

STRATEGY.

Annual Report 2016

FOCUS.

ASL Marine Holdings Ltd.

STABILITY.

Annual General Meeting

28 Nov 2016



PRESENTATION OUTLINE

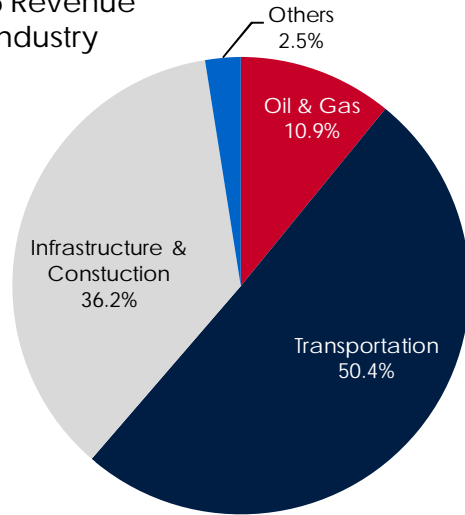
1. Business Highlights
2. Financial Highlights
3. Business Outlook & Strategy
4. Market Challenges on Liquidity
5. Restructuring Framework for continuity

- Resilience to market volatility - profitable since IPO in 2003
- Relatively low revenue contribution from troubled oil & gas industry with core business rests in Transportation and Infrastructure & Construction related industries
 - Revenue contribution for FY2016:
 - 50% - Transportation (shipping and marine logistics) industry
 - 36% - Infrastructure & Construction industry
 - 11% - Oil & Gas industry, and
 - 3% - Others
- The Group remains focus on growing business from core business while cautiously seeking opportunities beyond traditional markets
- Steadily building up new orderbook - new order wins of \$156 million in May 16 included
 - Charter contracts for infrastructure projects in Singapore, South East Asia and Middle East
 - Building of 3 Bunkering Barges

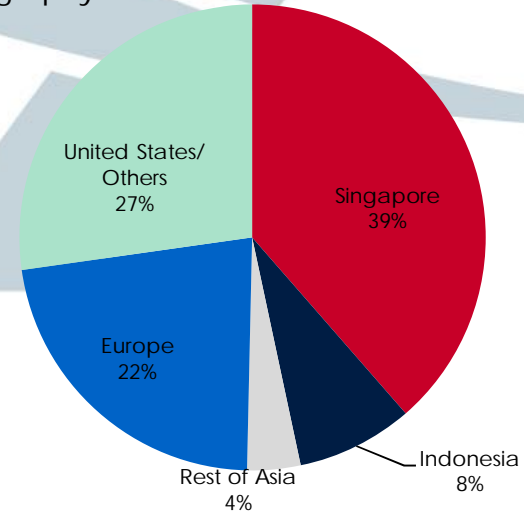
Revenue by Industry (Group)



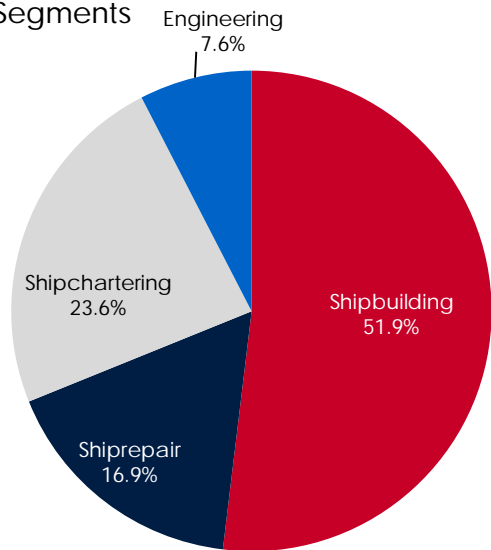
FY2016 Revenue by Industry



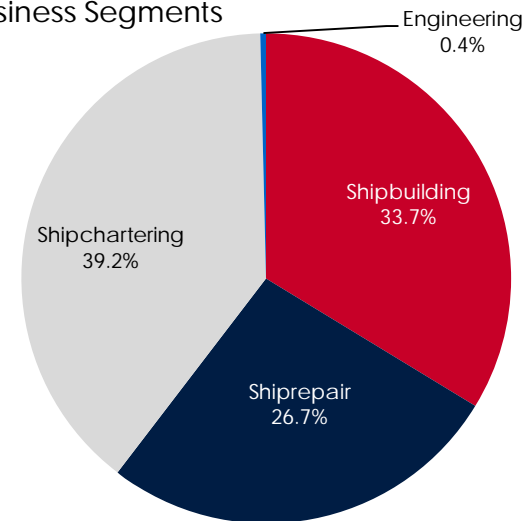
FY2016 Revenue by Geography



FY2016 Revenue by Business Segments



FY2016 EBITDA by Business Segments



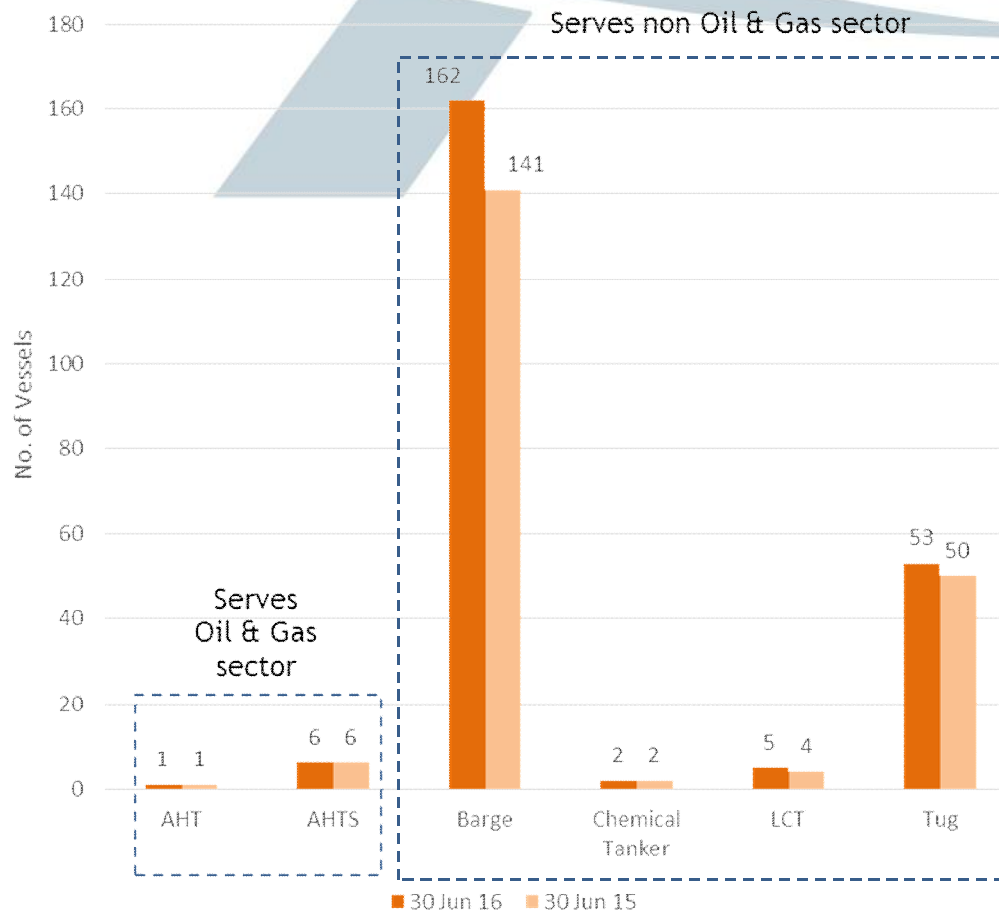
Chartering Fleet of Vessels

Low Exposure to OSV Market

➤ 229 vessels in fleet (2016), vs. 204 (2015), mostly Tugboats and Barges, and 7 OSV (1 AHT & 6 AHTS), 5 Landing Crafts and 2 Chemical Tankers.

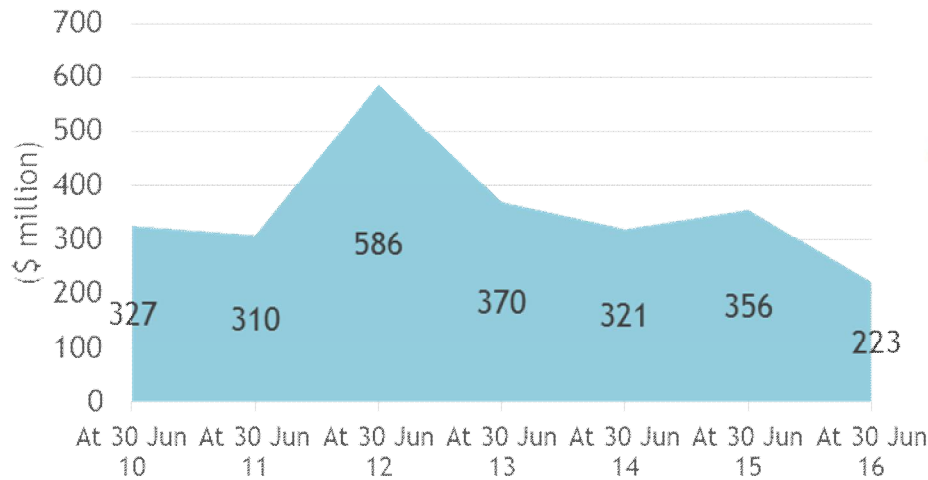
➤ Our Tugboats, Barges, grab dredger and workboats are main contributors of Ship Chartering segment. Average useful life 8 years.

➤ ASL is in good position to support the regional marine infrastructure and construction industry.



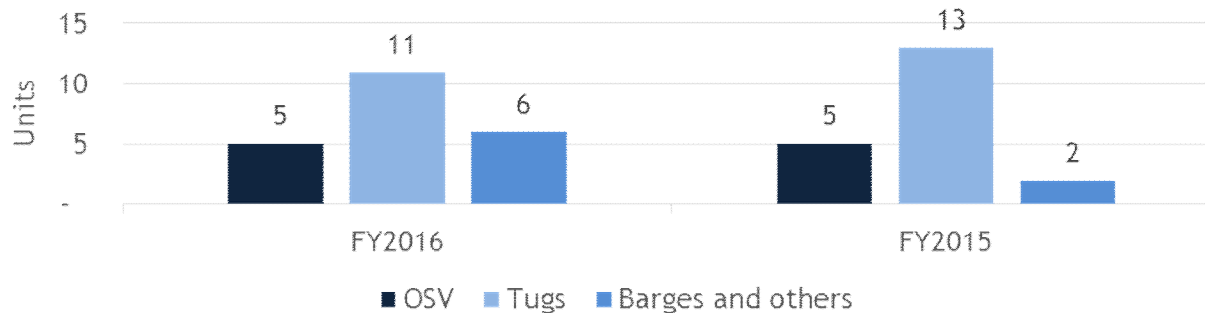
Shipbuilding

Orderbook



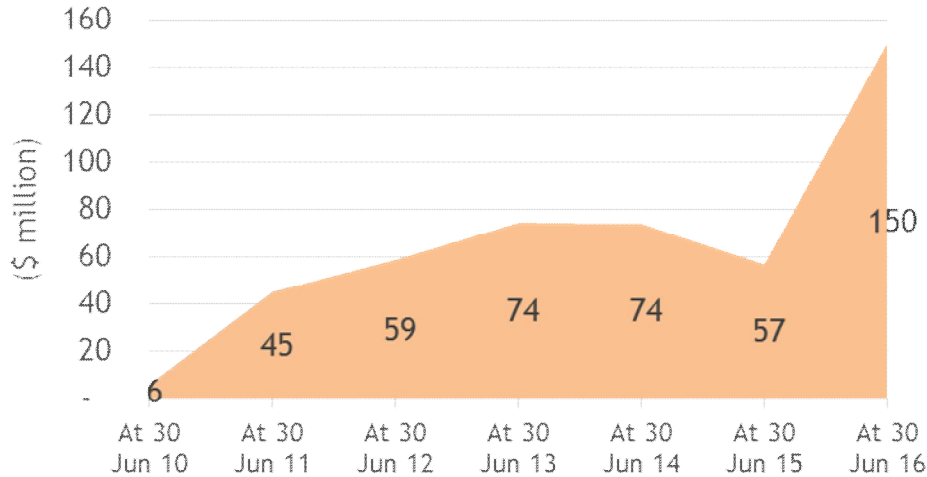
- Shipbuilding orderbook of \$223 million pertains to 22 vessels with progressive deliveries up to 4Q FY2018

Units under Construction



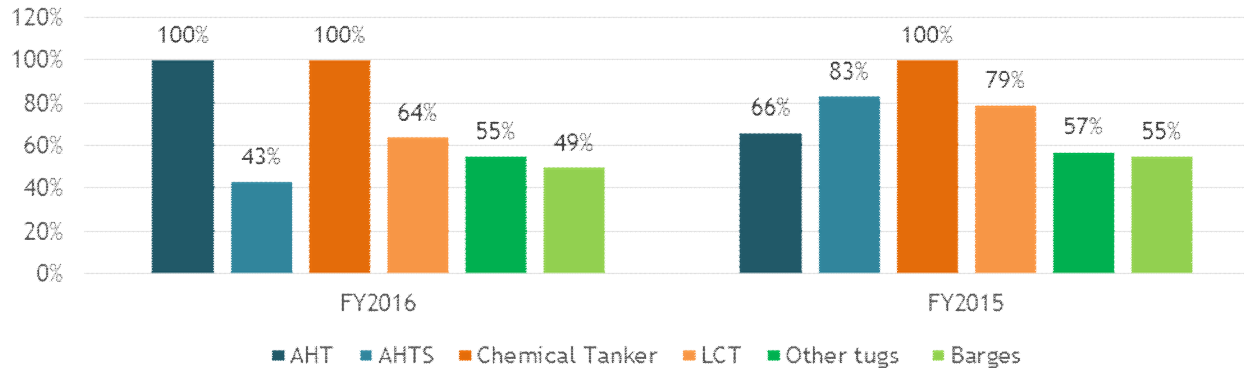
Shipchartering

Orderbook



➤ Shipchartering orderbook represents contracts won that are longer than 12 months, which contributed to 23% of total Shipchartering revenue during FY2016

Vessel Utilization





PRESENTATION OUTLINE

1. Business Highlights
2. *Financial Highlights*
3. Business Outlook & Strategy
4. Market Challenges on Liquidity
5. Restructuring Framework for continuity

Financial Highlights



(\$ million)	FY2016	FY2015	Inc/ (dec)
Turnover	364.4	184.2	97.9
Gross Profit	50.5	38.1	32.5
Gross Profit Margin (%) ^[1]	13.8%	20.7%	(6.8%)
Net Profit attributable to Shareholders	2.0	7.9	(75.0)
Net Profit Margin (%) ^[1]	0.5%	4.3%	(3.8%)
EBITDA	79.8	66.2	20.6
EBITDA Margin (%) ^[1]	21.9%	35.9%	(14.0%)
Earnings per Share (cents) ^[2]	0.47	1.89	(75.13)

[1] Variance: percentage points

[2] EPS calculated based on the weighted average of 419,511,294 ordinary shares in issue

- ✓ Improved turnover contributed by
 - Shipbuilding (higher POC achieved)
 - Shipchartering (higher contribution from Tugboats and Barges)
 Partially offset by decrease in
 - Shiprepair & Conversion (absence of rig repair) and Engineering (lower orders received)

- ✓ Remained Profitable
 - Higher gross profit amid challenging market condition
 - Lower net profit due to impairment of inventories, plant and equipment and trade receivables

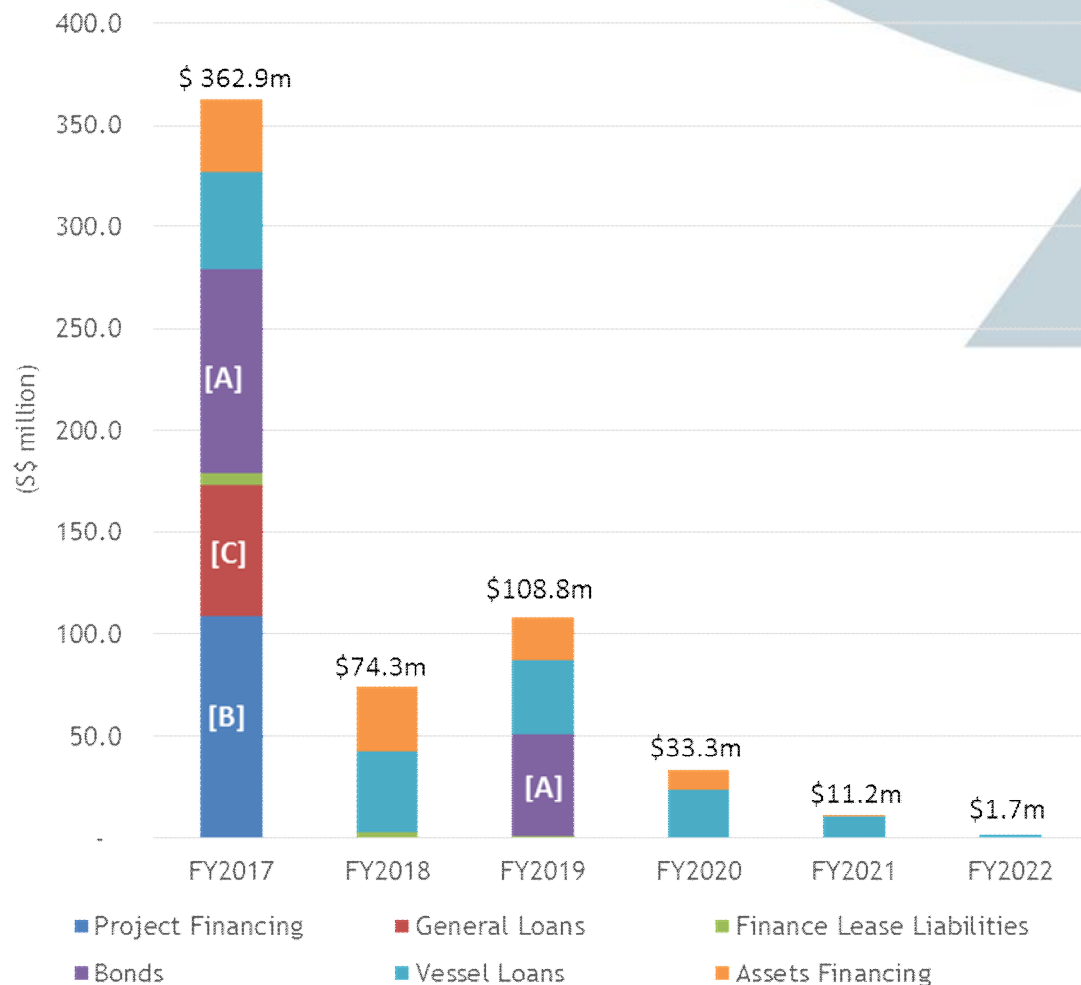
Financial Position



- Current assets increased mainly from construction work-in-progress, inventory and trade receivables.
- Increase of current liability due to
 - 1) Reclassification of \$100m bond from non-current to current during the year;
 - 2) increase in trust receipts and short term loans for shipbuilding projects.
- Constant monitoring of key financial ratios ensures that financial covenants are not breached.

(\$ million)	30 Jun 16	30 Jun 15	Chg (%)
Non-Current Assets	650.1	625.7	3.9
Current Assets	625.6	582.8	7.3
Total Assets	1,275.7	1,208.5	5.6
Current Liabilities	596.9	439.7	35.8
Non-Current Liabilities	254.4	343.5	(25.9)
Total Liabilities	851.3	783.2	8.7
Total Equity	424.4	425.3	(0.2)
Property, Plant and Equipment	603.1	582.9	3.5
<i>PPE pledged as security</i>	393.8	365.1	7.9
<i>Unencumbered PPE</i>	209.3	217.8	(3.9)
Cash and Bank Balances	24.7	77.9	(68.3)
Total Borrowings	592.2	543.5	9.0
KEY FINANCIAL RATIOS			
Total Borrowings/ Tangible Net Worth	1.48	1.36	8.8
Total Liabilities / Tangible Net Worth	2.12	1.96	8.5
EBITDA/ Interest Expenses	4.17	4.24	(1.5)

Debt Maturity Profile



- [A] Bonds issued are due in March 2017 (\$100 million) and October 2018 (\$50 million).
- [B] Project financing (short term loans and trust receipts) are used to finance Shipbuilding projects which will eventually paid off upon delivery of vessels
- [C] General loans are made up of short term revolving loans and trust receipts.

Figures as at 30 June 2016.



PRESENTATION OUTLINE

1. Business Highlights
2. Financial Highlights
3. *Business Outlook & Strategy*
4. Market Challenges on Liquidity
5. Restructuring Framework for continuity

Shipbuilding

- Competitive edge
 - Yard presence in Indonesia - growing local content requirement for Indonesian government projects
 - Diverse experiences - Long and strong track record on building wide range of vessels from tankers, tugs & barges, dredgers to OSV etc., which helps insulate our business compared to those specializing in OSV.

Shiprepair & Conversion

- High value repair jobs though few, mandatory repair and dry docking of vessels continues to flow through.
- Stable performance expected.
- Established dry-docking facility in Batam.

Shipchartering

- Recent new order wins will boost utilization of our tug & barge fleet.
- Relatively low exposure to current weak offshore market.
- Viable core chartering business - supports the infrastructure and transportation business in the region.
- Focus on increasing utilization of fleet.

Engineering (Dredging)

- Segment deals mostly in the marine infrastructure & construction, dredging & land reclamation which are not heavily dependent on oil prices.
- Focus on driving sales of components & services.
- Longer term strategy is to grow this segment, given optimism in the global dredging market :-
 - global population growth especially in coastal area, more lands to be reclaimed;
 - rising sea level due to global warming (rises by 1.5mm p.a. in the 20th Century to 3mm p.a. in the last decade), increased need for coastal protection against flooding;
 - growth in seaborne trade and port expansion globally (expanding and deepening of port area).

Overall Outlook Positive



- Low concentration to beleaguered offshore oil & gas industry
- Core business to marine infrastructure & transportation will sustain our business in this challenging environment
- Immediate outlook remain positive
- Longer term outlook is bright, given the optimism in global dredging market and our ability to capture the opportunity when oil & gas sector recovers



PRESENTATION OUTLINE

1. Business Highlights
2. Financial Highlights
3. Business Outlook & Strategy
4. Market Challenges on Liquidity
5. Restructuring Framework for continuity

Low Oil
Prices has
led to lower
revenues
and
margins

- Ship chartering:
 - Drop in charter rates and demand for OSVs, tugboats and barges
 - Utilisation rate has fallen to approx 51% as of 30 June 2016 (2015: 57%)
- Ship repair and conversion:
 - No upcoming conversion jobs for OSVs
 - Mainly sustenance repair jobs
- Shipbuilding:
 - No meaningful new orders since May 2016
 - Stiff competition from other shipyards depresses the price for the new vessels contracts
 - Costs overrun for projects to ensure timely delivery of goods

Short-term
Liquidity
Constraints

- Additional working capital requirements due in part to increased Accounts Receivables cycle
- Increase in finance costs due to increase in borrowings for vessels and yard financing as well as rising interest rate
- Upcoming maturity of \$100m 4.75% Notes due 28 March 2017
- Credit tightening by financial institutions and suppliers

Financial
Covenant
Pressure

- ASL's financial performance impacted by low oil prices
- Increasing pressure on financial covenants due to balance sheet constraints and ongoing oil price volatility

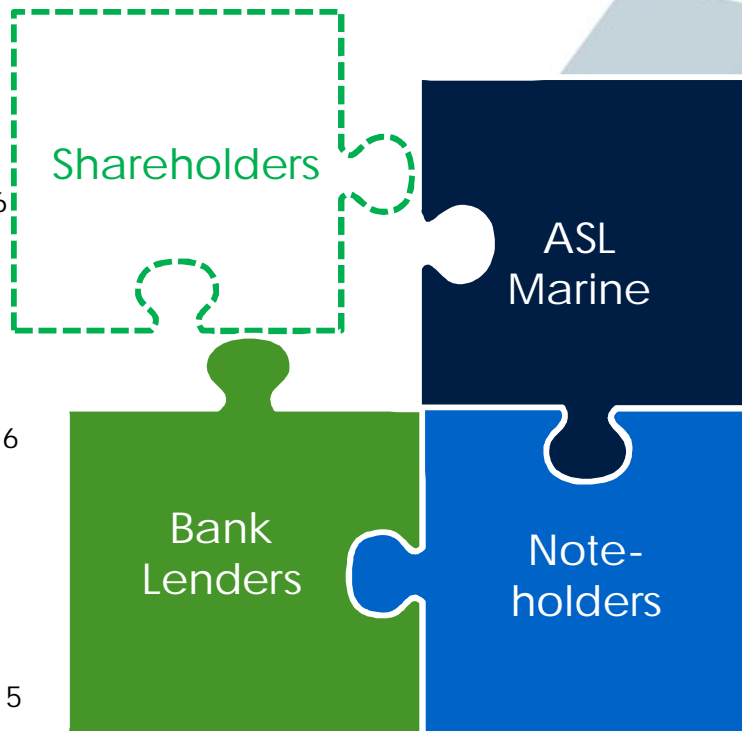


PRESENTATION OUTLINE

1. Business Highlights
2. Financial Highlights
3. Business Outlook & Strategy
4. Market Challenges on Liquidity
5. Restructuring Framework for continuity



- 2-for-1 rights issue to raise fresh capital of approx \$25m
- Received \$16.9m from major shareholders, being full subscription on their right entitlements
- Indicative timeline:
 - Subscription start date: 29-Nov-16
 - Subscription end date: 13-Dec-16
 - Trading start date: 29-Nov-16 (for nil paid rights)
 - Trading end date: 7-Dec-16 (for nil paid rights)
 - Expected date for crediting and trading of Rights Shares: 21-Dec-16



- ASL has signed a commitment letter with various lenders for a 5 year Club Term Loan facility of \$99.9m for working capital, subject to successful completion of consent solicitation exercise from noteholders, securities available and due diligence.



- Review of clients on their profitability to assess business viability
- Tighter working capital management



- Prior to first drawdown of the Club Term Loan Facility:
 - extension of existing Notes of \$150m by 3 years or more
 - seek any other waivers required
- Solicitation agent appointed to engage noteholders in discussion

Strategies employed to support the Company



Cost Management

- Decreasing admin expenses from \$25.6m in FY 2015 to \$23.4m in FY 2016 through the conscientious efforts taken to rationalise costs
- The re-organization exercise conducted in May 2016 in the Engineering division is expected to translate into future cost savings of S\$1.5 m p.a.

Accounts Review

- Reviewing of client's profitability and days receivable turnover to determine the business viability of client
- Keeping a regularly updated list of prospects and clients

Revision of Payment Terms

- Structuring of new contracts to be of progressive milestone payment compared to past contracts with large percentage due only upon the completion of the contracts

Account Receivables

- Close monitoring of account receivables

Capital Raising Alternatives

- Exploring and evaluating financing options of bank lenders, shareholders and noteholders
- Working with all stakeholders to develop optimal funding structure going forward

- A strong company that remains viable in challenging market conditions with positive business outlook supported by diversified industry exposure
- Shares trading at attractive valuation by Price to Book terms as compared to industry peers
- Supportive stakeholders assisting in:
 - Additional bank loan facilities
 - New capital (Rights issue)
- Continuing support from noteholders for extension of bond maturity by 3 years or more is required
- Support from other various stakeholders (employees, suppliers and customers) to maintaining the normal business operation and solvency of the Company



THANK YOU
Q&A

