also down due to low volume of project work
 - Opex and overheads rationalisation continues to generate efficiencies and cost savings
- Tugs impaired on the basis of continuing deployment difficulties
- Refinancing of bond and Group banking facilities concluded November 2015
- With final vessel of capex pipeline now delivered, focus turns to reducing debt levels
 - Last OSV ordered September 2013 delivered March 2015
 - Last Crewboat ordered June 2014 delivered September 2015



Market Outlook

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- Lower oil price has translated into pressure on utilisation and day rates
- Major oil companies have been seeking day rate reductions from the majority of their service providers
- Decreased exploration and development activity as oil majors looks to reduce capital expenditure
- Lowering activities resulting in an oversupply of vessels



Weathering the Storm ...

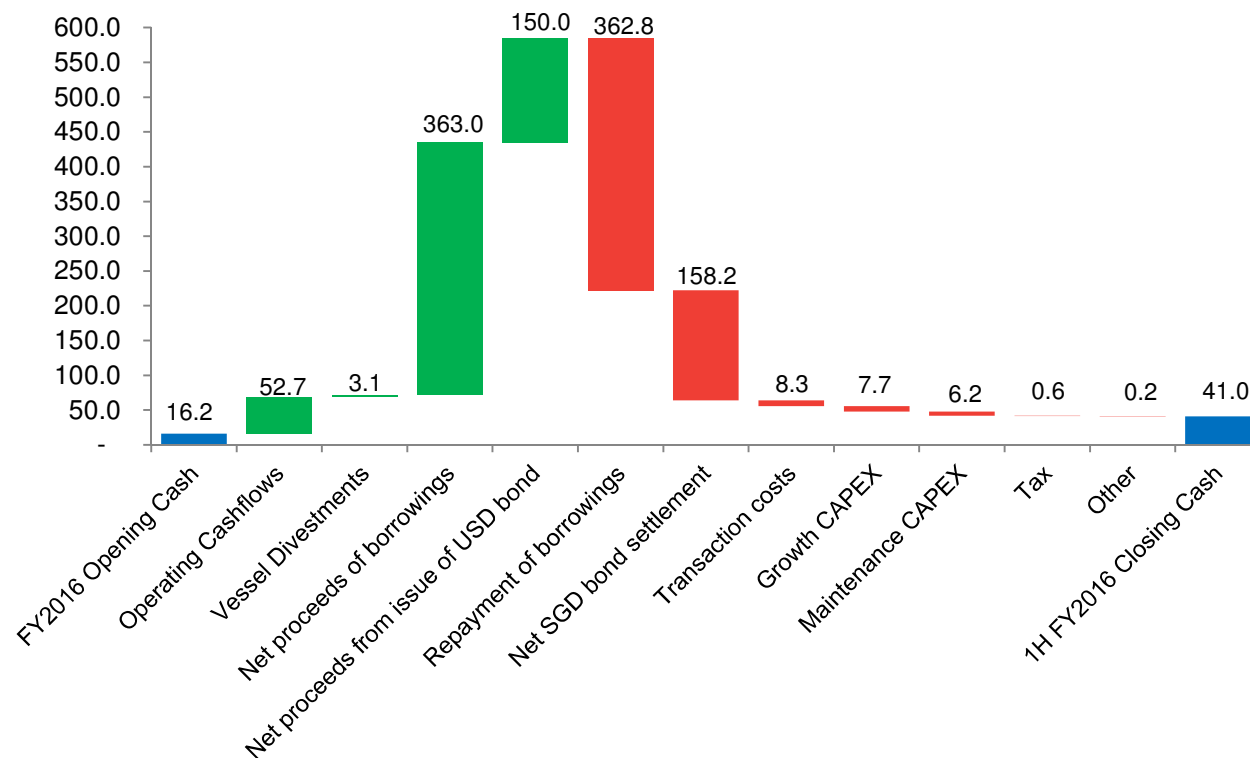
- Continue to focus on more resilient shallow water production related activities
- Maintain current utilisation levels by leveraging strategic customer relationships
- Compensate rate reductions through operational cost savings and internal efficiencies
- Investigate non oil & gas activity related uses for vessels



Finance Update

- Refinancing exercise now concluded
 - S\$200m bond fully repaid, replaced by US\$150m 8.75% 3-year bond maturing in FY19
 - Term loan facilities refinanced and extended to FY21 with improved maturity profile and covenants
- Significant reduction in maintenance CAPEX through cost rationalisation and optimisation
- With no further committed CAPEX, all free cash flow will go towards deleveraging**

	1H FY16	FY15
Net Debt (US\$m)	473.9	482.1
Net Debt / EBITDA	4.8 ¹	5.7 ²
Gearing (%) ³	54.8%	54.4%



Summary



Clear strategy



Solid execution capability



Robust contract backlog



Ability to weather cyclical downturns



Strong balance sheet



Financial capacity to deleverage



Proven Operational Excellence



Appendix 1

Statement of Financial Performance

US\$m	1HFY16 (Equity)	Adjustments for Equity Accounting	1HFY16 (Proportionate)	2HFY15 (Proportionate)	Variance %
Revenue	120.5	11.0	131.5	136.5	(4%)
Operating Costs ¹	(69.4)	(3.3)	(72.7)	(89.9)	19%
Gross Profit	51.1	7.7	58.8	46.6	26%
<i>GP Margin</i>	42.4%		44.7%	34.1%	
Other Income	0.3	0.1	0.4	0.8	(50%)
Overheads	(9.2)	(0.3)	(9.5)	(10.0)	6%
Forex	-	(0.1)	(0.1)	0.2	(150%)
Operating Earnings	42.2	7.4	49.6	37.6	32%
Gain/(loss) on disposal of vessels	0.1	-	0.1	(0.7)	114%
Normalised EBITDA	42.3	-	49.7	36.9	35%
<i>Normalised EBITDA Margin</i>	35.1%		37.8%	27.0%	
One-off adjustments ²	(10.5)	-	(10.5)	(28.7)	63%
EBITDA	31.8	7.4	39.2	8.2	378%
<i>EBITDA Margin</i>	26.4%		29.8%	6.0%	
Depreciation & Amortisation	(19.7)	(2.0)	(21.7)	(20.4)	(6%)
EBIT	12.1	5.4	17.5	(12.2)	243%
Net Finance Costs	(14.5)	(0.3)	(14.8)	(14.0)	(6%)
Upfront fees write off	(13.8)	-	(13.8)	-	NM
Share of profit from joint ventures	5.0	(5.0)	-	-	NM
PBT	(11.2)	0.1	(11.1)	(26.2)	58%
Income Tax Expense	(1.9)	(0.1)	(2.0)	(1.8)	(11%)
Income Tax Expense Rate	-17.0%		-18.0%	-6.8%	
PAT	(13.1)	-	(13.1)	(28.0)	53%
Minority Interest	(0.4)	-	(0.4)	(2.3)	83%
PATMI	(13.5)	-	(13.5)	(30.3)	55%
<i>PATMI Margin</i>	-11.2%		-10.3%	-22.2%	
NORMALISED PATMI	10.8³	-	10.8³	(1.3)⁴	931%
<i>NORMAPATMI Margin</i>	9.0%		8.2%	-1.0%	

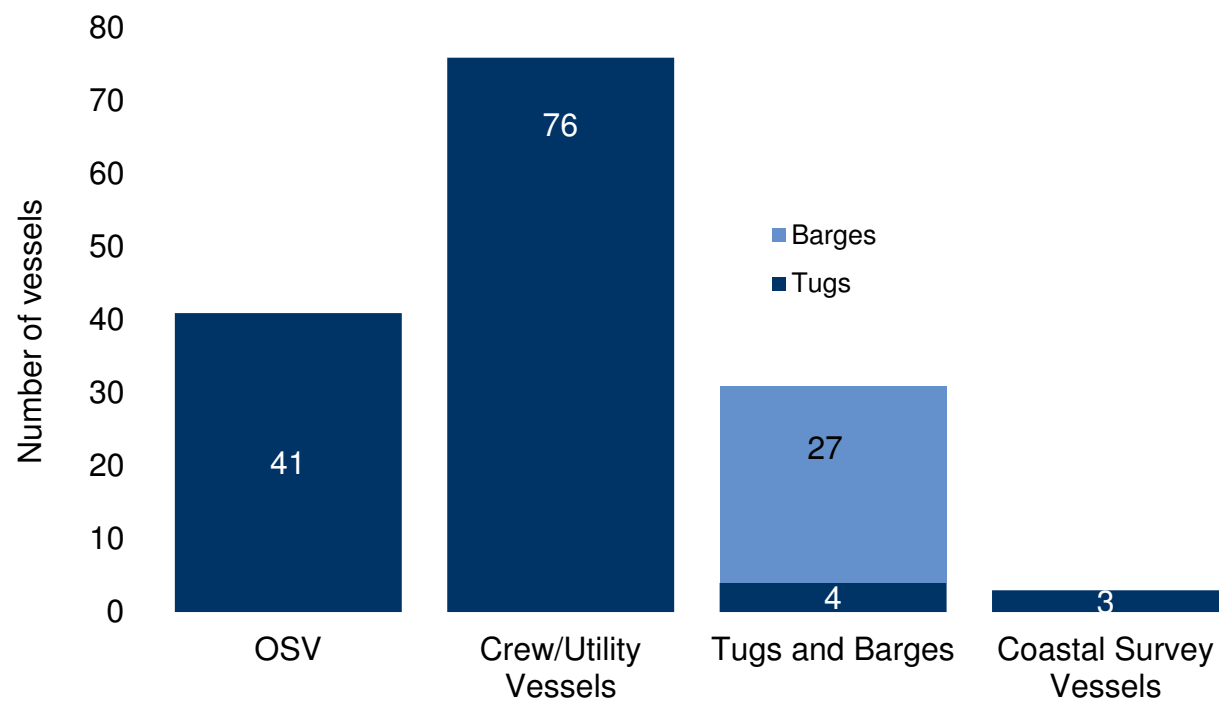
Appendix 2

Statement of Financial Position

(US\$'000)	As at 31 Dec 2015 (Equity)	Adjustments for Equity Accounting	As at 31 Dec 2015 (Proportionate)	As at 30 Jun 2015 (Proportionate)
<u>Current assets</u>				
Cash and cash equivalents	41.0	7.6	48.6	21.5
Trade receivables	58.7	1.4	60.1	85.1
Other receivables and prepayments	22.0	5.2	27.2	25.2
Loan to immediate holding company	139.2	-	139.2	139.2
Inventories	7.2	0.5	7.7	9.0
Assets classified as held for sale	-	-	-	1.5
Total current assets	268.1	14.7	282.8	281.5
<u>Non-current assets</u>				
Property, plant and equipment	600.9	73.9	674.8	695.8
Investment in joint ventures	71.6	(71.6)	-	-
Other intangible assets	0.3	-	0.3	0.3
Deferred tax assets	-	-	-	-
Goodwill	32.8	0.9	33.7	33.7
Other non current assets	7.0	-	7.0	6.1
Total non-current assets	712.6	3.2	715.8	735.9
TOTAL ASSETS	980.7	17.9	998.6	1,017.4
<u>Current liabilities</u>				
Trade and other payables	70.7	3.3	74.0	83.5
Current tax payable	2.8	0.1	2.9	2.5
Borrowings	31.9	6.2	38.1	43.7
Other liabilities	0.3	-	0.3	0.3
Total current liabilities	105.7	9.6	115.3	130.0
<u>Non-current liabilities</u>				
Borrowings	337.5	9.2	346.7	328.9
Senior secured guaranteed bonds	145.5	-	145.5	142.7
Other non-current liabilities	1.7	-	1.7	11.9
Total non-current liabilities	484.7	9.2	493.9	483.5
TOTAL LIABILITIES	590.4	18.8	609.2	613.5
NET ASSETS	390.3	(0.9)	389.4	403.9
<u>Shareholders equity</u>				
Share capital	-	-	-	-
Other equity reserves	143.1	(10.2)	132.9	130.9
Translation reserve	(15.9)	2.1	(13.8)	(11.1)
Retained earnings	261.4	7.2	268.6	282.2
Minority interests	1.7	-	1.7	1.9
TOTAL EQUITY	390.3	(0.9)	389.4	403.9

Appendix 3

Fleet Composition as at 31 December 2015¹



- No vessels under construction / to be delivered

1. Excludes Third Party Vessels

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