

**NEWSLETTER # 42**  
**30<sup>th</sup> April 2015**

**WINS Q1 2015 revenue was down 39% YOY to US\$ 29.2 million, negatively impacted by severe cutbacks in oil and gas spending following the collapse in oil prices and uncertainty of oil price outlook.**

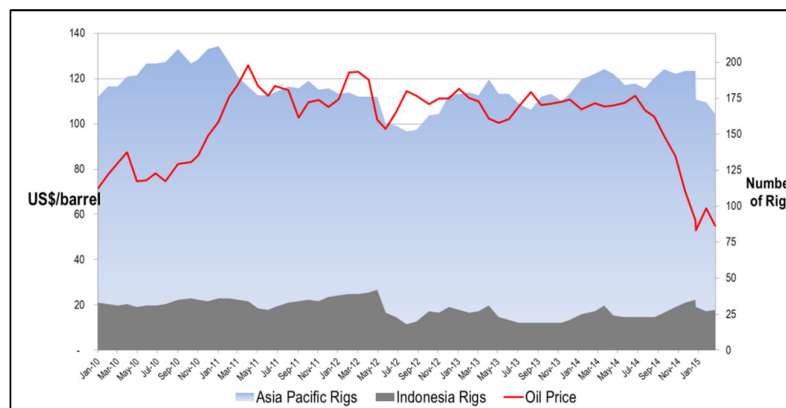
**Pendapatan WINS Kwartal I 2015 turun 39% dibandingkan periode lalu menjadi US\$ 29,2 juta, dampak negatif dari pemotongan pengeluaran minyak dan gas karena anjloknya harga minyak dan ketidakpastian prospek harga minyak.**

**Sharp and Sudden Deterioration in the Global Oil and Gas Industry**

After the steep drop in oil prices since late 2014, oil and gas companies all over the world have been cutting back on expenditures and retrenching staff in Q1 2015. Over the first three months of 2015, oil and gas companies announced drastic cost cutting plans in turn. As a result, most oil exploration projects have been postponed indefinitely and some ongoing projects were stopped. Rig utilization fell across the board, but particularly in the North Sea and USA. In Indonesia, oil companies initiated drastic cost reduction plans which led to postponement of projects and renegotiation of existing contract, whilst some rigs that had been working were even terminated.

**Penurunan Tajam dan Mendadak pada Industri Minyak dan Gas Global**

Setelah penurunan tajam pada harga minyak sejak akhir 2014, perusahaan minyak dan gas di seluruh dunia telah memotong pengeluaran dan mengurangi pegawainya pada Q1 2015. Selama 3 bulan pertama tahun 2015, berbagai perusahaan minyak dan gas satu persatu mengumumkan rencana pemotongan biaya. Sebagai akibatnya, kebanyakan proyek-proyek eksplorasi menjadi tertunda sampai waktu yang tidak diketahui dan beberapa proyek yang sedang berjalan menjadi dihentikan. Utilisasi *rig* turun dimana-mana, terutama di North Sea dan USA. Di Indonesia, perusahaan-perusahaan minyak memulai rencana pemotongan biaya yang drastis yang mengakibatkan penundaan proyek-proyek dan renegotiasi kontrak yang ada, sementara itu beberapa *rig* yang sebelumnya bekerja bahkan dihentikan.



**Owned Vessels**

Amidst this very challenging environment, revenues from our Owned Vessels segment fell 39% to US\$ 29.2 million, as a result of termination of rigs and the postponement of exploration projects, which affected our high tier vessels more than the low and mid tier. Directed by SKK MIGAS, oil company clients also asked to renegotiate rates. Overall fleet utilization fell from 70% in Q1 2014 to 61% in Q1 2015. To mitigate this sharp downturn, we were able to deploy our

**Owned Vessels**

Ditengah situasi yang sangat menantang ini, pendapatan dari segmen Kapal Milik turun 39% menjadi US\$ 29,2 juta, karena penghentian beberapa rig dan penundaan proyek-proyek eksplorasi, yang lebih berimbas pada kapal-kapal *high tier* dibandingkan *low* dan *mid tier*. Dibawah pengarahannya SKK MIGAS, klien-klien perusahaan minyak juga melakukan negosiasi ulang terhadap tarif sewa. Utilisasi armada secara keseluruhan jatuh dari 70% pada Q1 2014 menjadi 61% pada Q1

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high tier vessels on spot contracts in regional markets, albeit at lower gross margins. Depreciation, which makes up nearly 50% of Owned Vessel direct expenses, is not a variable cost. Therefore as utilization rates fell, the gross margins for Owned vessels fell to 23.4% in Q1 2015 leading to a 73% drop in Gross Profit from Owned Vessels to US\$ 4.8 million from US\$ 16.5 million in the same period last year.

### Chartering Division

Chartering Division revenues declined by 60% YOY as many projects were postponed or terminated by oil and gas companies as a reaction to the volatile oil price situation in the first quarter. Profit from Chartering fell by half to US\$ 0.75 million from US\$ 1.5 million in the previous corresponding period.

### Direct and Indirect Expenses

Total direct expenses fell by 18% from US\$ 29.2 million to US\$ 23.8 million in Q1 2015, mainly contributed by the fall in chartering expenses as there were few new projects. Segmental direct expenses for Owned Vessels, however, went up, due to higher depreciation and crew costs arising from our fleet expansion into high tier vessels last year. These vessels require higher quality crew to operate because of more sophisticated technology. Fuel expenses also rose, due to higher bunker consumption as utilization dropped to 61% from 70% last year.

Indirect expenses reduced by 17% YOY, as a result of some cost savings measures implemented by Management. These included a hiring freeze and streamlining our organizational structure through a restructuring of responsibilities that achieved operational efficiencies with fewer personnel.

Gross Profit was US\$ 5.4 million for Q1 2015, down from US\$ 18.7 million, while Operating profit was US\$ 2.5 million, down from US\$ 15.3 million in Q1 2014.

### Other Income and expenses

Net Other expenses fell by 19% YOY to US\$ 2.5 million as a result of lower interest expenses, offset by a loss from associates.

### Net Income and EBITDA

After tax and minorities, the income attributable to shareholders was sharply lower at US\$ 76 thousand for Q1 2015 as compared to US\$ 7.9 million in the first quarter

2015. Untuk mengurangi penurunan yang tajam ini, kami masih dapat mempekerjakan kapal-kapal *high tier* pada kontrak-kontrak *spot* di pasar regional meskipun dengan margin bruto yang lebih rendah. Penyusutan, yang hampir mencapai 50% dari beban langsung Kapal Milik bukan merupakan biaya variabel. Dengan demikian karena penurunan tingkat utilisasi, margin bruto Kapal Milik jatuh ke 23.4% pada Q1 2015 yang mengakibatkan penurunan Laba Bruto dari Kapal Milik menjadi US\$ 4,8 juta dari US\$ 16,5 juta pada periode yang sama tahun lalu.

### Divisi Chartering

Pendapatan Divisi *Chartering* turun 60% dibanding periode lalu karena banyak proyek-proyek yang ditunda atau dihentikan oleh perusahaan-perusahaan minyak dan gas sebagai reaksi atas tidak menentunya harga minyak pada kwartal pertama. Laba dari *Chartering* jatuh setengahnya menjadi US\$ 0,75 juta dari US\$ 1,5 juta pada periode sebelumnya.

### Beban Langsung dan Tidak Langsung

Total beban langsung turun 18% dari US\$ 29,2 juta menjadi US\$ 23,8 juta di Q1 2015, terutama disebabkan jatuhnya beban chartering karena sedikitnya proyek-proyek baru. Namun, beban langsung segmen untuk Kapal Milik mengalami kenaikan, karena tingginya penyusutan dan biaya awak kapal dari ekspansi armada kapal *high tier* pada tahun lalu. Kapal-kapal ini membutuhkan awak kapal yang berkualitas lebih tinggi untuk mengoperasikan karena teknologi yang lebih tinggi. Beban bahan bakar juga naik karena konsumsi bahan bakar lebih tinggi disebabkan utilisasi yang turun menjadi 61% dari 70% pada tahun lalu.

Beban tidak langsung turun 17% dibanding periode lalu, karena langkah penghematan yang diimplementasikan oleh Manajemen. Ini termasuk penghentian rekrutmen dan perampingan struktur organisasi melalui suatu restrukturisasi tanggungjawab untuk mencapai efisiensi operasional dengan personel yang lebih sedikit.

Labanya sebesar US\$ 5,4 juta selama Q1 2015, turun dari US\$ 18,7 juta, sementara laba operasi sebesar US\$ 2,5 juta, turun dari US\$ 15,3 juta pada Q1 2014.

### Pendapatan dan Beban Lain-lain

Beban Lain-lain bersih turun 19% dibanding periode lalu menjadi US\$ 2,5 juta karena rendahnya beban bunga, dan di *offset* dengan rugi dari perusahaan asosiasi.

### Labanya Bersih dan EBITDA

Setelah pajak dan minoritas, laba diatribusikan kepada pemegang saham turun tajam menjadi US\$ 76 ribu selama Q1 2015 dibandingkan US\$ 7,9 juta pada kwartal pertama 2014.

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2014. EBITDA halved to US\$ 9.8 million from US\$ 21.4 million.

**Assets and Gearing**

As there were no new loans disbursed in the first quarter, the net gearing ratio has improved to 65% as at 31 March 2015, compared to 67% at the end of 2014.

**Industry Environment**

The first quarter was exceptionally dismal, as oil companies started to cut costs and postpone activity due to global uncertainty stemming from the massive fall in oil prices. Exploration work was the first to be postponed, while production continues but with rate negotiations as the global oil and gas industry continues to be plagued by oversupply and uncertainty. Because of the lower oil price, total approved expenditure on upstream oil and gas projects in Indonesia has been revised down from US\$ 22.2 billion to US\$ 19.9 billion.

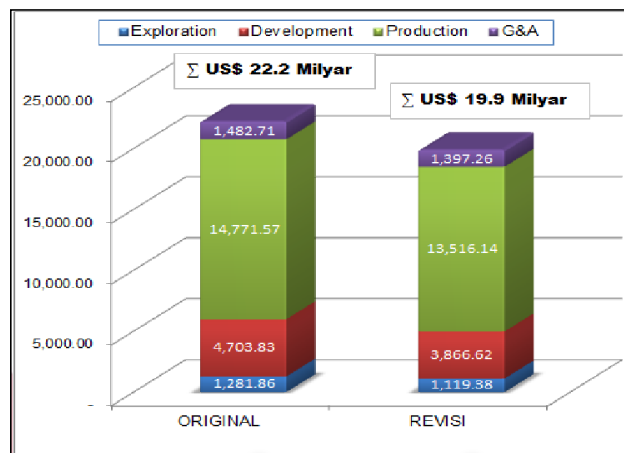
EBITDA turun setengahnya menjadi US\$ 9,8 juta dari US\$ 21,4 juta.

**Aset dan Gearing**

Dengan tidak adanya pinjaman baru pada kwartal pertama, rasio *net gearing* membaik menjadi 65% pada 31 Maret 2015, dibandingkan 67% pada akhir 2014.

**Lingkungan Industri**

Kwartal pertama sangat suram, karena perusahaan-perusahaan minyak mulai memotong biaya dan menunda aktivitas. Ini diakibatkan dengan adanya ketidakpastian secara global yang berasal dari penurunan tajam harga minyak. Pekerjaan eksplorasi yang pertama kali mengalami penundaan, sementara produksi tetap dilanjutkan tetapi dengan negosiasi tarif karena industri minyak dan gas global diganggu oleh kelebihan suplai dan ketidakpastian. Karena rendahnya harga minyak, jumlah yang disetujui untuk pengeluaran proyek-proyek minyak dan gas hulu di Indonesia diturunkan dari US\$ 22,2 miliar menjadi US\$ 19,9 miliar.



Source: SKK MIGAS

**Industry Outlook**

Over the past month, the oil price has recovered slightly from the lowest point in January, and there are market expectations that prices may well recover to US\$65-75 /bbl levels in 2016. We are optimistic that once oil prices stabilize to a new equilibrium, oil and gas companies will resume upstream projects.

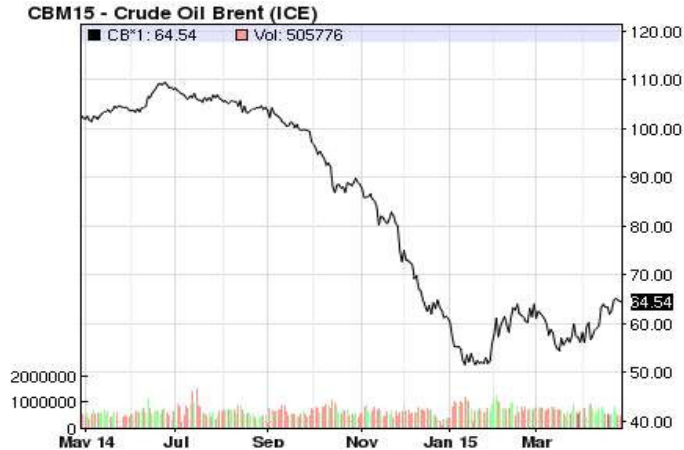
**Prospek Industri**

Selama bulan lalu, harga minyak sedikit mengalami pemulihan dari titik terendah pada bulan Januari, dan pasar mengharapkan harga dapat pulih lebih baik ke US\$ 65 – 75 / barrel pada tahun 2016. Kami optimistis bahwa begitu harga minyak stabil pada keseimbangan baru, perusahaan-perusahaan minyak akan memulai lagi proyek-proyek hulu.

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The positive outcome of such a swift and severe downturn as experienced in the industry this past quarter is that many aging rigs and vessels have been laid up and permanently removed from global supply. The dramatic fall in daily rates of up to 50% in some segments of rigs and OSVs will also bring down operating costs for oil companies when they resume drilling operations and recontract with subcontractors. The cyclical nature of the oil and gas industry is such that we could see a strong recovery again within a couple of years' time.

Even though oil prices are recovering and at the time of writing Brent Crude is back to US\$64-65/brl, the impact of the recent sharp cuts in spending by oil and gas companies will take some time to filter through to the oil services sector. We therefore expect continued weakness in the second quarter, as a result of actions taken in the first quarter. Should oil prices continue to firm up, and a new equilibrium level is reached soon, activity would return by the end of the year or early next year.

There are 4 potential upstream oil and gas development projects in Indonesia of significant size that have production targets in 2018-2020. Out of those, only 1 project is currently actively drilling in 2015. We are optimistic therefore that the current dire situation could turn around relatively quickly when the other projects are activated again. Depending on the oil price outlook, this could happen within a 9-18 months horizon.

Hasil positif dari cepat dan parahnya suatu penurunan yang dialami industri pada kwartal ini adalah banyaknya rig dan kapal-kapal telah dinonaktifkan dan secara permanen telah dihapus dari suplai global. Jatuhnya tarif harian secara dramatis sampai 50% pada segmen rig dan OSV tertentu akan juga menurunkan biaya operasi perusahaan-perusahaan minyak ketika mereka memulai kembali operasi pengeboran dan mengkontrak ulah para subkontraktor. Siklus alamiah industri minyak dan gas sedemikian rupa sehingga kita dapat melihat pemulihan lagi dalam beberapa tahun.

Meskipun harga minyak pulih dan pada saat penutupan Brent Crude kembali pada US\$ 64 – 65 /barrel, dampak dari pemotongan pengeluaran baru-baru ini oleh perusahaan-perusahaan minyak dan gas akan perlu waktu untuk berpengaruh terhadap sektor pendukung minyak. Kami dengan demikian memperkirakan pelemahan berlanjut pada kwartal kedua, sebagai akibat dari tindakan yang diambil pada kwartal pertama. Kalau harga minyak tetap menguat, dan keseimbangan baru tercapai segera, aktivitas akan kembali pada akhir tahun atau awal tahun depan.

Terdapat 4 proyek pengembangan minyak dan gas hulu yang potensial di Indonesia dengan ukuran yang signifikan yang targetnya akan berproduksi pada tahun 2018-2020. Diantaranya, hanya 1 proyek yang aktif melakukan pengeboran pada tahun 2015. Kami optimis bahwa situasi buruk pada saat ini dapat berubah relatif cepat ketika proyek-proyek lain diaktifkan kembali. Tergantung dari prospek harga minyak, ini dapat terjadi dalam rentang 9-18 bulan.

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### Strategy

During the past months our management has been working to implement cost cutting strategies, which has resulted in a reduction of crew over the 3 months and continual reduction in Crew expenses. In addition, we have warm stacked some vessels to reduce operating expenses. These actions have not yet been fully reflected in the first quarter results. However, as responsible shipowners, we have to hold to our standards of maintenance, which also limits the degree to which we can reduce our operating costs without impacting the quality of our fleet.

Our marketing expenses have risen as marketing efforts have intensified, and we will be working with our strategic JV partner to reach a wider market in the region.

Total contracts on hand as at end March 2015 amount to US\$142 million.

### Strategi

Selama beberapa bulan terakhir, manajemen kami telah melaksanakan strategi pemotongan biaya, yang menghasilkan pengurangan awak kapal dalam 3 bulan belakangan dan pengurangan berkelanjutan pada biaya awak kapal. Disamping itu, kami juga melakukan "warm stacked" pada beberapa kapal untuk mengurangi beban operasi. Tindakan-tindakan ini belum sepenuhnya tercermin pada hasil kwartal pertama. Namun, sebagai pemilik kapal yang bertanggungjawab, kami tetap berpegang pada standar pemeliharaan, yang mengurangi kemampuan kami untuk mengurangi biaya operasi tanpa mengorbankan kualitas armada kami.

Beban pemasaran naik karena usaha-usaha pemasaran yang lebih intensif, dan kami bekerja dengan partner JV strategis untuk menjangkau pasar yang lebih luas di kawasan.

Kontrak yang diperoleh pada akhir March 2015 sebesar US\$ 142 juta.

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## SUMMARY PROFIT AND LOSS (Q1-2015 vs Q1-2014)

### PT WINTERMAR OFFSHORE MARINE TBK AND SUBSIDIARIES

(USD)	Q1 2015	Q1 2014	Q1-2015 vs Q1-2014	
			Change	%
<b>PROFIT AND LOSS</b>				
<b>Revenue</b>				
Owned vessel	18,961,935	28,666,373	(9,704,438)	-34%
Chartering	7,142,297	17,328,695	(10,186,398)	-59%
Others	3,143,263	1,985,249	1,158,014	58%
<b>Total Revenue</b>	<b>29,247,495</b>	<b>47,980,317</b>	<b>(18,732,822)</b>	<b>-39%</b>
<b>Direct expense</b>				
Owned vessel	14,529,297	12,154,591	2,374,706	20%
Charter	6,390,367	15,807,347	(9,416,980)	-60%
Others	2,909,156	1,270,241	1,638,915	129%
<b>Total Direct expense</b>	<b>23,828,819</b>	<b>29,232,178</b>	<b>(5,403,359)</b>	<b>-18%</b>
<b>Gross profit</b>	<b>5,418,676</b>	<b>18,748,139</b>	<b>(13,329,463)</b>	<b>-71%</b>
Gross profit - owned vessel	4,432,639	16,511,783	(12,079,144)	-73%
Gross profit - chartering	751,930	1,521,348	(769,418)	-51%
Gross profit - others	234,107	715,008	(480,901)	-67%
<b>Total Indirect expenses</b>	<b>2,890,805</b>	<b>3,482,015</b>	<b>(591,210)</b>	<b>-17%</b>
<b>Operating profit</b>	<b>2,527,871</b>	<b>15,266,124</b>	<b>(12,738,253)</b>	<b>-83%</b>
<b>Other income (expenses)</b>				
Interest expenses	(2,496,147)	(3,118,692)	622,545	-20%
Interest income	32,802	54,763	(21,961)	-40%
Equity in net earning of associates	(170,926)	123,905	(294,830)	-238%
Net - Gain (loss) on sale of fixed assets	36,788	1,065	35,723	3354%
Forex gain (loss)	103,176	(96,126)	199,302	-207%
Others	24,114	(26,188)	50,302	-192%
<b>Total Other income (expenses)</b>	<b>(2,470,192)</b>	<b>(3,061,273)</b>	<b>591,080</b>	
<b>Net income before tax</b>	<b>57,679</b>	<b>12,204,852</b>	<b>(12,147,173)</b>	<b>-100%</b>
<b>Total tax expenses</b>	<b>(469,708)</b>	<b>(769,130)</b>	<b>299,421</b>	<b>-39%</b>
<b>Income before non controlling interest</b>	<b>(412,030)</b>	<b>11,435,722</b>	<b>(11,847,751)</b>	<b>-104%</b>
<b>Non controlling interest</b>	<b>(488,152)</b>	<b>3,476,741</b>	<b>(3,964,894)</b>	<b>-114%</b>
<b>NET INCOME</b>	<b>76,123</b>	<b>7,958,981</b>	<b>(7,882,858)</b>	<b>-99%</b>
<b>EBITDA</b>	<b>9,428,370</b>	<b>21,399,881</b>	<b>(11,971,510)</b>	<b>-56%</b>
<b>Weighted Average EPS - USD Cents</b>	<b>0.002</b>	<b>0.215</b>	<b>-0.21</b>	<b>-99%</b>
<b>Weighted Average EPS - Equivalent to IDR</b>	<b>0.2</b>	<b>24.5</b>	<b>-24.30</b>	<b>-99%</b>

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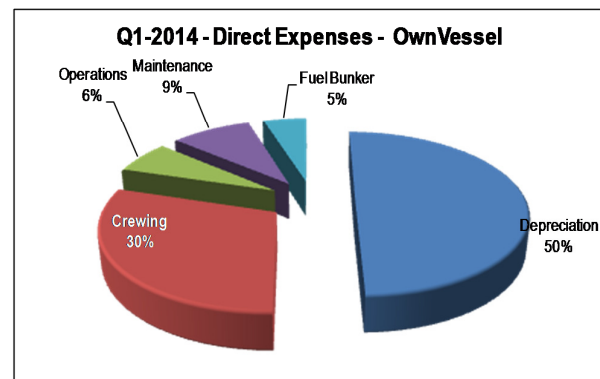
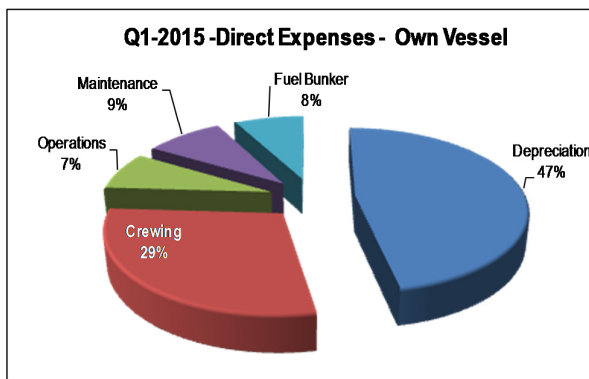
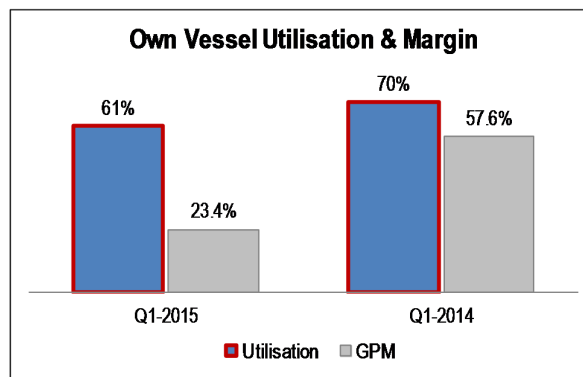
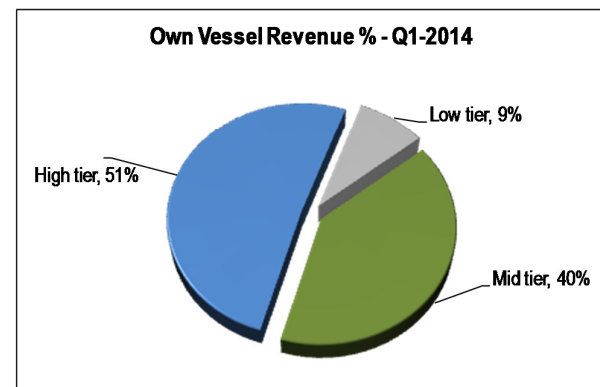
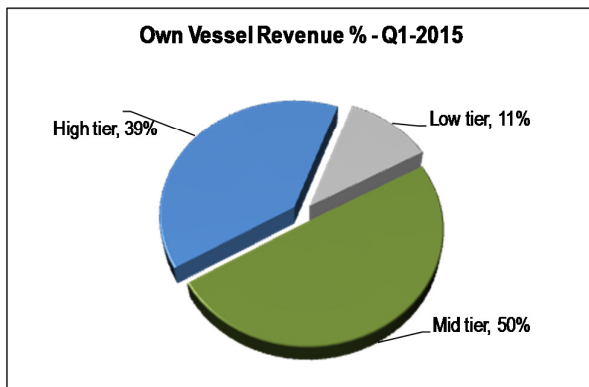
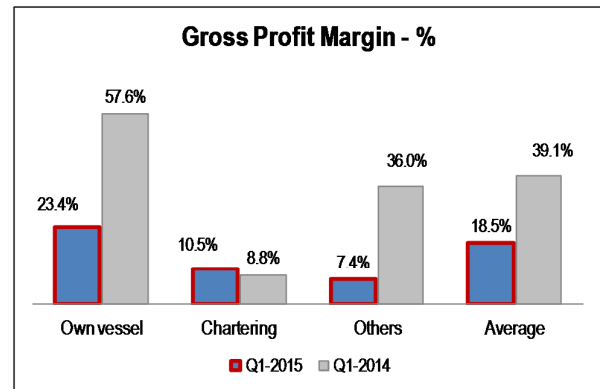
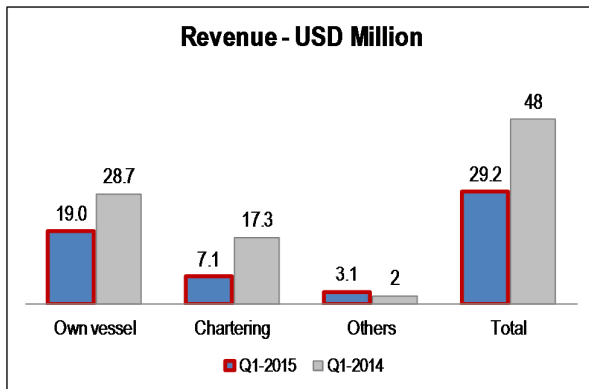
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