

NEWSLETTER # 62
30th April 2018
RESULTS FOR THE QUARTER ENDED 31 MARCH 2018

WINS revenue for Owned Vessels jumps 48%YOY to US\$14million in 1Q2018 with total gross profit of US\$3.3million recorded in 1Q2018 compared with a loss of US\$0.3million for the same period in 2017.

Driven by the improvement in vessel utilization, total revenue for 1Q2018 was up 27% YOY at US\$16.6million compared to 1Q2017, reflecting the recovery in the oil and gas industry. Owned Vessel revenue of US\$14million comprised 84% of the quarter's revenue, which boosted the overall gross margin to 20% for the first Quarter, compared to -2% for 1Q2017.

Owned Vessels Division

Owned Vessel Utilization rose significantly to 70% for 1Q2018 compared to only 50% in 1Q2017, supported by better utilization of mid and high tier vessels which had been idle in the same period last year. The new vessel purchased at 4Q2017 also contributed positively.

Because a higher number of vessels were operational, crew costs also increased by 19% to US\$2.45million and maintenance costs rose by 56% to US\$0.9million as vessels which were previously warm stacked were mobilized for work. Fuel cost also increased 159% to US\$0.4million, resulting from a new "wet contract" where fuel is included in the vessel owner's cost. Depreciation fell slightly to US\$6.7million as a result of vessel sales and impairments taken in 2017.

This quarter saw the start of a collaboration with a new consortium to provide air diving and ROV services on our modified AHTS vessel, for the inspection of underwater pipelines. However, the contracts in Papua New Guinea and Seismic work in Eastern Indonesia also concluded during the quarter, and the vessels which were deployed in those projects underwent some maintenance to prepare for new contracts beginning in 2Q2018.

Pendapatan Kapal Milik WINS melonjak 48%YOY ke USD14juta pada 1Q2018 dengan total laba kotor tercatat USD3.3juta pada 1Q2018 dibandingkan kerugian USD0.3juta untuk periode yang sama di tahun 2017.

Didorong oleh peningkatan utilisasi armada, total pendapatan untuk 1Q2018 naik 27% YOY menjadi USD16.6juta dibandingkan dengan 1Q2017, mencerminkan pemulihan di industri minyak dan gas. Pendapatan Kapal Milik sebesar USD14juta yang merupakan 84% dari total pendapatan kuartal, telah meningkatkan keseluruhan laba kotor menjadi 20% untuk Kwartal pertama, dibandingkan -2% pada 1Q2017.

Divisi Kapal Milik

Utilisasi Kapal Milik naik tajam menjadi 70% pada 1Q2018 dibandingkan dengan 50% di 1Q2017, didukung oleh utilisasi yang lebih baik dari armada *mid tier* dan *low tier* yang pernah menganggur pada periode yang sama tahun lalu. Kapal baru yang dibeli pada 4Q2017 juga berkontribusi secara positif.

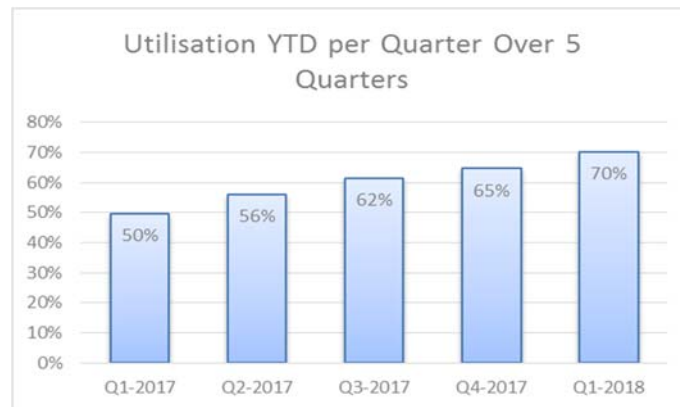
Karena jumlah armada yang bekerja lebih banyak, biaya awak kapal juga meningkat sebesar 19% menjadi USD2,45juta dan biaya pemeliharaan meningkat 56% menjadi US\$0,9juta karena kapal yang sebelumnya dikondisikan *warm stacked* sekarang dikerahkan untuk bekerja. Biaya bahan bakar juga meningkat 159% menjadi USD0.4 juta, hasil dari skema "*wet contract*" baru di mana bahan bakar termasuk dalam biaya pemilik kapal. Penyusutan turun sedikit menjadi USD6,7juta dampak dari penjualan kapal dan penyesuaian nilai armada yang dilakukan tahun 2017.

Kuartal ini terlihat dimulainya kolaborasi dengan konsorsium baru untuk penyediaan layanan *air diving* dan *ROV* pada kapal AHTS kami yang telah dimodifikasi untuk inspeksi pipa bawah laut. Namun, kontrak di Papua Nugini dan pekerjaan Seismik yang ada di Indonesia Timur juga berakhir pada kuartal ini, dan kapal-kapal yang terlibat didalam proyek-proyek tersebut saat ini melakukan beberapa pemeliharaan dalam persiapan menjalani kontrak baru yang dimulai pada 2Q2018.

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Chartering and Other Services

The Chartering Division saw a 41% YOY decline in revenue to US\$1.7million compared to US\$2.9million in 1Q2017 because of the completion of a drilling project last year which has not been renewed. Management continues to prioritise Owned Vessels for tendering as the margins are higher. Gross profit from chartering fell by 90% YOY from US\$0.56million in 1Q2017 to US\$58,000 for the same quarter this year.

The fall in income from the Chartering Division was offset partially by an 81%YOY rise in gross profit from Other Services to US\$ 0.4million, owing to higher ship management income and fees relating to completion of one of our contracts.

Indirect Expenses and Operating Profit

Indirect expenses fell slightly by 4%YOY to US\$1.8 million for 1Q2018, mainly as a result of lower staff expenses, while other marketing expenses rose because of much more activity in tendering.

After a year of operational losses, the Company turned in an Operating Profit for the first time in 1Q2018, which amounted to of US\$1.5 million. This compares with an operating loss of US\$2.2million in 1Q2017.

Other expenses and interest bearing debt

Interest expenses fell by 26% in 1Q2018 to US\$1.6million. The Company paid down a significant amount of debt over the past 12 months, thus reducing interest bearing debt by US\$29million as at end March 2018 compared to one year ago at March 2017. Apart from fully paying off loans on two vessels in 1Q2018, there was a debt prepayment made, using part of the proceeds of new equity issuance

Kapal Sewa dan Layanan Lainnya

Divisi Kapal Sewa mengalami penurunan pendapatan sebesar 41% YOY menjadi USD1,7 juta dibandingkan dengan USD2,9juta di 1Q2017 karena proyek pengeboran yang selesai tahun lalu belum diperbarui. Manajemen terus memprioritaskan Kapal Milik untuk tender dikarenakan margin yang lebih tinggi. Laba kotor dari divisi ini turun 90% YOY dari USD0,56juta di 1Q2017 menjadi USD58.000 untuk kuartal yang sama tahun ini.

Turunnya pendapatan dari Divisi Kapal Sewa sebagian terimbangi oleh kenaikan laba kotor sebesar 81% YOY dari Layanan Lainnya menjadi USD0.4juta, karena pendapatan dan penerimaan jasa *ship management* yang lebih tinggi terkait selesainya salah satu kontrak.

Biaya Tidak Langsung dan Laba Operasional

Biaya tidak langsung turun sedikit sebesar 4% YOY menjadi USD1,8 juta untuk 1Q2018, terutama akibat dari biaya gaji karyawan yang lebih rendah, sementara biaya pemasaran lainnya meningkat dikarenakan lebih banyak kegiatan dalam tender.

Setelah melaporkan kerugian operasional dalam setahun terakhir, Perusahaan akhirnya mendapatkan laba operasional pertama kalinya pada 1Q2018 sebesar USD1,5juta. Hal ini berbanding terbalik dengan kerugian operasional sebesar USD2,2juta pada 1Q2017.

Beban Lain dan Pinjaman Berbunga

Beban bunga untuk 1Q2018 turun sebesar 26% menjadi USD1,6 juta. Perusahaan telah membayar hutang dengan jumlah yang signifikan selama 12 bulan terakhir, yang telah mengurangi pinjaman berbunga sebesar USD29juta pada akhir Maret 2018 dibandingkan tahun sebelumnya pada akhir Maret 2017. Selain pelunasan pinjaman atas dua unit kapal pada 1Q2018, pembayaran utang yang dilakukan, dengan menggunakan

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received in the quarter. Two old vessels were sold for scrap and one low tier vessel was committed to be sold in April, resulting in a small loss on sale of fixed asset amounting to US\$0.2million.

EBITDA

EBITDA for 1Q2018 jumped by 72% YOY to US\$8.2million as compared to US\$4.8million in 1Q2017, reflecting much better operational results from Owned Vessels.

Net Loss Attributable to Shareholders

The Net Loss Attributable to Shareholders fell to US\$1.3million for 1Q2018 compared to a loss of US\$4million in 1Q2017.

Industry Outlook

Oil Prices continued to be robust in 1Q2018, finally rising above US\$70 per barrel in April for the first time since 2014 on tensions in the Middle East and Venezuela.

Although activity has picked up, OSV charter rates are still weak as there is still an oversupply of vessels. New Projects are also being approved at much lower costs, driving more efficiency in the industry. Over the quarter we noticed more transactions of older vessels, and some troubled companies going under, as well as a few fortunate ones being rescued. Scrapping of rigs and OSVs continued, which is taking the demand and supply balance to a better level.

Globally, the rising geo-political risks in 2018 have triggered upward adjustments to oil price forecasts by EIA and the World Bank for the next few years, supporting a stronger business outlook for oil support services.

sebagian dari hasil penerbitan ekuitas baru yang diterima pada kuartal tersebut. Terjual dua kapal tua untuk dibesi-tuakan dan komitmen untuk menjual satu kapal *low tier* di April, menghasilkan kerugian kecil atas penjualan aset tetap sebesar USD0,2juta.

EBITDA

EBITDA untuk 1Q2018 melonjak sebesar 72% YOY menjadi USD8,2juta dibandingkan dengan USD4,8juta pada 1Q2017, cerminan hasil operasional yang jauh lebih baik dari Kapal Milik.

Rugi Bersih yang Diatribusikan kepada Pemegang Saham

Kerugian Bersih yang Diatribusikan kepada Pemegang Saham turun menjadi USD1,3juta untuk 1Q2018 dibandingkan dengan kerugian USD4juta pada 1Q2017.

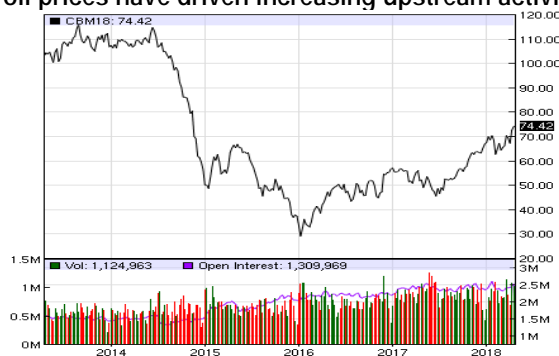
Prospek Industri

Harga Minyak terus menguat di 1Q2018, akhirnya menembus batas USD70 per barel pada bulan April untuk pertama kali sejak 2014 karena ketegangan yang terjadi di Timur Tengah dan Venezuela.

Meskipun aktivitas telah meningkat, tarif sewa OSV masih tetap lemah dikarenakan masih adanya kelebihan pasokan kapal. Proyek-proyek baru juga telah disetujui dengan biaya yang jauh lebih rendah, mendorong lebih banyak efisiensi dalam industri. Selama kuartal ini kami melihat lebih banyak transaksi untuk kapal yang lebih tua, dan beberapa perusahaan yang sedang bermasalah serta beberapa perusahaan yang beruntung telah terselamatkan. *Scrapping* rig dan OSV berlanjut, menyeimbangkan posisi permintaan dan penawaran ke tingkat yang lebih baik.

Secara global, meningkatnya risiko geo-politik pada 2018 telah memicu penyesuaian ke atas perkiraan harga minyak EIA dan Bank Dunia untuk beberapa tahun ke depan, mendukung prospek bisnis yang lebih baik untuk layanan dukungan industri minyak.

Stronger oil prices have driven increasing upstream activity in 2018



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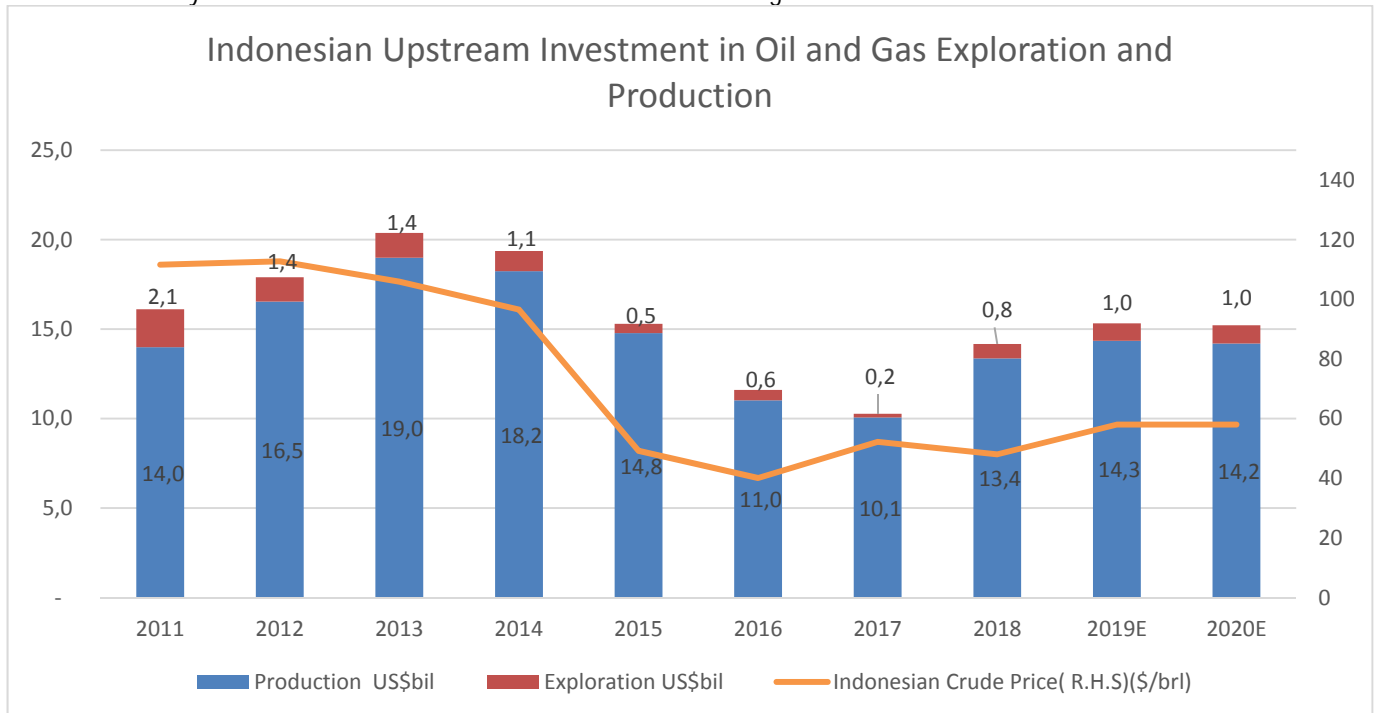


In Indonesia, SKK Migas has announced that there are 50 upstream oil and gas projects due to start production in the next ten years that are expected to produce 84,700 bpd of petroleum output and 6,100 mmscfd of gas, with a total investment of Rp160 trillion (US\$11.9billion). Of these 50 projects, 30 are offshore fields.

Not included in the projections are two large projects, which are in the process of Front End Engineering Studies, which are the Indonesian Deepwater Development (IDD) Project and the Masela Field, which if approved to proceed, will significantly increase the level of drilling activities in future years.

Di Indonesia, SKK Migas telah mengumumkan bahwa ada 50 proyek hulu minyak dan gas yang akan mulai berproduksi dalam sepuluh tahun ke depan yang diharapkan akan menghasilkan 84.700 bpd output minyak dan 6.100 mmscfd gas, dengan total investasi sebesar Rp160 triliun (USD11.9miliar). Dari 50 proyek ini, 30 diantaranya adalah ladang lepas pantai.

Tidak termasuk dalam proyeksi adalah dua proyek besar, yang sedang dalam proses *Studi Front End Engineering*, yang merupakan Proyek Indonesian Deepwater Development (IDD) dan Lapangan Masela, yang jika disetujui untuk dilanjutkan, akan secara signifikan meningkatkan tingkat kegiatan pengeboran di tahun-tahun mendatang.



Source: SKK MIGAS

Business Outlook

There are some longer term tenders in progress, but commencement begins in 3Q2018 onwards. In the meantime the higher tier fleet will be deployed on spot contracts. The plan is to continue to sell older and low tier vessels in line with keeping a younger fleet, and we hope to book more vessel sales in the coming months.

The tendering activity in 2Q2018 combined with a lower net gearing ratio of 44% by end 1Q2018 compared to 50% as at end December 2017 should contribute to better profitability in the second half of the year.

Total contracts on hand as at end March 2018 were US\$83.4million.

Prospek Bisnis

Ada beberapa tender jangka panjang yang sedang dalam proses, akan tetapi baru akan dilaksanakan pada 3Q2018 dan seterusnya. Sementara itu armada *high tier* akan dikerahkan pada kontrak-kontrak *spot*. Rencana saat ini adalah untuk terus menjual armada *low tier* dan lebih tua sejalan dengan tujuan menjaga armada yang lebih muda, dan kami berharap bisa membukukan lebih banyak penjualan kapal dalam beberapa bulan mendatang.

Aktivitas tender pada 2Q2018 dikombinasikan dengan *net gearing ratio* lebih rendah di level 44% pada akhir 1Q2018 dibandingkan 50% pada akhir Desember 2017 dapat memberi kontribusi laba yang lebih baik pada paruh kedua tahun ini.

Total kontrak yang dimiliki pada akhir Maret 2018 adalah sebesar USD83.4 juta.

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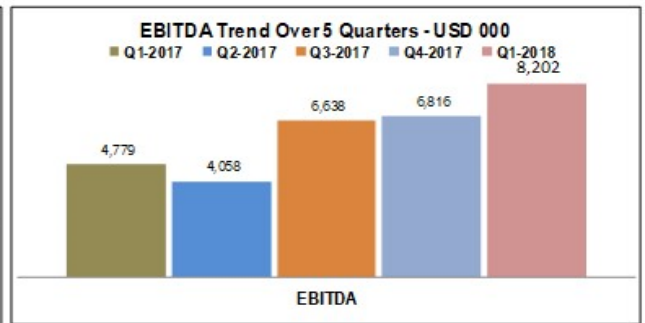
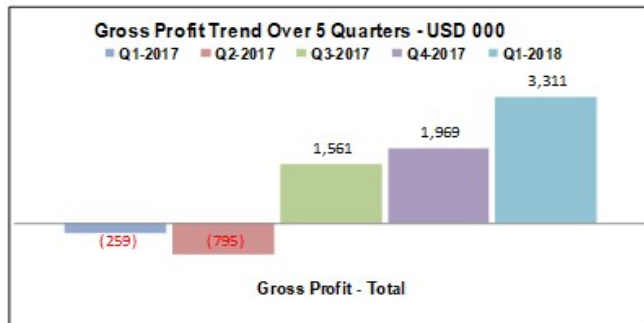
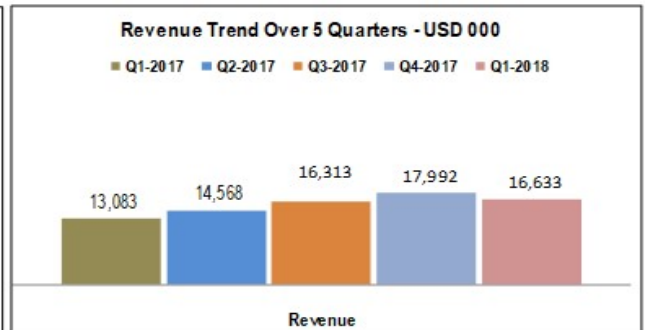
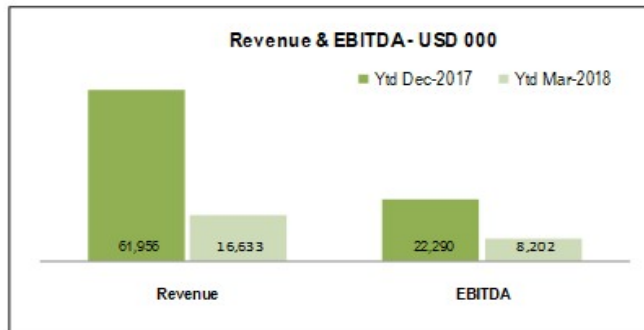
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SUMMARY PROFIT AND LOSS (Q1-2018 vs Q1-2017)

PT WINTERMAR OFFSHORE MARINE TBK AND SUBSIDIARIES

Description	Q1-2018 2018	Q1-2017 2017	Q1-2018 vs Q1-2017	
			Change	%
Direct expense				
Owned vessel	11,182,849	10,501,205	681,644	6%
Depreciation	6,662,567	6,903,194	(240,627)	-3%
Crewing	2,450,313	2,062,146	388,167	19%
Operations	730,581	782,163	(51,582)	-7%
Maintenance	933,394	597,209	336,185	56%
Fuel Bunker	405,994	156,493	249,501	159%
Charter	1,667,534	2,382,464	(714,930)	-30%
Others	471,452	458,088	13,364	3%
Total Direct expense	13,321,834	13,341,757	(19,922)	0%

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Description	Q1-2018 2018	Q1-2017 2017	Q1-2018 vs Q1-2017	
			Change	%
PROFIT AND LOSS				
Revenue				
Owned vessel	14,027,813	9,455,315	4,572,497	48%
Chartering	1,725,225	2,944,264	(1,219,039)	-41%
Others	880,239	683,650	196,589	29%
Total Revenue	16,633,276	13,083,229	3,550,047	27%
Direct expense				
Owned vessel	11,182,849	10,501,205	681,644	6%
Charter	1,667,534	2,382,464	(714,930)	-30%
Others	471,452	458,088	13,364	3%
Total Direct expense	13,321,834	13,341,757	(19,922)	0%
Gross profit	3,311,442	(258,527)	3,569,969	-1381%
Gross profit - owned vessel	2,844,964	(1,045,890)	3,890,853	
Gross profit - chartering	57,691	561,800	(504,109)	-90%
Gross profit - others	408,787	225,563	183,224	81%
Indirect expenses				
Administration	48,559	32,182	16,377	51%
Depreciation office	49,246	40,038	9,208	23%
Office utility	134,331	133,247	1,085	1%
Professional fee	70,931	95,826	(24,895)	-26%
Staff salary	1,186,417	1,310,493	(124,076)	-9%
Staff training & recreation	23,959	30,536	(6,577)	-22%
Telecommunication	12,379	11,858	520	4%
Travelling	37,938	45,572	(7,634)	-17%
Marketing	101,302	46,587	54,716	117%
Donation	1,110	736	374	51%
Employee Benefit	155,359	158,899	(3,540)	-2%
Total Indirect expenses	1,821,531	1,905,974	(84,443)	-4%
Operating profit	1,489,911	(2,164,501)	3,654,412	-169%
Other income (expenses)				
Interest expenses	(1,578,107)	(2,123,798)	545,691	-26%
Interest income	14,312	9,714	4,598	47%
Equity in net earning of associates	(413,842)	(302,856)	(110,986)	37%
Net - Gain (loss) on sale of fixed assets	(177,038)	-	(177,038)	0%
Forex gain (loss)	(149,800)	(142)	(149,658)	105416%
Impairment of assets	-	(574,692)	574,692	-100%
Others	(8,946)	(42,260)	33,314	-79%
Total Other income (expenses)	(2,313,421)	(3,034,034)	720,613	-24%
Net income (loss) before tax	(823,510)	(5,198,535)	4,375,025	-84%
Tax expenses				
Final income tax	(195,668)	(207,748)	12,080	-6%
Non final income tax	-	(1,076)	1,076	-100%
Deferred tax	-	-	-	n/a
Total tax benefit (expenses)	(195,668)	(208,823)	13,155	
Income (loss) before non controlling interest	(1,019,179)	(5,407,358)	4,388,179	
Non controlling interest	289,576	(1,427,201)	1,716,777	
NET INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS	(1,308,754)	(3,980,157)	2,671,403	-67.12%
EBITDA	8,201,725	4,778,731	3,422,993	72%
Weighted Average EPS - USD Cents	(0.03)	(0.10)	0.07	-68.67%
Weighted Average EPS - Equivalent to IDR	(4.25)	(13.13)	8.88	-67.65%

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