



Topaz Energy and Marine

Presentation to HSBC HY Conference

21st November 2013

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Today's Presenters



René Kofod-Olsen
Chief Executive Officer



Pernille Fabricius
Chief Financial Officer

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I. Business Introduction

Topaz Energy and Marine

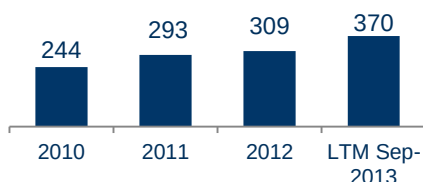
A leading offshore support vessel company

What is Topaz

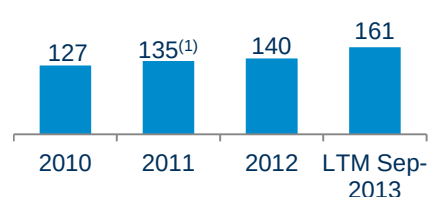
Leading offshore support vessel (OSV) company with a modern and versatile fleet of 93 vessels

- Geographic** focus on the Caspian Sea and MENA regions with selective contracts in global markets

Revenues



EBITDA



Scope of operations

Topaz's versatile fleet caters to a wide range of services required by oil and gas companies

- Fleet provides a variety of services including rig moves, supply logistics, anchor handling and safety support
- Strong market share in the Caspian and MENA region
- The majority of our vessels are focused towards the stable development and production phases, which span longer periods and are relatively less sensitive to oil price movements

Overview of its blue chip client base

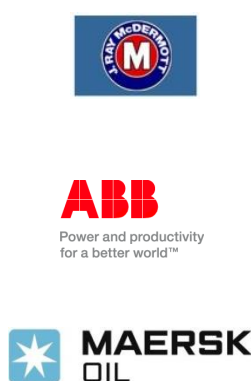
IOCs



NOCs

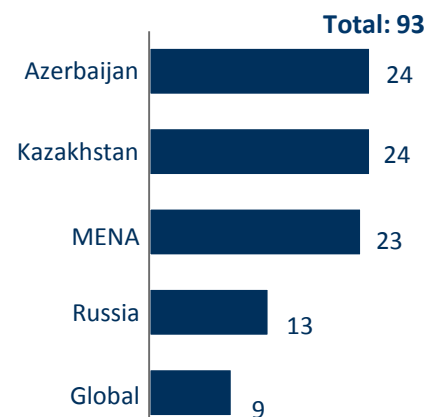


Contractors

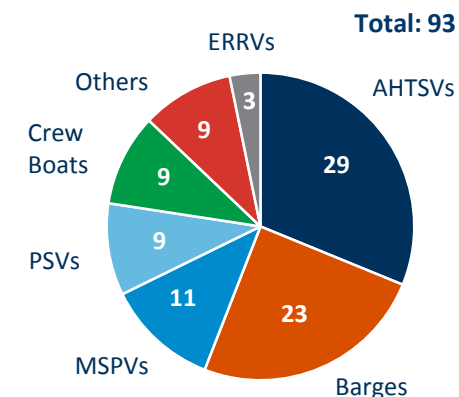


Fleet Overview

Breakdown by geography



Breakdown by type

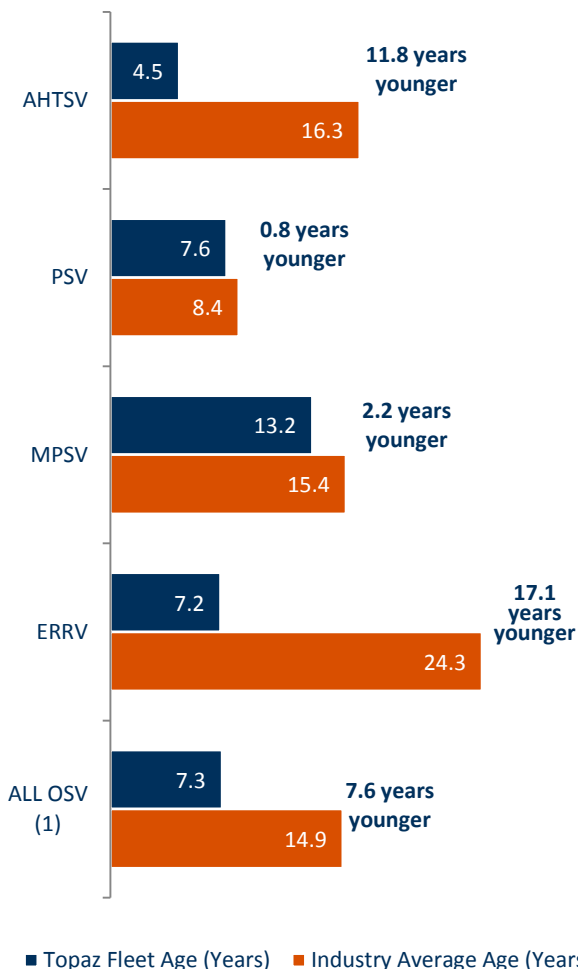


1/ Adjusted 2011 EBITDA of \$134.8m is calculated as Un-adjusted 2011 EBITDA of \$121.2m plus one-off costs: IPO costs of \$8.1m, unamortized arrangement fee of \$1.8m, provision against BP tax claim of \$1.9m, impairment of receivables (AGIP claim) of \$1.8m

Competitive Advantages

How Topaz sets itself apart from its peers

- 1 Fleet is younger than industry average**
- 2 Long contract tenor and USD 1bn+ backlog**
- 3 Market leader in Caspian home market**



Long Tenor

- Typically 3 to 10 years
- Home market Caspian enjoys mostly long tenors

Resilient even during downturns

- Less subject to seasonality and industry volatility
- Long contract tenors in production and development phase provides protection

Stability of cash flows

- Stable streams of income from long contracts with IOCs
- Visibility over future cash flows

Scale

- Caspian high cost of entry keeps out speculative competitors
- Able to keep cost competitive and achieve strong margins

Unique understanding of Caspian

- Mastery of logistical challenges based on decades of experience
- Deep understanding of customers and regulatory requirements

Operator of Choice

- Operator of choice for IOCs such as BP, Total and AGIP

Strong EBITDA Margin (9M to 30 Sep 2013): 43.2%

Underpinned by excellent HSE and operational performance

Source: Clarkson Research

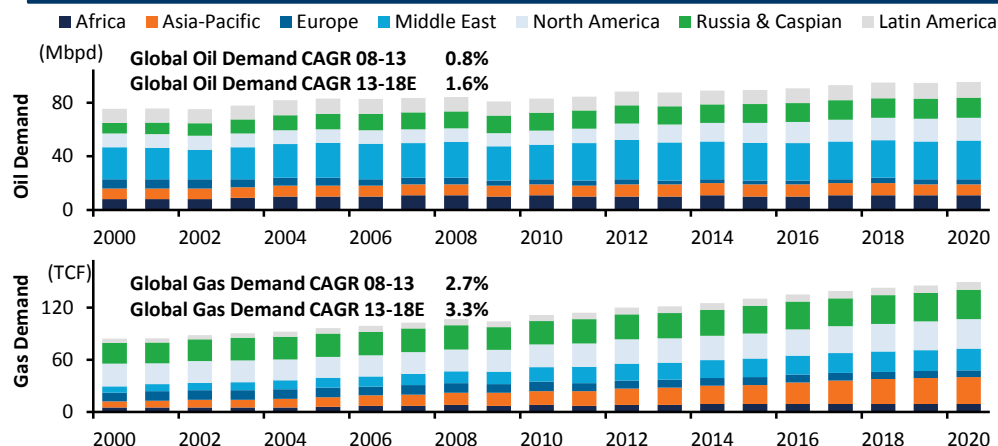
Note: 1/ All OSV includes AHTSVs, AHTs, PSVs, Crew Boats and MPSVs only.

II. Financial Position and Performance to 30 Sep, 2013

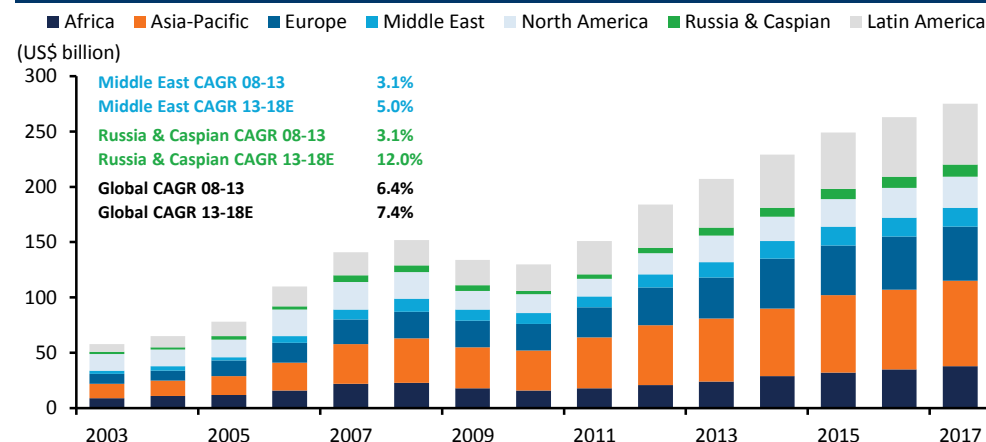
Offshore Oil - Robust Industry Fundamentals

Host of favorable dynamics indicate healthy future OSV demand

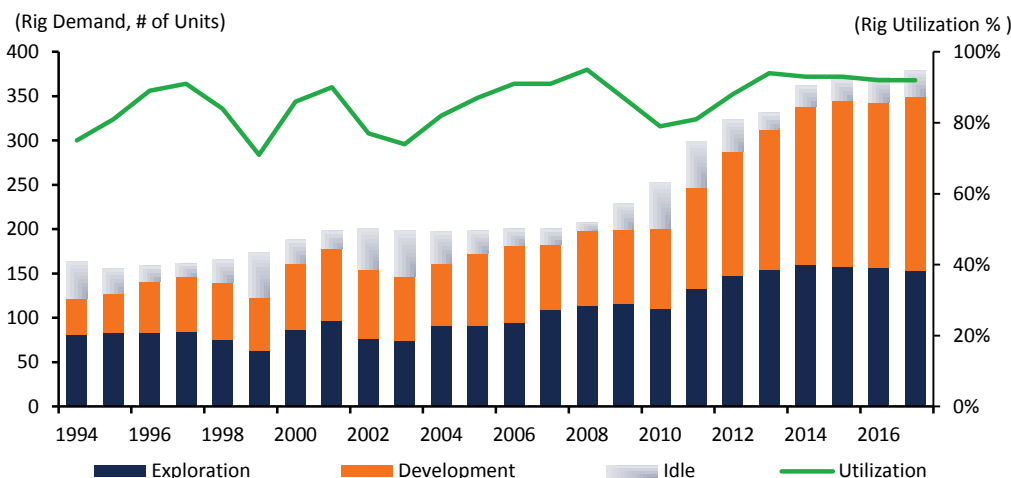
Growing energy demand necessitates continued offshore activity



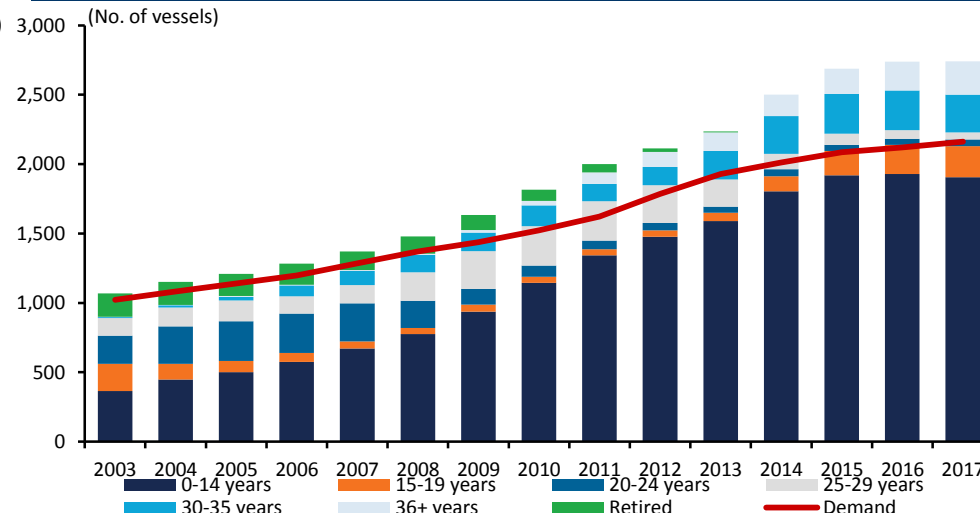
Increasing offshore E&P capex drives offshore activity



Rig population growing with high and stable forecasted utilization



Technically obsolete OSV tonnage >20 years not considered by IOCs



Strong energy demand

High exploration & production capex

Increasing offshore rig activity

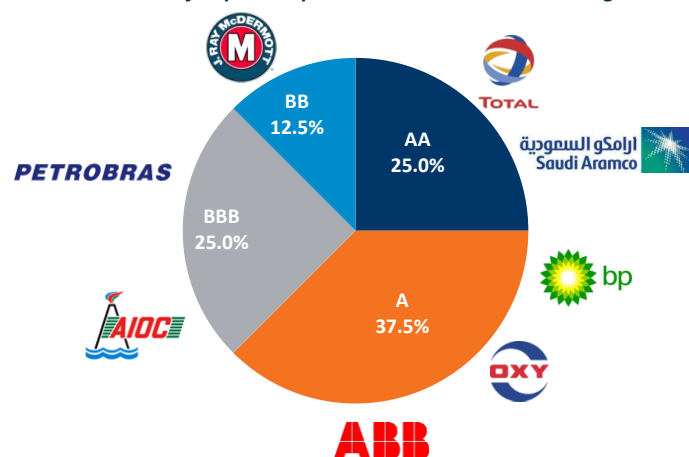
Robust OSV demand with clients requiring newer tonnage

Established Relationships with Leading Players

Healthy mix of IOCs and prominent NOCs form the client base

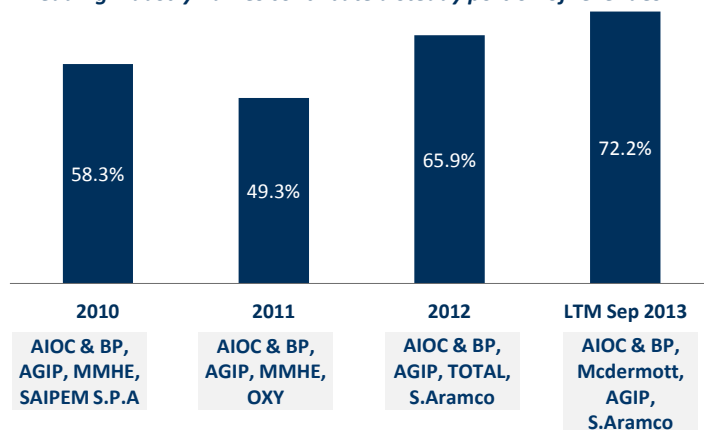
Overview of select top customers credit ratings⁽¹⁾

Most of Topaz's top clients are rated investment grade



Historical revenue contribution from the top 5 clients

Leading industry names contribute a steady portion of revenues



Top 10 customers are a mix of major IOCs and NOCs

LTM Sep 2013	Revenues (US\$ mn)	No. of years relationship	% of total rev	IOC	NOC	Offshore Contractors
AIOOC & BP	121	11	33%	✓	✓	
Agip	47	11	13%	✓		
McDermott	40	5	11%			✓
Saudi Aramco	34	2	9%		✓	
TOTAL	24	8	7%	✓		
OXY	23	9	6%	✓		
Eni	14	8	4%	✓		
Saipem	10	9	3%			✓
MAERSK	7	3	2%		✓	
PETROBRAS	2	3	1%			

6.9 on average

88.6% revenue contribution

Note: AIOOC and BP are considered one revenue stream due to their joint operations, AGIP considered IOC due to its ownership by ENI

1/ Sovereign ratings used for NOCs – Standard & Poor's Ratings

Historical Income Statement Development

Solid growth and consistent +40% EBITDA margins

US\$ mn	2010A	2011A	2012A	LTM Sep 2013	LTM Sep 2012
Revenue	244	293	309	370	302.6
Direct Costs	(135)	(177)	(193)	(231)	(186.1)
Gross Margin	109	116	117	139	116.5
SG&A	(23)	(27)	(30)	(32)	(28.7)
Adjusted EBITDA	127	135	140	161	141.9
Adjusted EBIT	91	90	86	104	89
Cash Flow from Operations	102	76	139	156	67
<i>Revenue Growth (%)</i>	<i>n.a.</i>	<i>20.4%</i>	<i>5.5%</i>	<i>22.3%</i>	<i>-</i>
<i>Direct Costs as % of Revenue</i>	<i>55.3%</i>	<i>60.3%</i>	<i>62.3%</i>	<i>62.4%</i>	<i>-</i>
<i>Gross Margin (%)</i>	<i>44.7%</i>	<i>39.7%</i>	<i>37.7%</i>	<i>37.6%</i>	<i>-</i>
<i>SG&A as % of Revenue</i>	<i>9.2%</i>	<i>9.3%</i>	<i>9.7%</i>	<i>8.6%</i>	<i>-</i>
<i>Adjusted EBITDA Margin (%)</i>	<i>52.2%</i>	<i>46.0%</i>	<i>45.1%</i>	<i>43.2%</i>	<i>-</i>
<i>Adjusted EBIT Margin (%)</i>	<i>37.3%</i>	<i>30.7%</i>	<i>27.8%</i>	<i>28.1%</i>	<i>-</i>

9M 2013 Operational Performance

High core fleet utilization rates and a 1bn+ revenue backlog

Selected KPIs	9M to Sep 2013	9M to Sep 2012	Variance
Utilization of core fleet	95.2%	90.3%	+4.9ppt
Average day rate of core fleet	\$15,763	\$15,818	-0.3%
Revenue backlog	\$1.07 bn as at 30 Sep 2013		
No. of vessels	93	96	-3
Average vessel age	7.3 years	7.0 years	-0.3

Key points

- Utilization high and stable in core fleet
- Backlog at an all time high
- Focus on core OSV and technologically advanced tonnage and divestments of older, non-core tonnage has decreased the total fleet size
- Average vessel age at 7.3 years compared to a 15 year industry average

9M 2013 Income Statement Update

Revenue up 27% due to fleet expansion and better utilization

US\$	Q3 2013	Q3 2012	9M to Sep 2013	9M to Sep 2012	9M Variance
Revenue	98.8	81.0	284.2	223.4	+27.2%
Gross Profit	39.3	33.0	108.4	86.1	+25.9%
<i>GP Margin</i>	<i>39.8%</i>	<i>40.7%</i>	<i>38.1%</i>	<i>38.5%</i>	<i>-0.4 ppt</i>
EBITDA	41.4	36.3	122.8	101.8	+20.6%
<i>EBITDA Margin</i>	<i>41.9%</i>	<i>44.9%</i>	<i>43.2%</i>	<i>45.6%</i>	<i>-2.4 ppt</i>
EBIT	27.1	22.3	80.0	61.9	+29.2%
<i>EBIT Margin</i>	<i>27.4%</i>	<i>27.5%</i>	<i>28.1%</i>	<i>27.7%</i>	<i>+0.4 ppt</i>
Finance Cost	(9.9)	(8.7)	(29.5)	(25.9)	-13.9%
<i>Profit Before Tax</i>	<i>17.3</i>	<i>13.7</i>	<i>50.5</i>	<i>36.0</i>	<i>+40.3%</i>
<i>Net Profit</i>	<i>12.4</i>	<i>10.9</i>	<i>36.3</i>	<i>26.0</i>	<i>+39.6%</i>

Key points

- Revenue growth driven by acquisition of new vessels and better utilisation in Caspian and MENA
- EBITDA margin down due to receivables write-off
- Cash generated from operations increased due to improved EBITDA
- Increase in interest expense due to refinancing and new borrowings

9M 2013 Cash Flow Update

Highly cash generative model

US\$ mn	Q3 2013	Q3 2012	9M to Sep 2013	9M to Sep 2012
Profit Before Tax	17.3	13.7	50.5	36.0
Adjustments	28.2	23.2	83.1	67.1
Working Capital	(5.5)	(1.3)	(26.8)	(13.8)
Cash generated from Operations	40.0	35.6	106.8	89.3
Cash conversion	97%	98%	87%	88%
Income tax paid	(4.8)	(2.8)	(10.8)	(8.3)
Interest paid	(7.4)	(19.8)	(27.4)	(30.4)
Net cash generated from operating activities	27.8	13.4	68.6	50.6
Cash used in Investing activities	(28.9)	(39.8)	(51.2)	(104.1)
Cash provided by financing activities	(16.9)	30.1	(1.3)	55.8
Increase / (decrease) in cash and cash equivalents	(17.9)	3.7	16.1	2.3

Key points

- High and sustainable cash conversion year on year
- Focus on improving working capital compared with current levels

9M 2013 Balance sheet Update

Capital hungry model

US\$ mn	As on Sep 2013	As on Sep 2012
Net Fixed Assets and Cap WIP	983	978
Intangibles	41	27
Non-Current Assets	1,024	1,005
Current assets (other than cash)	147	170
Cash & Bank Deposits	45	38
Current Assets	192	208
Bank Overdraft	-	1
Current Maturity of Term Loans	73	93
Other current liabilities	75	89
Current Liabilities	149	184
Net Current Assets / Liabilities	44	25
Long Term Loans	529	550
Staff Terminal Benefits	8	8
Non-current liabilities	537	558
Total Net Assets	531	471
Share Capital	257	242
Reserves	188	154
Share Holders Fund	445	396
Minorities	86	75
Funds Employed	531	471

Key points

- Capital intensive
- Healthy debt load
- This balance sheet reflects the pre-bond situation

Capital Structure

Net leverage at 2.8x

US\$ mn	As at 30 Sep 2013	As at 30 Sep 2012	Variance
Free Liquidity ¹	31.2	25.0	+11.5%
Total External Debt	467.9	459.0	+1.9%
Gross Leverage ²	3.0x	3.3x	-11.2%
Total External Net Debt	436.7	431.0	+1.3%
Net Leverage ³	2.8x	3.2x	-11.8%

Key points

- Increase in external net debt primarily due to borrowings related to acquisition of new vessels
- Net leverage reduced as a result of improved EBITDA

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

² Total external debt / EBITDA

³ Total external debt – cash / EBITDA

Sources & Uses

Sources of Funds (US\$ mn)

New Senior Unsecured Notes	350.0
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Total Sources	350.0
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Uses of Funds (US\$ mn)

Refinance Existing Secured Vessel Financing	120.0
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Cash on B/S to Fund Capital Expenditure	180.0
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Cash on B/S	40.0
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Fees and Expenses	10.0
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Total Uses	350.0
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US\$ mn	As at 30 Sep 13	Transaction Adjustments	PF Post Bond	30 Sep 2013 PF Adj. EBITDA x
Cash and Cash Equivalents	(45.2)	(35.0)*	(80.2)	
Secured Vessel Financing	467.9	(119.1)	348.8	
Net Senior Secured Debt	422.7	(154.1)	268.6	1.39x
New Senior Unsecured Notes	-	350.0	350.0	
Net Senior Debt	422.7	195.9	618.6	3.21x
Subordinated Shareholder Loans	134.0	-	134	
Net Total Debt	556.7	195.9	752.6	3.90x
LTM Pro Forma Adjusted EBITDA				192.9**
RCF 1***			40.0	
RCF 2			5.0	
RCF 3			20.0	
Appraised Value of Existing Vessels and Cost of New Vessels				1,150.0

* Cash adjustment includes \$5.0m of cash on balance sheet that was used to repay the Refinanced Credit Facilities after Sept 30, 2013.

** Refer to slide 17 where the bridge to PF EBITDA is provided.

*** The new RCF which was signed on 21st October has an aggregate principal amount of the lesser of (i) \$40m or (ii) 65% of the market value of the vessels the RCF is secured against.

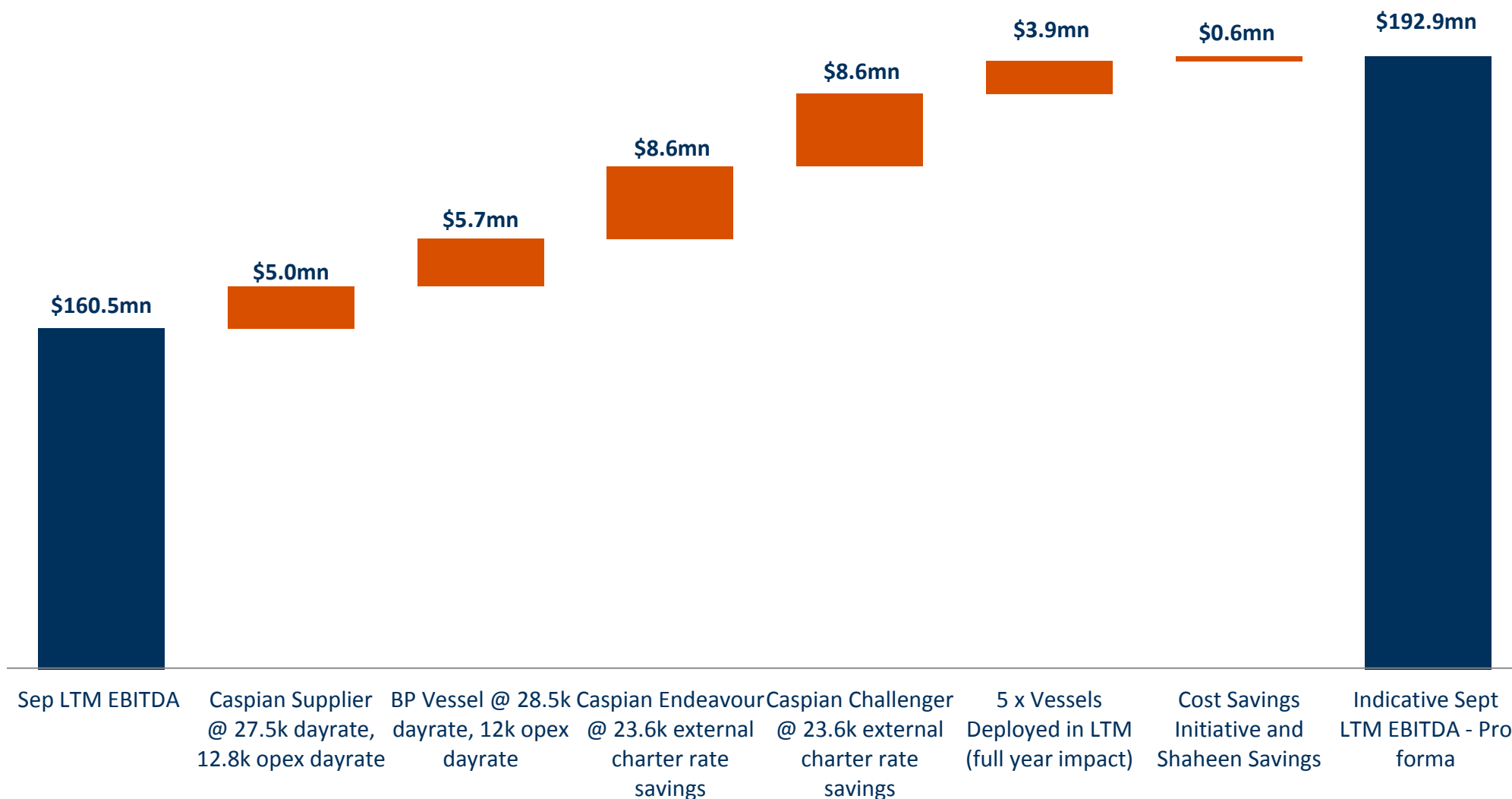
New Vessel Purchases with Bond Proceeds

Strategy executed as per plan

New Vessels	Time of Purchase	Purchase Cost (US\$ mn)	Expected EBITDA (US\$ mn, yearly)	Deployed in	Contract Length (years)	Strategy Executed?
Caspian Supplier						
	Sept - 2013	30.0	5.0	Azerbaijan Nov - 2013	2+1+1+1	✓
Ievoli Sapphire						
	Oct - 2013	35.0	5.7	Azerbaijan Apr - 2014	2+1+1+1	✓

Vessels Topaz Currently Operates	Time of Purchase	Purchase Cost (US\$ mn)	Incremental EBITDA from no rental fees (US\$ mn, yearly)	Deployed in	Contract Length (years)	Strategy Executed?
Caspian Endeavour						
	Prior to option exercise date (Feb - 2014)	58	8.6	Azerbaijan Oct - 2012	2	In progress
Caspian Challenger						
	Prior to option exercise date (Feb - 2014)	58	8.6	Azerbaijan Oct - 2012	2	In progress

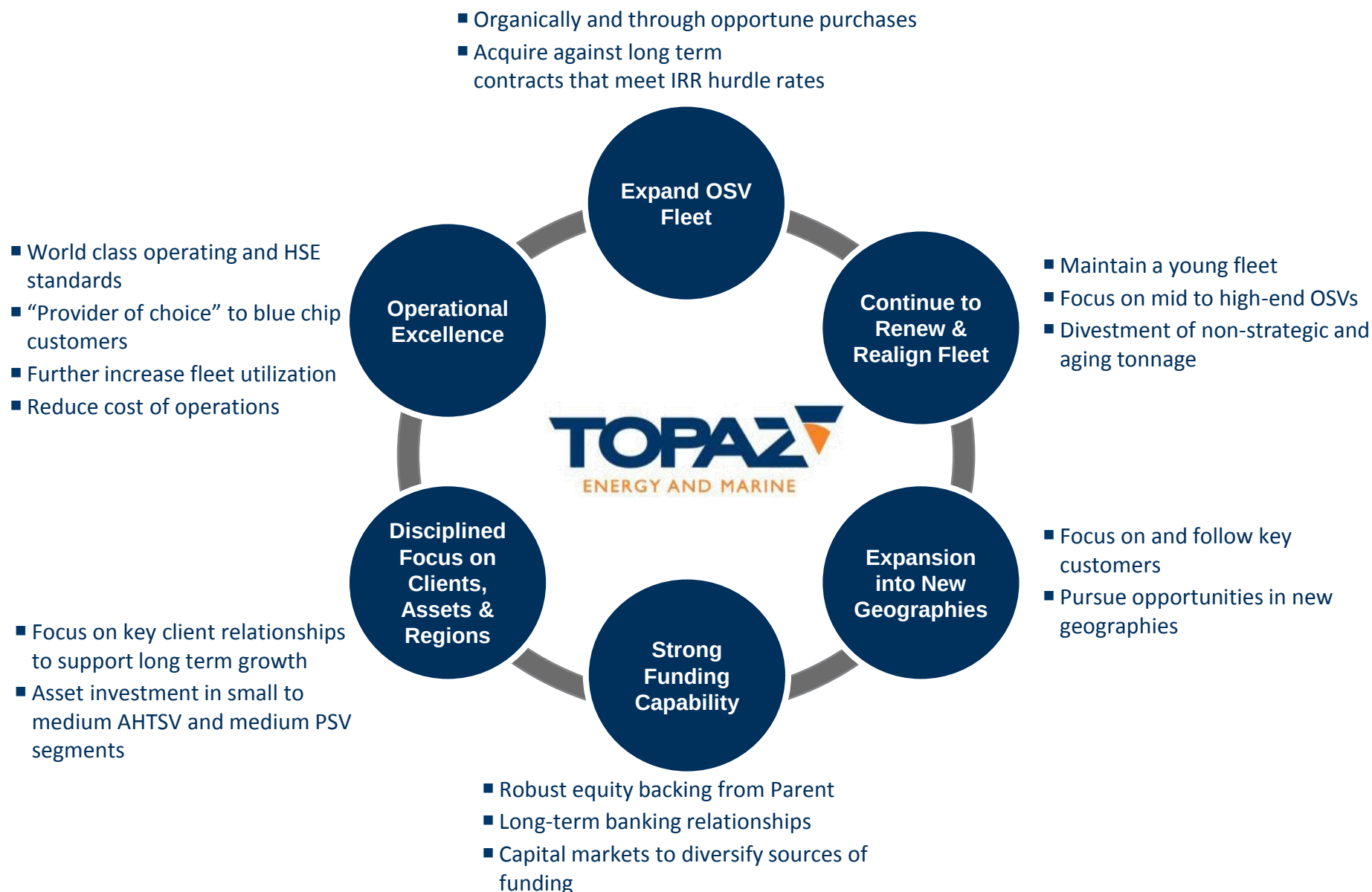
LTM Sept 2013 EBITDA Bridge



III. Strategy & Outlook

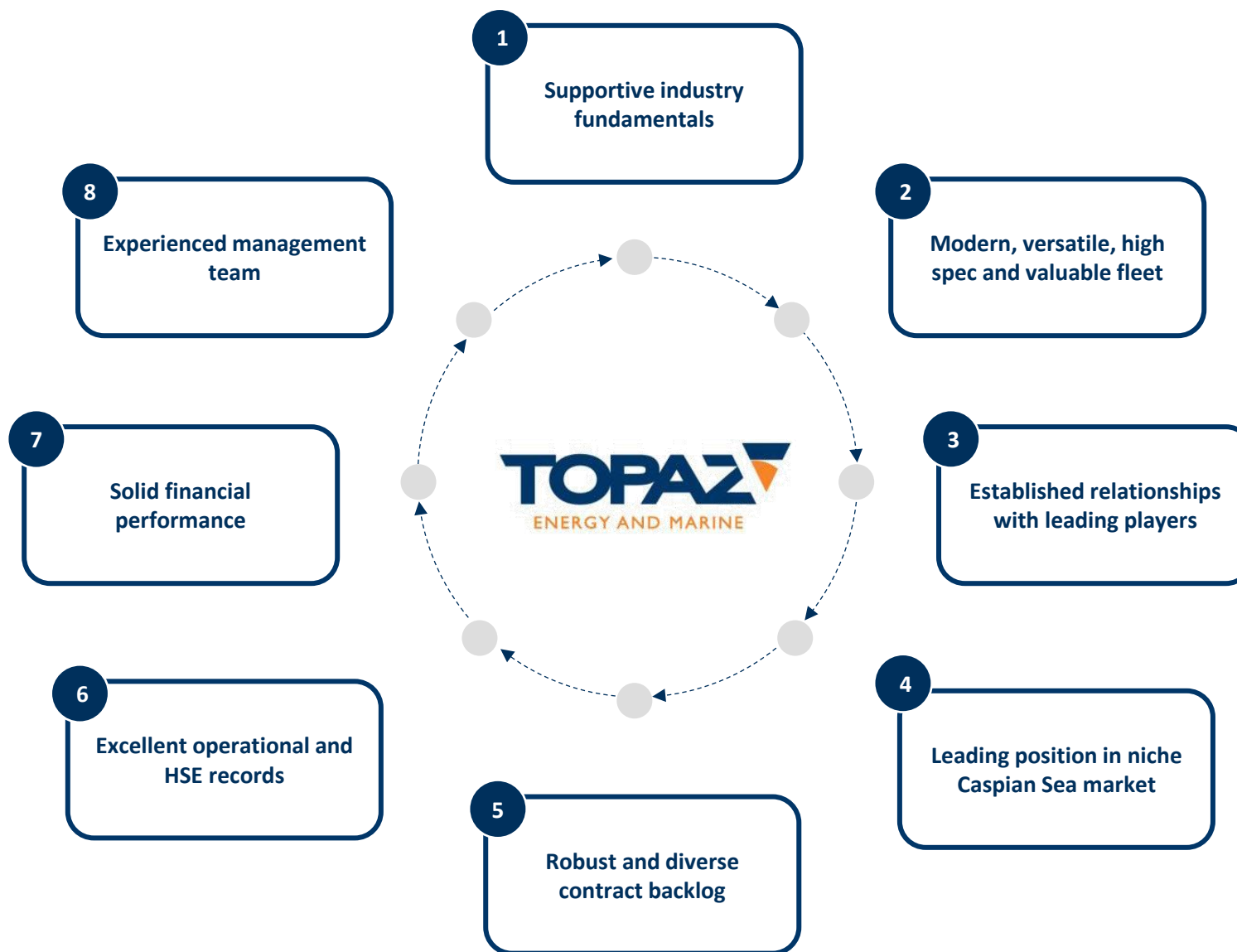
Key Strategic Initiatives

Demonstrated capabilities to deliver a prudent growth strategy



Key Credit Strengths

Positive credit highlights support competitive position



IV. Questions & Answers