

## NEWSLETTER # 51

28 Oct 2016

### RESULTS FOR THE 9 MONTH PERIOD ENDING 30<sup>th</sup> SEPTEMBER 2016

**WINS Operating Profit grew 197% YOY to US\$ 7.1 million for 9M2016, reflecting better cost controls despite continued pricing pressure**

**Laba Operasi WINS tumbuh 197% YOY menjadi US\$ 7,1 juta selama 9 bulan tahun 2016 mencerminkan kontrol biaya yang lebih baik meskipun tekanan harga berlanjut**

#### Owned Vessels

Owned Vessels recorded a 22%YOY rise in gross profit to US\$ 10.1 million for the 9 months ended 30<sup>th</sup> September 2016. Although utilization of high tier vessels was higher than the previous year, there was a significant adjustment of charter rates which led to a YOY fall of 6% in Owned Vessel Revenues to US\$ 47.2million for 9M2016. Owned vessel margins were higher than the same period in the previous year only because of much tighter cost controls and warm stacking of ships. There were a number of projects which were completed in early 3<sup>rd</sup> Quarter that were replaced by contracts with new pricing leading to lower QOQ revenue.

#### Chartering

Chartering gross profit from this division rose to US\$ 2.4 million from US\$ 1.8 million the previous year.

#### Other Revenue

Gross Profit from other sources rose to US\$ 0.8 million for 9M2016 compared to US\$ 0.5 million the previous year because of increased fee based services.

#### Direct Expenses

Management continued to implement tighter cost controls and warm stacking which resulted in a decline in Owned Vessel Direct expenses of 12% YOY to US\$ 37.0 million for 9M2016, mainly resulting from lower crew and fuel bunker expenses.

#### Gross Profit

Gross Profit grew by 28% in 9M2016 to US\$ 13.5 million from US\$ 10.5 million for 9M2015. Overall gross margin improved to 19.3% in this reporting period from 13.8% in the same period last year.

#### Indirect expenses and operating profit

Lower salaries and savings in utilities from a small downsizing in office space contributed to a 22% fall in Indirect Expenses. This resulted in a jump of 197% YOY

#### Kapal Milik

Kapal milik mencatat kenaikan 22% YOY laba bruto menjadi US\$ 10,1 juta selama periode 9 bulan yang berakhir pada 30 September 2016. Meskipun utilisasi kapal *high tier* lebih tinggi daripada periode lalu, terjadi penyesuaian signifikan pada tarif sewa yang mengakibatkan jatuhnya Pendapatan Kapal Milik 6% menjadi US\$ 47,2 juta selama periode 9 bulan tahun 2016. Marjin kapal milik lebih tinggi daripada periode yang sama pada tahun lalu hanya karena adanya kontrol biaya yang lebih ketat dan *warm stacking* terhadap kapal. Terdapat beberapa proyek yang selesai pada awal kwartal ke 3 yang digantikan dengan kontrak-kontrak dengan harga baru yang menyebabkan turunnya pendapatan apabila dibandingkan secara kwartalan.

#### Chartering

Laba bruto *Chartering* selama periode 9 bulan tahun 2016 naik menjadi US\$ 2,4 juta dari US\$ 1,8 juta pada periode lalu.

#### Pendapatan Lainnya

Laba bruto dari sumber pendapatan lainnya naik menjadi US\$ 0,8 juta selama periode 9 bulan tahun 2016 dibandingkan US\$ 0,5 juta pada periode lalu disebabkan kenaikan jasa "fee-based".

#### Beban-beban Langsung

Manajemen melanjutkan implementasi kontrol biaya yang lebih ketat dan *warm stacking* yang menghasilkan penurunan Beban langsung Kapal Milik sekitar 12% menjadi US\$ 37,0 juta, yang terutama disebabkan oleh rendahnya biaya awak kapal dan bahan bakar.

#### Laba Bruto

Laba Bruto tumbuh 28% pada periode 9 bulan tahun 2016 menjadi US\$ 13,5 juta dari US\$ 10,5 juta pada periode 9 bulan tahun 2015. Marjin bruto keseluruhan membaik menjadi 19,3% pada periode pelaporan ini dari 13,8% pada periode yang sama tahun lalu.

#### Beban usaha dan laba operasi

Gaji yang lebih rendah dan penghematan *utilities* dari pengurangan sebagian kecil ruang kantor berkontribusi terhadap penurunan 22% pada Beban Tidak Langsung. Hal ini menyebabkan kenaikan 197%

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in operating profit to US\$ 7.1 million for 9M2016 from US\$ 2.4 million in the previous corresponding period.

#### Other Income/ Expenses and EBITDA

As we continued to pay down debt over the course of the year, interest expenses fell 10% to US\$ 6.6 million.

In view of the current industry conditions there was an impairment loss taken on our fleet amounting to US\$ 13.1 million, which contributed to a total pretax loss of US\$ 14.1 million for the period.

EBITDA for 9M2016 rose by 23% to US\$ 28.4 million as compared to 9M2015.

#### Net income attributable to Shareholders

Although the company saw a 197% improvement in profitability at the operating level, the decision to take an impairment loss resulted in a net loss attributable to shareholders of US\$ 7.5 million for 9M2016, as compared to a net loss of US\$ 2.7 million for the period 9M2015.

#### Assets and Gearing

The likelihood of an extended period of oversupply in the OSV industry, and future uncertainty in charter rates, the management have decided to take an impairment loss of US\$ 13.1 million on the fleet. This represents 3.1% of our total assets. Net gearing fell to 53% as compared to 64% at end of 9M2015.

#### Industry Outlook

As expected, competitive pressures in the Offshore Supply Vessel (OSV) industry continued to push down prices for the longer term work awarded. This will likely put pressure on our gross margins for the coming months. Some of the contracts we had in the earlier part of the year have concluded, and there are not many new projects starting until early 2017, which has contributed to lower activity and utilization in the second semester of 2016 compared to 2Q2016. However, on the marketing front there have been some new tenders for work starting in 2017. In addition, news of OPEC targeting lower production has provided strong support for oil prices. This combined with the reduction in production costs may result in free cash flows for oil companies at a lower breakeven oil price. If this trend continues, there could be an upturn in upstream activities late 2017-2018 as oil companies start to invest in exploration again.

pada laba operasi menjadi US\$ 7,1 juta pada periode 9 bulan tahun 2016 dari US\$ 2,4 juta pada periode yang sama tahun lalu.

#### Pendapatan/Beban Lain-lain dan EBITDA

Dengan berlanjutnya pembayaran pinjaman selama tahun ini, beban bunga turun 10% menjadi US\$ 6,6 juta.

Sehubungan dengan kondisi industri saat ini, terdapat pencatatan penurunan nilai armada kami sebesar US\$ 13,1 juta yang menyebabkan kerugian sebelum pajak menjadi US\$ 14,1 juta selama periode ini.

EBITDA selama 9 bulan tahun 2016 naik 23% menjadi US\$ 28,4 juta dibandingkan 9 bulan tahun 2015

#### Laba bersih diatribusikan kepada Pemegang Saham

Meskipun perusahaan mengalami kenaikan laba operasional sampai 197%, keputusan yang diambil untuk membukukan rugi penurunan nilai menyebabkan rugi yang diatribusikan kepada pemegang saham untuk periode 9 bulan tahun 2016 menjadi US\$ 7,5 juta dibandingkan rugi US\$ 2,7 juta untuk periode 9 bulan tahun 2015.

#### Aset dan Gearing

Kemungkinan semakin berlarut-larutnya periode oversuplai di industri OSV, dan ketidakpastian masa depan tarif sewa, manajemen telah memutuskan untuk membukukan rugi penurunan nilai sebesar US\$ 13,1 juta atas armada. Ini merupakan 3,1% dari total aset. Net gearing turun ke 53% dibandingkan 64% pada akhir periode 9 bulan tahun 2015.

#### Prospek Industri

Seperti yang diperkirakan, tekanan persaingan di industri *Offshore Supply Vessel (OSV)* tetap berlanjut menekan tarif pada pekerjaan yang mempunyai tenor lebih lama. Hal ini sepertinya akan turut menekan margin kami pada bulan-bulan mendatang. Beberapa kontrak yang kita miliki pada awal tahun telah selesai, dan tidak banyak proyek baru yang dimulai hingga pada awal 2017, yang telah berkontribusi terhadap rendahnya aktivitas dan utilisasi pada semester kedua tahun 2016 bila dibandingkan kuartal 2 tahun 2016. Namun, pada sisi pemasaran terdapat beberapa tender baru untuk pekerjaan yang dimulai pada tahun 2017. Di samping itu, berita-berita mengenai OPEC menargetkan produksi yang lebih rendah telah mendorong harga minyak. Hal ini bersama dengan pengurangan biaya produksi dapat menghasilkan *free cash flows* bagi perusahaan minyak dengan harga *break even* yang lebih rendah. Apabila tren ini berlanjut, dapat terjadi kenaikan aktivitas pada tahun 2017-2018 karena perusahaan minyak mulai berinvestasi lagi pada pengeboran.

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A new Indonesian Minister of Energy and Mineral Resources in the 3<sup>rd</sup> Quarter 2016 seems to have turned the spotlight on the Energy sector. The Coordinating Minister of Maritime Affairs who was appointed as Acting Energy and Mineral Resources Minister, Luhut Panjaitan, has pledged to reform the regulations and some tax reliefs have been announced. The new Oil and Gas law is being finalized and is widely expected to provide better incentives to attract foreign investment into the oil and gas sector in Indonesia. After the difficult business environment and sharp cuts in investment which have seen some oil majors reduce their presence in Indonesia, any such incentives will be very welcome indeed.

**Global oil and gas outlook**

Global oil demand and supply is expected to reach equilibrium in 2017 at demand growth projections of 1.4 million barrels per day. This is the basis for expectations of a gradual recovery in oil prices.

In addition, guidance from leading oil majors are indicating flat or slightly increased E&P expenditure budgets for 2017, the first time in 2 years that the consensus is not for severe cuts in expenditure. This is consistent with a lowering of break even prices as a result of significant cost deflation in oil services over the past two years.

**Strategy**

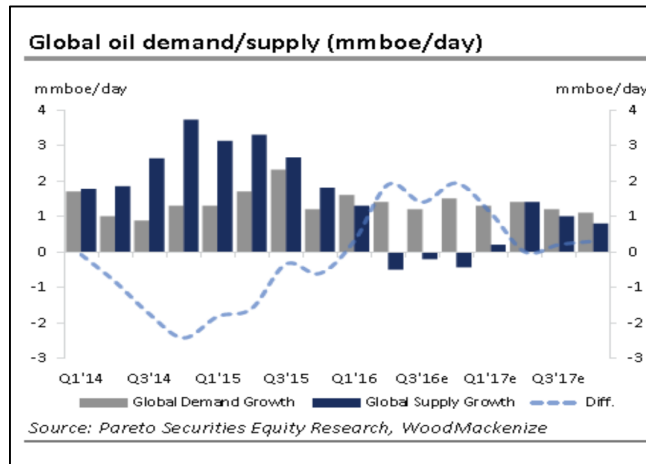
Management's continued strategy to control costs while maintaining quality and safety should help the company win a good share of work in the coming months. However,

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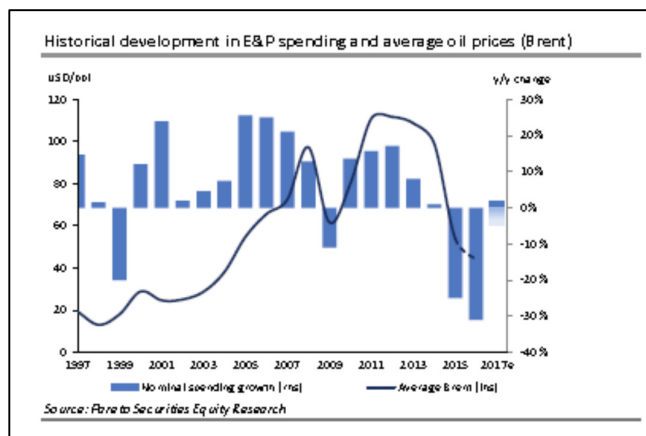
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Menteri Energi dan Sumber Daya Mineral Indonesia yang baru pada Kwartal 3 tahun 2016 kelihatannya telah menyoroti sektor Energi. Menteri Koordinator Bidang Kemaritim dalam pejabatannya sebagai pejabat sementara Menteri Energi dan Sumber Daya Energi, Luhut Panjaitan, telah melakukan pembaharuan atas peraturan-peraturan dan beberapa keringanan pajak telah diumumkan. Undang-undang Minyak dan Gas baru sedang dalam proses penyelesaian dan sangat diharapkan dapat memberikan insentif yang lebih baik untuk menarik investasi asing pada sektor minyak dan gas di Indonesia. Setelah adanya kesulitan dalam lingkungan bisnis dan pemotongan besar-besaran investasi yang telah mengurangi aktivitas beberapa produsen minyak besar di Indonesia, insentif tersebut akan disambut dengan baik.

**Prospek Global Minyak dan Gas**



Permintaan dan penawaran minyak dunia diperkirakan akan mencapai keseimbangan pada tahun 2017 dengan proyeksi pertumbuhan permintaan sebesar 1,4 juta barrel per hari. Hal ini menjadi dasar untuk memperkirakan pemulihan gradual pada harga minyak.



Di samping itu, data dari perusahaan minyak terkemuka mengindikasikan adanya anggaran pengeluaran E&P yang tetap atau sedikit naik untuk tahun 2017, untuk pertama kalinya terjadi dalam kurun 2 tahun yang secara konsensus tidak ada pemotongan besar-besaran dalam pengeluaran. Hal ini konsisten dengan menurunnya harga *break even* sesuai penurunan signifikan atas harga jasa pelayanan minyak selama dua tahun terakhir.

**Strategi**

Strategi berkelanjutan manajemen untuk mengontrol biaya sambil menjaga kualitas dan keselamatan akan membantu perusahaan memenangkan banyak pekerjaan pada bulan-bulan mendatang.



as utilization increases, there will be some additional costs as vessels are taken out of warm stack conditions.

Namun, dengan meningkatnya utilisasi, terdapat penambahan biaya karena kapal-kapal akan dikeluarkan dari kondisi *warm stack*.

Our current contracts on hand as at end September 2016 is US\$ 124 million.

Nilai kontrak yang kami miliki pada akhir September 2016 adalah sebesar US\$ 124 juta.

For further information, please contact:

Untuk informasi lebih lanjut, silahkan hubungi :

**Ms Pek Swan Layanto**

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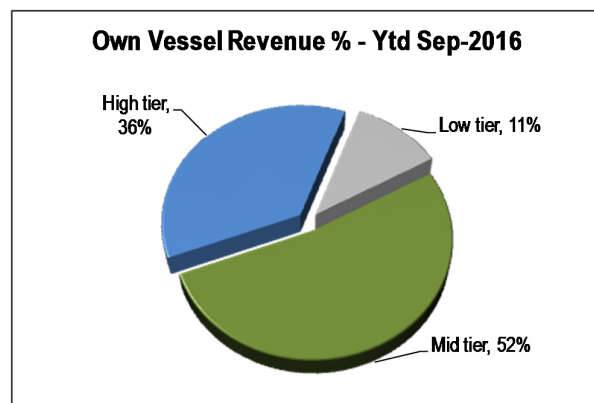
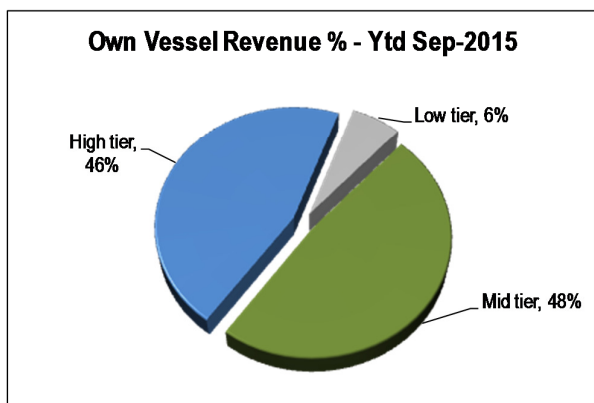
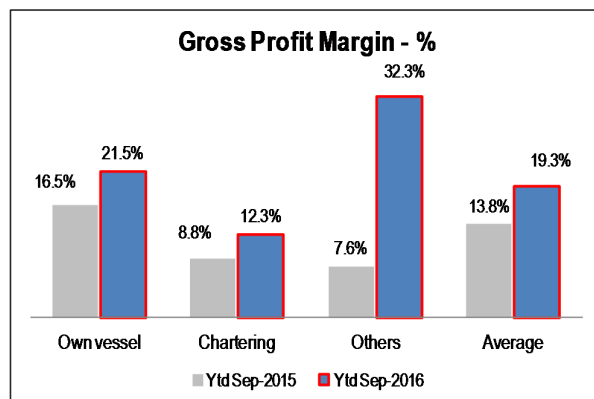
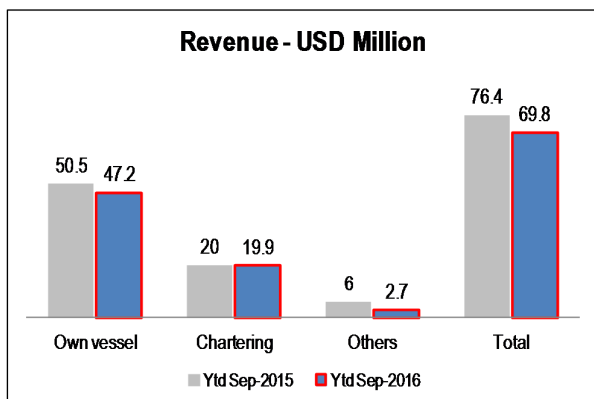
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(USD)	Ytd Sep 2016	Ytd Sep 2015	Ytd Sep-2016 vs Ytd Sep-2015	
			Change	%
<b>Direct expense</b>				
Depreciation	21,124,347	20,557,166	567,181	3%
Crewing	8,603,261	11,059,402	(2,456,141)	-22%
Operations	3,323,556	3,372,168	(48,612)	-1%
Maintenance	2,885,123	3,933,655	(1,048,532)	-27%
Fuel Bunker	1,106,629	3,210,664	(2,104,036)	-66%
Charter	17,450,763	18,196,779	(746,016)	-4%
Others	1,828,287	5,555,928	(3,727,641)	-67%
<b>Total Direct expense</b>	<b>56,321,965</b>	<b>65,885,762</b>	<b>(9,563,796)</b>	<b>-15%</b>
<b>Indirect expenses</b>				
Administration	112,948	190,898	(77,950)	-41%
Depreciation office	146,760	193,504	(46,744)	-24%
Office utility	399,830	562,453	(162,623)	-29%
Profesional fee	323,557	235,800	87,758	37%
Staff salary	4,088,742	5,433,048	(1,344,306)	-25%
Staff training & recreation	97,678	109,729	(12,051)	-11%
Telecommunication	45,900	61,169	(15,269)	-25%
Travelling	176,328	222,701	(46,372)	-21%
Marketing	412,649	563,203	(150,553)	-27%
Donation	13,328	12,118	1,210	10%
Employee Benefit	543,714	554,591	(10,877)	-2%
<b>Total Indirect expenses</b>	<b>6,361,435</b>	<b>8,139,213</b>	<b>(1,777,779)</b>	<b>-22%</b>

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## SUMMARY PROFIT AND LOSS (Ytd Sep-2015 vs Ytd Sep-2016)

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(USD)	Ytd Sep 2016	Ytd Sep 2015	Ytd Sep-2015 vs Ytd Sep-2016	
			Change	%
<b>PROFIT AND LOSS</b>				
<b>Revenue</b>				
Owned vessel	47,196,613	50,452,451	(3,255,838)	-6%
Chartering	19,897,614	19,951,614	(54,001)	0%
Others	2,700,088	6,014,221	(3,314,133)	-55%
<b>Total Revenue</b>	<b>69,794,315</b>	<b>76,418,287</b>	<b>(6,623,972)</b>	<b>-9%</b>
<b>Direct expense</b>				
Owned vessel	37,042,915	42,133,055	(5,090,140)	-12%
Charter	17,450,763	18,196,779	(746,016)	-4%
Others	1,828,287	5,555,928	(3,727,641)	-67%
<b>Total Direct expense</b>	<b>56,321,965</b>	<b>65,885,762</b>	<b>(9,563,796)</b>	<b>-15%</b>
<b>Gross profit</b>	<b>13,472,350</b>	<b>10,532,525</b>	<b>2,939,824</b>	<b>28%</b>
Gross profit - owned vessel	10,153,698	8,319,397	1,834,301	22%
Gross profit - chartering	2,446,850	1,754,835	692,015	39%
Gross profit - others	871,801	458,293	413,508	90%
<b>Total Indirect expenses</b>	<b>6,361,435</b>	<b>8,139,213</b>	<b>(1,777,779)</b>	<b>-22%</b>
<b>Operating profit</b>	<b>7,110,915</b>	<b>2,393,312</b>	<b>4,717,603</b>	<b>197%</b>
<b>Other income (expenses)</b>				
Interest expenses	(6,536,164)	(7,226,957)	690,793	-10%
Interest income	64,917	272,160	(207,243)	-76%
Equity in net earning of associates	573,369	552,392	20,976	4%
Net - Gain (loss) on sale of fixed assets	(1,987,651)	46,415	(2,034,066)	-4382%
Forex gain (loss)	18,436	40,278	(21,842)	-54%
Impairment of assets	(13,154,296)	(150,000)	(13,004,296)	8670%
Others	(263,231)	(210,747)	(52,485)	25%
<b>Total Other income (expenses)</b>	<b>(21,284,620)</b>	<b>(6,676,459)</b>	<b>(14,608,162)</b>	<b>219%</b>
<b>Net income (loss) before tax</b>	<b>(14,173,706)</b>	<b>(4,283,147)</b>	<b>(9,890,559)</b>	<b>231%</b>
<b>Total tax benefit (expenses)</b>	<b>2,852,753</b>	<b>(1,142,624)</b>	<b>3,995,377</b>	<b>-350%</b>
<b>Income (loss) before non controlling interest</b>	<b>(11,320,952)</b>	<b>(5,425,770)</b>	<b>(5,895,182)</b>	<b>109%</b>
<b>Non controlling interest</b>	<b>(3,814,072)</b>	<b>(2,669,085)</b>	<b>(1,144,987)</b>	<b>43%</b>
<b>NET INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS</b>	<b>(7,506,880)</b>	<b>(2,756,685)</b>	<b>(4,750,195)</b>	<b>172%</b>
<b>EBITDA</b>	<b>28,382,022</b>	<b>23,143,981</b>	<b>5,238,041</b>	<b>23%</b>
<b>Weighted Average EPS - USD Cents</b>	<b>-0.186</b>	<b>-0.068</b>	<b>-0.12</b>	<b>174%</b>
<b>Weighted Average EPS - Equivalent to IDR</b>	<b>-24.2</b>	<b>-10.0</b>	<b>-14.20</b>	<b>142%</b>

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