Topaz Energy and Marine

Financial Results for the Nine Months to 30 September 2013

YTD September revenue up 27% over last year to US$ 284.2 million as a result of investment in core assets, high vessel utilization and robust cost control.

Dubai, UAE, 19 November 2013: Topaz Energy and Marine, a leading offshore support vessel company, today announces the results of its subsidiary Nico Middle East Ltd. ("NMEL") for the nine months ended 30 September 2013 (in the following referred to as "the period").

The period has seen continued strong growth across the group's activities with revenues up 27%. This growth is primarily attributable to the additional vessels that have joined our fleet and the improved utilization we have achieved across our core fleet. We have focused on maintaining tight control of our costs and this has resulted in significant cost savings benefitting us in the short-term and over the coming years. We have won a number of new contracts during the quarter which contributes further to our already solid backlog of medium and long-term contracts.

Financial Highlights

Financial highlights can be summarized as below:

	Three Months Ended			Nine Months Ended		
	Q3 2013	Q3 2012	% change	9M 2013	9M 2012	% change
Consolidated Revenue (US$ m)	98.8	81.0	+22.0%	284.2	223.3	+27.3%
EBITDA (US$ m)	41.4	36.3	+14.0%	122.7	101.9	+20.4%
EBITDA Margin (%)	*41.9%*	*44.8%*	*-2.9 ppt*	*43.2%*	*45.7%*	*-2.5 ppt*
EBIT (US$ m)	27.1	22.4	21.0 %	80.0	61.9	+29.2%
RONA (%)	-	-	-	*8.9%*	*7.3%*	*+1.6%*
Core Vessel Utilization (%)	*95.6%*	*93.7%*	*+1.9 ppt*	*95.2%*	*90.3%*	*+4.9 ppt*
Backlog (bn)	$1.07 bn as at 30 Sep 2013					

- Revenue for the period US$ 284.2m (2012: US$ 223.3m) +27%
- EBITDA for the period US$ 122.7m (2012: US$ 101.9m) +20%
- Profit After Tax (PAT) for the period US$ 36.3m (2012: US$ 25.9m) +40%

Business Highlights

- Strong performance for the entire business driven by cost control focus and overall better vessel utilization
- High and stable utilization of core vessel fleet YTD at 95.2%
- Two new vessels acquired in Q3: both large and modern Platform Supply Vessels to be deployed with BP in Azerbaijan on five year contracts including options
- Safety performance consistently strong: zero LTIs and fatalities YTD

Financial Review

Revenue

in USD million

	Three Months Ended		Nine Months Ended		Variance
	30 Sep 2013	30 Sep 2012	30 Sep 2013	30 Sep 2012	
Caspian	61.5	45.2	171.9	123.7	48.2
MENA	25.1	22.0	71.8	58.2	13.6
Global	13.6	15.6	42.6	43.9	(1.3)
Less: Intercompany adj.	*(1.5)*	*(1.7)*	*(2.1)*	*(2.5)*	*0.4*
Total	**98.7**	**81.1**	**284.2**	**223.3**	**60.9**

Revenue increased by $60.9 million, or 27.3%, to $284.2 million in the period compared to $223.3 million in the same period last year. This increase is primarily due to: (i) the addition of five new vessels which contributed $39.5 million to revenue, (ii) better utilization and increase in vessel day rates which resulted in an increase in revenue of $15.8 million, (iii) deployment of vessels in the Russian sector of the Caspian which resulted in an increase in revenue of $3.6 million, and (iv) proceeds from the sale of three vessels of $7.2 million. The increase in revenue was partially offset by the loss of hire due to the sale of one vessel in 2012 ($2.2 million) and loss of revenue due to vessel off-hire or revised day rates on two of our vessels ($1.2 million and $2.3 million, respectively).

Geographical segments

Caspian:
In the period, revenue increased by $48.2 million, or 38.9%, to $171.9 million compared to $123.7 million in the same period last year. This increase was primarily due to the addition of four new vessels which contributed $33.4 million in revenue in the period and full year impact of one vessel which contributed $5.7 million and additionally better utilization of vessels resulting in an increase in revenue of $9.1 million.

MENA:
In the period, revenue increased by $13.6 million, or 23.4%, to $71.8 million compared to $58.2 million in the same period last year. This increase was primarily due to the addition of one new vessel which contributed $5.8 million in revenue in the period and better utilization of vessels deployed in Saudi Arabia resulting in an increase in revenue of $5.6 million.

Global:
In the period, revenue decreased by $1.3 million, or 2.9%, to $42.6 million compared to $43.9 million in the same period last year. This decrease was primarily due to low utilization of two small crew boats that were mobilized to Nigeria in 2012.

Direct Costs

in USD million

	Three Months Ended		Nine Months Ended		Variance
	30 Sep 2013	30 Sep 2012	30 Sep 2013	30 Sep 2012	
Crew cost	19.5	18.9	59.2	52.0	7.2
Technical maintenance	5.3	4.4	16.1	13.4	2.7
Depreciation	13.9	13.6	42.0	39.3	2.7
Bareboat charges	9.1	4.0	26.4	13.4	13.0
Others	11.7	6.8	32.0	19.0	13.0
Total	**59.5**	**47.7**	**175.7**	**137.1**	**38.6**

Direct costs increased proportionately to revenue by $38.6 million or 28.2% to $175.7 million.

The increase in bareboat charges is mainly due to two large vessels chartered on bareboat contracts and mobilized to the Caspian region in 2012 resulting in higher bareboat charges of $14.4 million which is partly offset by decreases in bareboat charges by $1.4 million relating to other bareboat vessels.

Other cost increases are mainly due to amortization of the mobilization cost of the above two vessels amounting to $5.2 million, $1.7 million mobilization cost for other vessels, $3.0 million relating to carrying value of asset disposed, $1.7 million relating to brokerage/commission in Nigeria/Brazil and a $1.1 million increase in catering cost.

EBITDA

in USD million

	Three Months Ended		Nine Months Ended		Variance
	30 Sep 2013	30 Sep 2012	30 Sep 2013	30 Sep 2012	
Caspian	32.2	24.3	84.5	66.2	18.3
MENA	10.7	8.9	33.1	22.1	11.0
Global	0.4	6.8	11.2	19.5	(8.3)
Corporate / adj	(2.0)	(3.7)	(6.1)	(5.9)	(0.2)
Total	**41.3**	**36.3**	**122.7**	**101.9**	**20.8**

EBITDA increased by $20.8 million, or 20.4%, to $122.6 million in the period compared to $101.9 million in the same period last year. This increase is primarily due to: (i) three new vessels which contributed $9.4 million, (ii) better utilization and increase in vessel day rates which resulted in an increase of $10.9 million, and (iii) deployment of vessels in the Russian sector of the Caspian which resulted in an increase in revenue of $3.8 million. The increase in EBITDA was partially offset by loss of EBITDA due to low utilization or revised day rates on two of our vessels ($1.6 million and $1.9 million, respectively).

Caspian:
The increase in EBITDA by $18.3 million is mainly due to the addition of four new vessels and the deployment of vessels on a term contract in the Russian Filanovsky project.

MENA:
The increase in EBITDA by $11.0 million is due to the addition of one vessel contributing $3.6 million and better utilization of vessels deployed in Saudi Arabia contributing $5.3 million.

Global:
The decrease in EBITDA by $8.3 million is due to a debt provision on a contract in Nigeria amounting to $3.6 million and also due to the increase in operating costs along with lower utilization of vessels operating in Nigeria and Brazil.

Administrative Expenses:

Administrative expenses increased by $5.8 million, or 23.7%, to $30.3 million in the period compared to $24.5 million in the same period last year. This increase was primarily driven by the addition of new vessels in the Caspian Sea and MENA region, the opening of our office in Astrakhan, Russia, and costs reflecting the investment Topaz made during the period in hiring global talent to drive its growth strategy.

Finance costs:

Finance costs increased by $3.6 million, or 14.0%, to $29.5 million in the period compared to $25.9 million in the same period last year. The increase in interest expense was primarily due to an increase in secured debt as a result of the acquisition of new vessels and refinancing of certain existing debt.

Income tax expense:

Income tax expense increased by $4.1 million, or 40.7%, to $14.2 million in the period compared to $10.1 million in the same period last year. This increase was primarily attributable to the addition of new vessels.

Cash flow:

The cash generation as a percentage of EBITDA has been 87% (2012: 83%) reflecting a better conversion.

The following table sets out a breakdown of cash flow for the three and nine month periods ended September 30:

in USD million

	Three Months Ended		Nine Months Ended		Variance
	30 Sep 2013	30 Sep 2012	30 Sep 2013	30 Sep 2012	
Profit before income tax, depreciation and finance costs	**41.4**	**36.3**	**122.7**	**101.9**	**20.8**
Changes in working capital	(1.4)	(0.7)	(15.9)	(12.6)	(3.3)
Cash generated from Operations	**40.0**	**35.6**	**106.8**	**89.3**	**17.5**
Cash conversion	97%	98%	87%	88%	
Income tax paid	(4.8)	(2.4)	(10.8)	(8.3)	(2.5)
Interest paid	(7.4)	(19.8)	(27.4)	(30.4)	3.0
Net Cash generated from operating activities	**27.8**	**13.4**	**68.6**	**50.6**	**18.0**
Cash used in investing activities	(28.9)	(42.8)	(51.2)	(104.1)	52.9
Cash provided by financing activities	(16.9)	30.1	(1.3)	55.8	(57.1)
Increase/(decrease) in cash and cash equivalents	**(17.9)**	**0.7**	**16.1**	**2.3**	**13.8**

Cash used in investing activities for the nine months ended September 2013 reflects advances paid for new vessels ($38 million) and other vessel maintenance/ upgradation capex.

Financing

Topaz's primary source of finance is lending from banks in the form of senior secured loans. The group refinanced some of its maturing senior bank loans during 2012 by way of a syndicated senior bank loan thereby releasing liquidity for further growth. In addition to the above refinanced syndicated facility, the group signed another $125 million of refinancing through a bilateral Islamic facility to refinance some of its senior bank loans in 2013 to release further liquidity and extend the maturity profile of senior bank loans. The group has also renewed its overdraft and short-term facilities of around $25 million during 2013. The group also signed a $40 million three year revolving credit facility during October, 2013. From the $25 million overdraft and short-term loan facilities, as at 30 September, 2013, $20 million was available to fund short-term cash needs and acquisitions.

in USD million

	Original Loan Amount	Drawn at 30.9.2013	Currency	Tenure	Interest Rate	Repayment	30.09.13
Credite Agricole' - Giek Guaranteed Tranche'	26.9	26.9	USD	8.5 yrs.	6 month LIBOR + 0.35%	Half-yearly	11.1
Credite Agricole' - Atridius Guaranteed Loan	5.0	5.0	USD	6 yrs.	6 month LIBOR + 0.75%	Half-yearly	1.4
$70M Conventional Club deal	70.0	70.0	USD	7 yrs	3 month LIBOR + 4%	Quarterly	43.3
$38,127,030 Facility Agreement	38.1	38.1	USD	7 yrs	3 month LIBOR + 2.5%	Quarterly with 20% bullet	26.9
Conventional Bilateral Facility	64.0	50.9	USD	6 yrs.	3 month LIBOR + 2.875%	Qarterly with 35% bullet	37.5
$330M Syndicated Coventional Facility	203.0	203.0	USD	5 Yrs	3 month LIBOR + 4.0%	Quarterly with 35% bullet	169.0
$58.5M Conventional Facility	58.5	58.5	USD	7 yrs	3 month LIBOR + 3.5%	Quarterly with 20% bullet	53.5
Bilateral Islamic Financing - Master Murabaha Agreement	26.0	26.0	USD	5 yrs.	3 month LIBOR + 3.95%	Quarterly with 33% bullet	21.6
HSBC - UK GIEK Export Credit Financing of one PSV	23.5	23.5	USD	10 yrs	6 month LIBOR + 2.65%	Half-yearly	18.6
Bilateral Islamic Financing - Master Murabaha Agreement	20.5	20.5	AED	5 yrs.	5.75%	Quarterly with 35% bullet	18.7
Bilateral Islamic Financing - Ijara Agreement	125.0	61.4	USD	5 yrs	6 month LIBOR + 3.5%	Half-yearly with 50% bullet	61.4
Short Term Loans	25.0	5.0	USD	On Demand	SCB Treasury Rate + 3%	Bullet	5.0
Total Topaz Loans							**467.9**

Capitalisation

The following table sets out Topaz's consolidated cash, total indebtedness, shareholders' funds, total capitalization and net debt as of September 2013, June 2013, March 2013 and December 2012.

in USD million

	Dec-12	Mar-13	Jun-13	Sep-13
Free Liquidity[1]	**15**	**20**	**49**	**31**
Floating Rate Senior secured loans	411	395	462	449
Fixed Rate Senior secured loans	27	26	24	19
Other loans	10	10	-	-
Total third party debt	**448**	**431**	**485**	**468**
Subordinated Shareholding Funding	167	167	134	134
Total Equity	(494)	(504)	(519)	(531)
Total Capitalisation	**121**	**94**	**100**	**71**
Net third party debt	433	411	436	437
Total third party debt / LTM EBITDA	3.21	2.84	3.12	2.93
Net third party debt / LTM EBITDA	3.11	2.71	2.81	2.74

[1] Free liquidity is defined as cash and cash equivalents less restricted cash

Our Fleet

We operate a modern, technologically advanced and versatile fleet. As at September 30, 2013, our fleet comprised 93 OSVs (85 of which are owned by us and eight that are chartered-in on a long-term basis). The vessels in our fleet have an average age of 7.3 years.

	Nine Months Ended	
	30 Sep 2013	30 Sep 2012
Carrying value of Vessels (including other fixed assets)	$982.8 million	$972.8 million
Average vessel age	7.3 years	7.0 years
Average day rate of core fleet	$15,763	$15,818
Utilisation of core fleet	95.2%	90.3%
No. of vessels	**93**	**96**
Caspian	*62*	*63*
Mena	*22*	*24*
Global	*9*	*9*
RONA	8.9%	7.3%

Operational Review

The first nine months have seen continued strong growth across the Group's activities. We have enjoyed consistent and improved utilization across our core fleet with the Caspian and especially the Azerbaijan market as a stand-out performer. Utilization in our 'other asset' fleet has improved significantly over the previous year due to the Russian Filanovsky development where we now have 14 assets deployed.

The MENA business has delivered a solid performance both in Qatar and in Saudi Arabia. We expect to grow further in both these markets through our strong working relationships with clients such as Maersk Oil, Oxy and Saudi Aramco.

Our Global business has made significant inroads into West Africa with six vessels now operating there. We are in detailed discussions with oil majors regarding the possibility of deploying a further two large Platform Supply Vessels on medium term contracts.

Our safety performance has been strong and we can report zero fatalities and zero Lost Time Incidents in the period.

Notable contract wins in the third quarter are the two contracts secured with BP in Azerbaijan. This underpins the board's confidence in delivering continued strong revenue growth and margin improvement.

Outlook

Topaz has delivered another quarter of growth as we focus on driving our strategy of investing in our fleet to ensure we have a young and technologically advanced offshore support vessel fleet for our clients, the world's leading oil and gas companies. Our ability to support their production strategies in a large number of projects has ensured a growing level of long-term contracts and high vessel utilization rates. With the investment we have made in the business over the course of the first nine months of the year in terms of vessels, technology and most importantly, our people, we remain confident for the prospects of the full year results.

About Topaz Energy and Marine

Topaz Energy and Marine is a leading offshore support vessel company providing marine solutions to the global energy industry with primary focus on the Middle East and the Caspian Sea. Headquartered in Dubai with 40 years of experience in the Middle East, Topaz operates a fleet of more than 90 offshore support vessels of an average age of 7 years. Topaz is a wholly owned subsidiary of Renaissance Services SAOG, a publicly traded company on the Muscat Securities Market, Oman.

www.topazworld.com

For further information please contact:

Investor Relations:

Robert Desai
Head of Corporate Planning, IR & Communications
Tel: +971 4 440 47 00
Email: ir.topaz@topazworld.com

Media Contacts:

FTI Consulting
Email: topaz@fticonsulting.com

Dubai: John Hobday
Tel: +971 4 437 2107
London: Ben Brewerton / Natalia Erikssen
Tel: +44 207 831 3113