UNWAVERING COMMITMENT, ENDURING STRENGTH

FY2017
Annual General Meeting
28 October 2017

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PRESENTATION OUTLINE

1. Business Highlights
2. Financial Highlights
3. Business Outlook & Strategy

FY2017 Business Highlights

- Key business segments delivered reasonably stable performance amid the weak market

- Increased contribution from **Transportation** and **Infrastructure & Construction** related industries

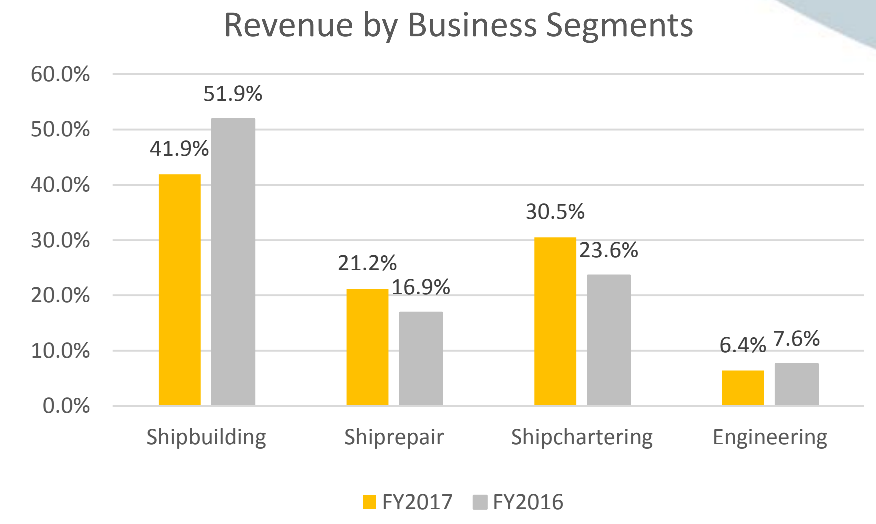
  - Revenue contribution for FY2017 vs FY2016:

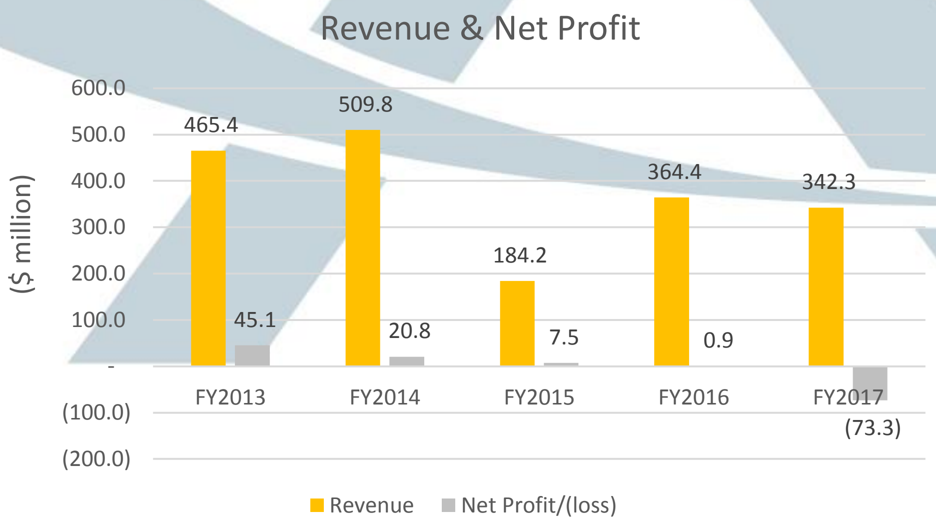
    51% vs 50% -Transportation (shipping & marine logistics) industry
    39% vs 36% - Infrastructure & Construction industry
    7% vs 11% - Oil & Gas industry, and
    3% vs 3% - Others

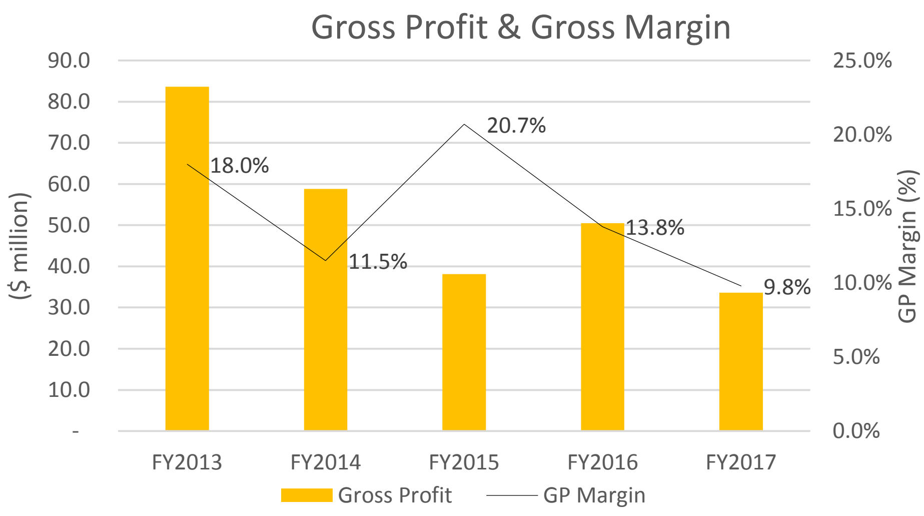
- Remains focused on growing business from core business and strengthen foothold in supporting marine infrastructure work in Singapore & abroad

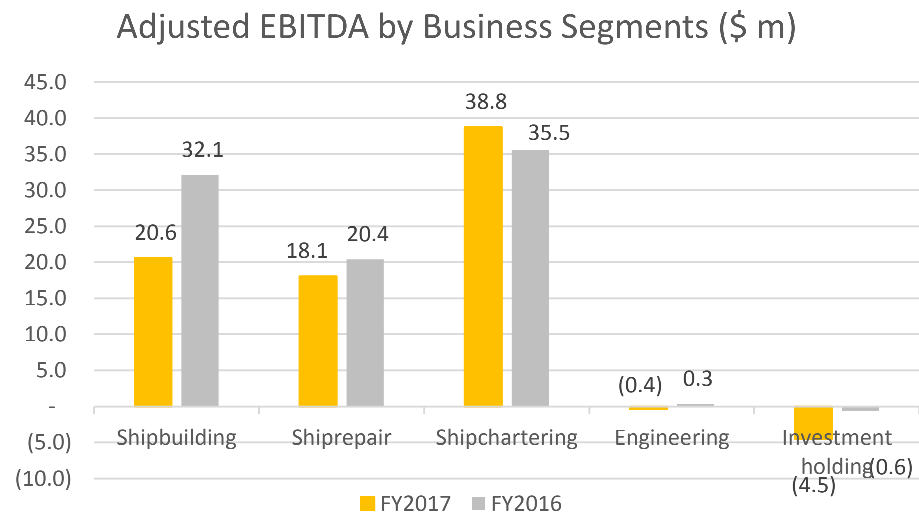
- Cautiously seeking opportunities beyond traditional markets

Earnings Breakdown









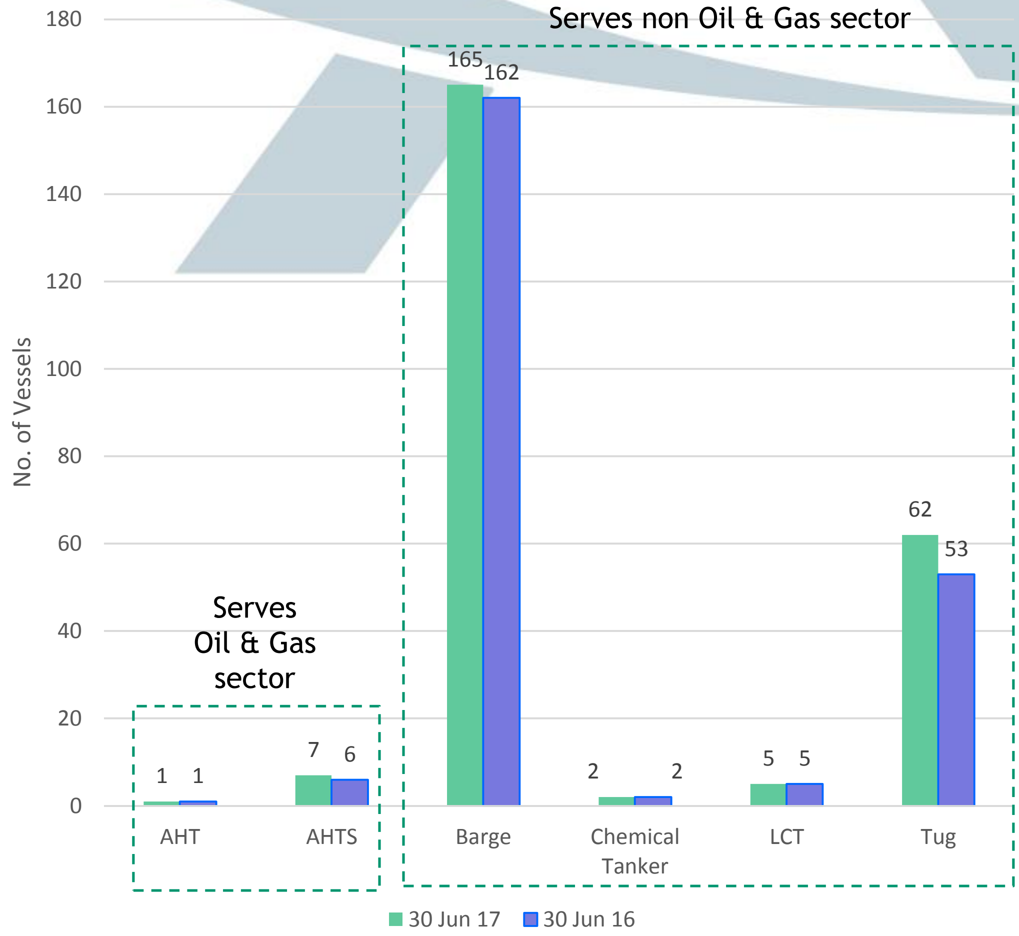
Chartering Fleet of Vessels

- 242 vessels in fleet (2017), vs. 229 (2016), mostly Tugboats and Barges, 8 OSV (1 AHT & 7 AHTS), 5 Landing Crafts and 2 Chemical Tankers. Average remaining useful life of the fleet is 8 years.

- Approx. 65% ($58.5m) of the total Capex in FY2017 pertained to reclassification of 3 AHTS from inventories (previously under built to stocks program) to PPE as charter contracts were secured in India.

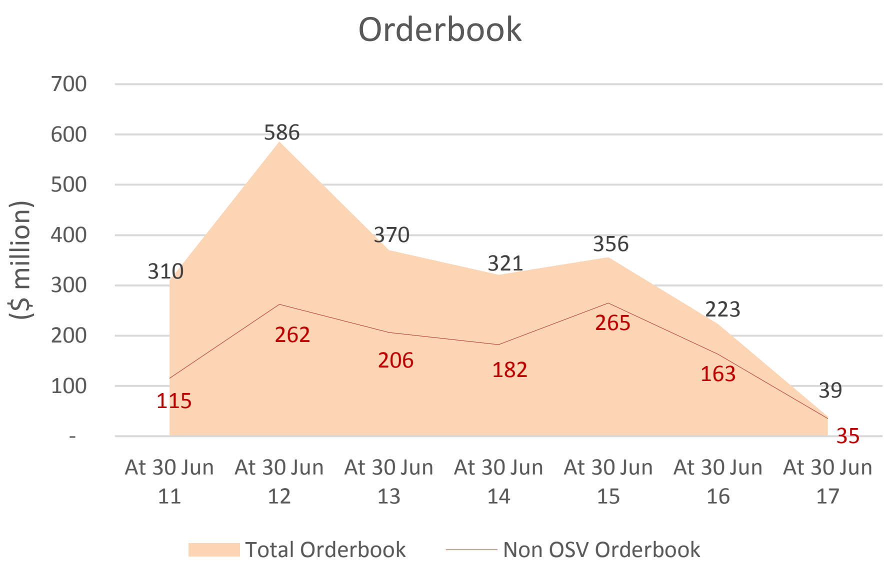
- Further, 22 Tugs & Barges were internally built and mostly added to support large marine infrastructure projects in Singapore and South Asia secured in 4Q FY2016.

- The management has ensured that any Capex undertaken were aligned to the Group's strategy and to meet business requirement, which brought in revenue and cashflow.

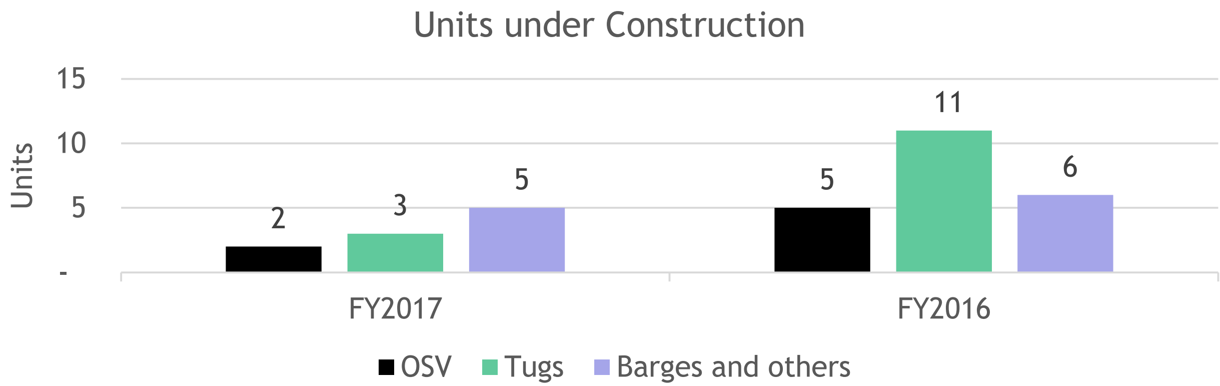


Orderbook

Shipbuilding

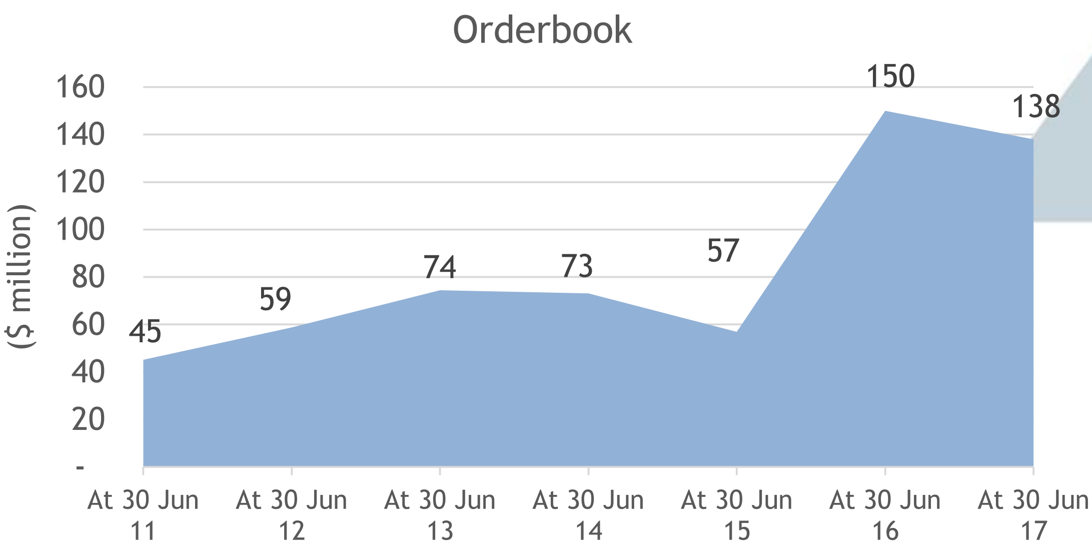


- Shipbuilding orderbook of $39m pertains to 10 vessels with progressive deliveries up to 4Q FY2018.
- Additional shipbuilding contracts for 2 tugs and 2 barges totaling $21m were secured subsequent to 30 June 2017, of which 50% is expected to be recognised in FY2018.
- In view of challenging business environment, the Group expects to derive lower margin based on the existing orderbook.

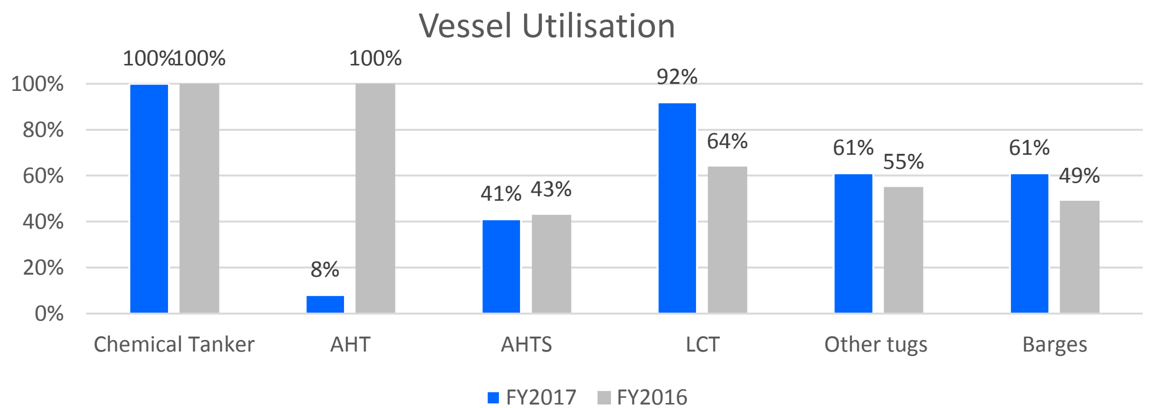


Orderbook

Shipchartering



- Shipchartering orderbook represents contracts won that are longer than 12 months, which contributed to 33% of total Shipchartering revenue in FY2017.
- As of June 2017, long-term charter contracts of $138m, of which approx. $39m is expected to be recognised in FY2018.



PRESENTATION OUTLINE

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2. <u>Financial Highlights</u>
3. Business Outlook & Strategy

Financial Highlights

Financial Highlights	FY2017 S$ m	FY2016 S$ m	Change %
Revenue	342.3	364.4	(6.1)
Gross Profit	33.6	50.5	(33.4)
Gross Profit Margin [1]	*9.80%*	*13.80%*	*(4.0) ppts*
Net (Loss)/ Profit Attributable to Equity Holders	(71.7)	2.0	*Nm*
Net (Loss)/ Profit Margin	-	*0.50%*	*Nm*
Provisions, impairments & one-off items	62.1	7.9	686.1
Adjusted EBITDA [2]	72.5	87.8	(17.5)
Adjusted EBITDA Margin [1]	*21.2%*	*24.1%*	(2.9)
Basic Earnings Per Share (cents)* [3]	(13.44)	0.47	*Nm*

[1] *Variance: percentage points*
[2] *Adjusted EBITDA is EBITDA less allowance for impairment of doubtful debts, impairments, write-offs and any other non-cashflow items*
[3] *EPS calculated based on the weighted average of 533,143,572 ordinary shares in issue*

✓ **Stable turnover** contributed by
- Shiprepair & conversion (more high value jobs) and Shipchartering (higher contribution from Tugboats and Barges)
- Partially offset by decrease in Shipbuilding (lower contribution from OSV) and Dredge Engineering (lower orders received)

✓ **Gross profit decreased**
- Due to competitive market and less pricing power

✓ **Lower net profit**
- Due to provisions, impairments & one-off items

Nm: Not meaningful

Provisions, impairments & one-off items

- In FY2017, the Group recorded the following provisions, impairments & one-off items due to fallen capital values and higher credit risks:

	Amount ($ m)
Impairment losses on vessels: ▪ Inventories ▪ Chartering fleet	 13.9 22.0
Allowance for impairment of doubtful receivables (net)	18.4
Legal & professional fees incurred for debt restructuring exercise	4.4
Rescission of 3 OSV projects	3.4
Total	**62.1**

Financial Position

- Current assets decreased mainly from inventory, trade receivables & construction work-in-progress.
- Decrease in current liabilities mainly due to
  1) Extension of maturity date of $100m notes originally due in March 2017 for another 3 years
  2) Repayment of trust receipts
  3) Higher payment to trade creditors

($ m)	30-Jun-17	30-Jun-16	*Chg (%)*
Non-Current Assets	653.4	650.1	*0.5%*
Current Assets	491.6	625.6	*(21.4%)*
Total Assets	1,145.0	1,275.7	*(10.2%)*
Current Liabilities	427.8	596.9	*(28.3%)*
Non-Current Liabilities	338.4	254.4	*33.0%*
Total Liabilities	766.2	851.3	*(10.0%)*
Total Equity	378.8	424.4	*(10.8%)*
Property, Plant and Equipment	611.9	603.1	*1.5%*
PPE pledged as security	446.0	393.8	*13.3%*
Unemcumbered PPE	165.9	209.3	*(20.7%)*
Cash and Bank Balances	36.1	24.7	*46.2%*
Total Borrowings	549.5	592.2	*(7.2%)*
KEY FINANCIAL RATIOS/ FINANCIAL COVENANTS			
Total Borrowings / Tangible Net Worth	1.55	1.48	*4.7%*
Total Liabilities / Tangible Net Worth	2.16	2.12	*1.9%*
Adjusted EBITDA / Interest Expenses	3.75	4.60	*(18.5%)*

Financial Restructuring Program

The capital base and financial viability of the Group improved significantly after the financial restructuring program in FY2017 which included:

- Raising gross proceeds of $25.2m through a rights issue
- Obtained approval from noteholders to extend the maturity dates of its existing $100m & $50m notes originally due in March 2017 & October 2018 respectively for another 3 years each
- Obtaining a $99.9m, 5 year Club Term Loan ("CTL") Facility and is progressively drawing down to meet our cash flows needs
- Re-profiling certain existing term loans through extending the loan tenure thereby reducing monthly installment that significantly reduced the debt repayment for coming 12 months

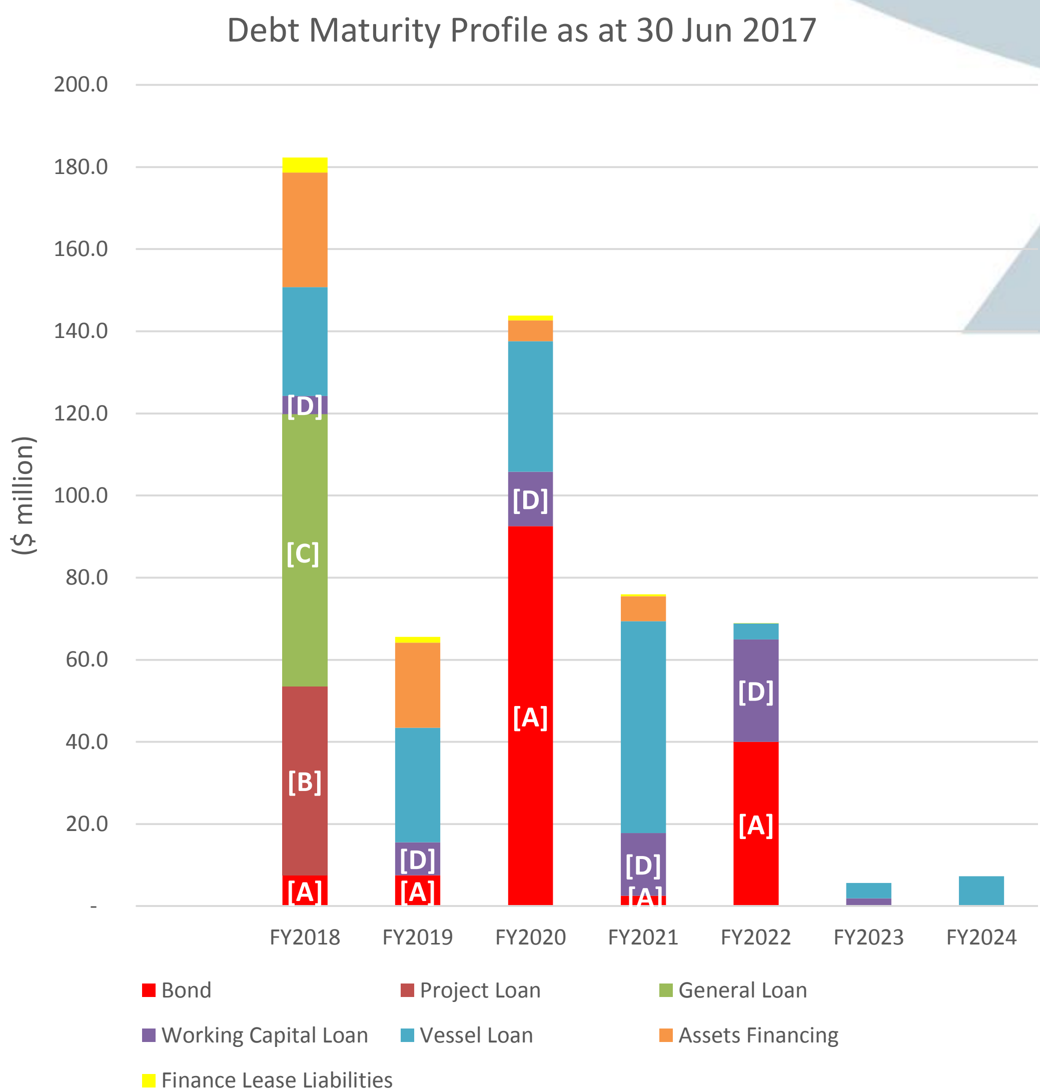
Market Challenges on Liquidity

	Market Challenges	Plans/Actions to be taken
Low Oil Prices has led to lower revenues and margins	➢ **Shipbuilding:** ▪ Reducing order books ▪ Depressed pricing for the new vessels contracts ➢ **Ship repair and conversion:** ▪ No upcoming conversion jobs for OSVs ▪ Mainly sustenance repair jobs ▪ Reduced margin on large projects undertaken ➢ **Ship chartering:** ▪ Decline in charter rates of OSVs, tugboats and barges ▪ Drop in demand for OSVs ➢ **Dredge Engineering:** ▪ Maintaining components orders ▪ To keep production costs & admin overhead low	**Focus: To break-even by reducing operating cost in view of reduced revenue while seeking cash-flow-positive business opportunities** ➢ Reducing staff costs by cutting headcounts and salary & bonus freeze ➢ Reviewing directly by the management all purchases & Capex ➢ Sourcing for most cost efficient materials & equipment ➢ Tightening project execution and supervision ➢ Improving productivity
Short-term Liquidity Constraints	➢ Additional working capital requirements on customers who took longer to repay ➢ Increase in finance costs due to increase in borrowings and rising interest rate ➢ Credit tightening by financial institutions and suppliers	➢ Ceasing operation in shipyard in China to reduce idle capacity & cut operating costs ➢ Intensifying trade debt collection & work with several major customers on contras and/or installment arrangements ➢ Negotiating with suppliers ➢ Employing subcontractors & using vendors on extended credit terms ➢ Assets rationalization

Market Challenges on Liquidity

	Market Challenges	Plans/Actions to take
Financial Covenant Pressure	➢ Increasing pressure on financial covenants due to balance sheet constraints ➢ Breach of one of the covenants under CTL Facility: ▪ Lenders waived the covenant in breach, after 30 Jun 2017, consequently a reclassification on long-term portion of CTL Facility to current liabilities was required ("Reclassification") under accounting standard ▪ Notwithstanding the Reclassification, the Company will continue to service the loan according to monthly repayment schedule	➢ The Group is currently working on re-profiling its existing property loans in Indonesia. When the re-profiling crystallizes, it will defer approx. $18m to non-current liabilities ➢ Directors viewed the CTL Facility & re-profiling of existing loans as support from Lenders towards working capital needs of the Group

Debt Maturity Profile



[A] Maturity dates of Notes are extended to March 2020 ($100m) & October 2021 ($50m).

[B] Project financing (short term loans & 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.

[D] Working capital loans are made up of loans drawn under CTL Facility* and Spring Loans

* Despite the breach of one of the financial covenants where waiver was obtained after 30 June 2017, the debt maturity profile shown is in accordance to the monthly repayment schedule of the CTL Facility Agreement.

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Business Outlook & Strategy

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 etc., which helps insulate our business compared to those specializing in OSV.
- To continue to seek orders for non-OSV vessels

Ship repair & Conversion

- Competitive edge
  - Established dry-docking facility in Batam
  - Stable client network, with 52% repeated customers
  - High value repair jobs continues to flow through, although at lower margin
- Stable performance expected
- To improve operational efficiency, tighten cost control and strengthen competitiveness

Business Outlook & Strategy

Shipchartering

- Relatively low exposure to current weak offshore market
- Infrastructure & transportation demand in Singapore and South Asia support the demand for tugs and barges in our fleet
- Transportation of precast concrete products from Batam to Singapore expected to continue to provide steady charter income
- Focus on increasing utilisation of fleet

Business Outlook & Strategy

Dredge Engineering

- Segment deals mostly in the marine infrastructure & construction, dredging & land reclamation which are not heavily dependent on oil prices
- Demand supported by the amount of land and coastal reclamation projects due to population growth & global warming, and port expansion projects due to growth in seaborne trade & bigger container vessels
- Working closely with suppliers & expanding production capability in different regional markets to drive down costs
- Focus on driving sales of components & services through R&D, developing dredging components of higher efficiency and lower costs
- Conducting an organizational review to reduce production costs & administrative overhead
- For the Chinese Market - Working with local production partners in China to take advantage of lower production costs

Overall Outlook – A Mixed Picture

- Our businesses are primarily sensitive to macroeconomic factors such as global trade, oil prices and infrastructure spending in Asia
- Outright recovery in the offshore oil & gas industry unlikely
- Global trade volumes expected to remain healthy, especially as China's Belt-and-Road Initiative gains momentum
- Infrastructure spending in selected Asia regions increased
- Market for shipbuilding and shipchartering becoming price sensitive
- Overall, outlook for shipbuilding, shipchartering and shiprepair businesses remain encouraging for non-oil & gas segment

Overall Strategy

- Have adopted the following guidance and targets in view of the prolonged and severe downturn:
  - Due consideration given to all projects which can bring short term positive contribution to the Group
  - Continue to seek cash-flow-positive business opportunities from core businesses
  - Implementation of various cost control measures
  - Actively seek out business avenues beyond traditional markets & customer base

- In summary, the Group remains viable with
  - Diversified industry exposure that insulate the Group from concentration risk
  - Improved financial flexibility post the financial restructuring
  - Committed stakeholders that proved their commitment in ASL during difficult time to ensure survivability of the Group


THANK YOU
Q&A