

Swissco Holdings Limited

Informal Note holders meeting

10 October 2016

Important notice

- ▶ We have relied on the records of Swissco Holdings Limited and its subsidiaries (“Swissco”) and discussions with relevant persons for our presentation and have not independently verified its accuracy or completeness nor have we undertaken an audit of the information made available.
- ▶ Our work done is not, and under no circumstances should it be construed, as an audit or a review made in accordance with Singapore Standards on Auditing. Consequently, no assurance will be expressed. The information in this report is to provide an update of Swissco’s status and issues to be dealt with and shall not be used or relied upon by any party for any other purpose. Please note that any prospective financial information contained in the document is based on assumptions regarding future events, which may or may not occur as assumed and consequently the actual results achieved may materially differ from those presented in this document.
- ▶ No representation or warranty, expressed or implied, is or will be given by Ernst & Young Solutions LLP, or their respective directors, partners, employees or advisors or any other persons as to the accuracy or completeness of this report and, so far as permitted by law and except in the case of fraud by the parties concerned, no responsibility or liability is accepted for the accuracy or sufficiently thereof, or for any errors, omissions or misstatements, negligent or otherwise, related thereto.
- ▶ Readers of this report agree that they place reliance on such sections at their own risk and that Ernst & Young Solutions LLP, its partners, employees and agents neither owe nor accept any duty of care or responsibility to them and shall not be liable in respect of any loss, damage or expense of any nature which is caused by any use the reader may make of the report. If readers choose to rely in any way on the contents of the report, they do so entirely at their own risk and we assume no responsibility whatsoever in respect of or arising out of or in connection with the report.
- ▶ The presentation is strictly confidential and includes price-sensitive information regarding Swissco. Accordingly, information in this presentation is subject to insider trading laws and readers should not disseminate this report (or any part thereof) without Swissco’s prior written consent (until made public).

Meeting protocol

- ▶ Without prejudice
- ▶ Informal meeting
- ▶ No recording and photo taking
- ▶ Identification for Q&A

Agenda

- ▶ Overview of Swissco
- ▶ Debt position
- ▶ Current challenges
- ▶ Approach moving forward
- ▶ Q&A

Overview of Swissco

Corporate profile

- ▶ Listed on the Main Board of the Singapore Stock Exchange
- ▶ Over 40 years history as an offshore support vessel business
- ▶ Swissco diversified its business operations through organic expansion and acquisitions (most recently in 2014 when it entered the rig business via the reverse acquisition of S&E)
- ▶ Operates through 3 business segments:
 - ▶ Drilling (7 drilling rigs)
 - ▶ Service assets (2 accommodation jack up rigs and 1 lift boat)
 - ▶ OSV and marine services (35 OSVs and 6 new build OSVs)

Overview of Swissco

Business segment – Drilling

- ▶ Provides rig-chartering and rig-related services to the oil and gas industry
 - ▶ 2 drilling rigs 100% owned (SE89 and SE93). Rigs are off charter. Warm stacked
 - ▶ 2 drilling rigs 50% co-owned with 2 separate groups of private investors (SE98 and SE83). Rigs are off charter. Warm stacked
 - ▶ 3 drilling rigs 50% owned with Ezion (GSP Atlas, GSP Fortuna and GSP Orizont). On charter, but charterer has not been making payment
- ▶ Opportunities for deployment of rigs being explored
- ▶ X-Drill has commenced legal proceedings on 21 September 2016 in the United States District Court and a warrant of attachment has been issued against SE83

Overview of Swissco

Business segment – Service assets

- ▶ 1 accommodation jack up rig 50% owned with Ezion (Strategic Excellence). On charter
- ▶ 1 accommodation jack up rig 50% owned with Union Offshore (United 1). On charter, but charter fee payment is in default
- ▶ 1 newly constructed liftboat 100% owned (Jinshan 1). Liftboat is completed in August 2016 and is currently in Vietnam yard
- ▶ Swissco pursuing opportunities for a liftboat charter

Overview of Swissco

Business segment – OSV and marine services

- ▶ OSV fleet composition
 - ▶ 35 OSV
 - ▶ 6 new builds
- ▶ Low utilisation of the fleet and charter rates are at depressed levels
- ▶ Swissco is seeking new charters for idle vessels
- ▶ Swissco is seeking to sell selected vessels in the next 6 months
- ▶ Marine services business includes ship repair and maintenance and sourcing for marine and offshore equipment

Debt position

Debt – as at 30 June 2016 (US\$ m)*

	Total	Due Date
Banks	147.5	2016 - 2020
MTN	74.1	April 2018**
Total	221.6	

Source: Swissco Q2 2016 financials

* Excluding JV and associated companies debt of US\$184.2 million and trade and other payables of US\$23.5 million (as at 30 June 2016)

** Due date for principal. Converted at S\$:US\$ 1:1.35

Current challenges

1. Industry challenges

- ▶ Decreasing demand and excess supply of rigs / OSV => downward pressure on day rates
- ▶ Industry impact post Swiber

2. Liquidity challenges

- ▶ Liquidity is very tight across all business segments
- ▶ Credit lines frozen

Swissco

4. Increasing creditor actions

- ▶ X-Drill warrant of attachment has been issued against SE83
- ▶ X-Drill issued statutory letter of demand dated 28 Sep 2016 against SHL for US\$1.69 million

3. Actions taken by Swissco

- ▶ Cost reduction and selling selected vessels
- ▶ Informal standstill on principal and interest with bank lenders

Approach moving forward

1

Current position

- ▶ MTN interest – S\$2,857,808.22 due on 16 October 2016
- ▶ Tight liquidity position. Unable to meet interest payment

2

Collaborative approach

- ▶ Swissco seeks understanding and support of Note holders
- ▶ Invite Note holders to form an informal steering committee
- ▶ Informal steering committee to work closely with Swissco and independent advisors to develop a mutually agreeable restructuring plan with all stakeholders
- ▶ Maximize value for all stakeholders

Approach moving forward

3

Next steps

- ▶ Action plan:
 - ▶ Formation of informal steering committee of Note holders
 - ▶ Development of a debt restructuring plan
 - ▶ Update on business operations
 - ▶ Update on capital raising plans
 - ▶ Meeting with informal steering committee to discuss proposed debt restructuring plan
- ▶ Next meeting expected in 4 weeks

Q&A

- ▶ Questions and answers
- ▶ Please state your name before asking your question

Abbreviations

Group entities

Swissco	Swissco Holdings Limited and its subsidiaries
S&E	Scott and English Energy Pte Ltd
SHL	Swissco Holdings Limited

Others

Ezion	Ezion Investments Pte Ltd
Union Offshore	Union Offshore Ltd
X-Drill	X-Drill Holdings Inc.

Units of measurement

m	Million
\$ / US\$	United States dollars
S\$	Singapore dollars

General abbreviations

JV	Joint venture
MTN	Multi-currency term note
OSV	Offshore support vessels
REPS	Redeemable exchangeable preference shares
SGX	Singapore Stock Exchange

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization and may refer to one or more of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2016 Ernst & Young LLP.

All Rights Reserved.

Ernst & Young Solutions LLP (UEN T08LL0784H) is a limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

www.ey.com