

NEWSLETTER # 65
30th July 2018
RESULTS FOR THE FIRST 6 MONTHS ENDED 30th JUNE 2018

WINS reported 1H2018 gross profit of US\$4.8million, compared to a loss of US\$1million for 1H2017, driven by a 34% jump in Owned Vessels Revenue from better utilization of high tier vessels

Rising revenue combined with good cost control led to margin expansion in 1H2018 compared to 1H2017, driven by a turnaround in the high tier vessel segment. After the past three years of cost cutting exercises, management has started to increase investment in our crew and operations team in order to maintain the high standards required by our clients as business activity improves. As a result, crew and maintenance expenses have been raised in anticipation of higher utilization in the second semester of this year.

Owned Vessels Division

High tier vessels continued to show strong utilization above 70%, which raised gross margins for the first half. However, low tier vessel utilization fell to 32% as the company stepped up efforts to sell the older low tier vessels, thus lowering our average utilization rate to 64% for the second quarter compared to 70% in 1Q2018.

As two contracts involving high tier vessels were completed in 2Q2018, there was a slight drop in revenue for the 2nd Quarter compared to the first. However, the level of tendering activity is still improving, with some projects scheduled to commence in 4Q2018 and we are confident that the recovery in the upstream market is in place.

Crew costs were higher by 6%YOY compared to 1H2017, in line with the higher utilisation for the period. Fuel cost increased again from the full quarter's impact of the "wet contract" where our charter rate includes fuel, which commenced in mid 1Q2018.

Chartering and Other Services

Although Chartering Division revenue and profit are still much below the levels of 1H2017, there was a quarter on quarter

WINS melaporkan laba kotor sebesar US\$4,8juta pada 1H2018, dibandingkan rugi kotor sebesar US\$1juta untuk 1H2017, dipicu lompatan pendapatan Kapal Milik sebesar 34% dari membaiknya utilisasi armada *high tier*

Melesatnya pendapatan dikombinasikan dengan kontrol biaya yang baik membentuk peningkatan laba pada 1H2018 bila dibandingkan 1H2017, dipicu pulihnya segmen armada *high tier*. Setelah melewati masa-masa dibatasinya biaya, manajemen memulai investasi tambahan pada awak kapal dan tim operasi dalam mengelola standar pelayanan yang prima bagi pelanggan kami dengan meningkatnya aktivitas bisnis. Hasilnya, biaya awak dan pemeliharaan kapal meningkat dalam mengantisipasi utilisasi yang lebih tinggi pada semester kedua tahun ini.

Divisi Kapal Milik

Armada *high tier* terus menunjukkan utilisasi yang mantap diatas 70%, dimana akhirnya dapat meraih laba kotor di semester pertama ini. Namun begitu, utilisasi armada low tier terkoreksi 32% akibat kebijakan perusahaan untuk menjual armada *low tier* yang sudah tua, yang menurunkan tingkat utilisasi rata-rata menjadi 64% untuk kuartal kedua dibandingkan 70% di 1Q2018.

Karena terdapat 2 kontrak yang memakai kapal high tier yang selesai pada 2Q2018, pendapatan pada kuartal kedua sedikit turun dibandingkan kuartal pertama. Namun begitu aktivitas tender tetap terus membaik, beberapa proyek dijadwalkan akan dimulai pada 4Q2018 dan kami yakin bahwa pemulihan pada pasar hulu sudah dimulai.

Biaya awak kapal lebih tinggi 6% di 1H2018 dibandingkan 1H2017, sejalan dengan lebih baiknya utilisasi pada periode tersebut. Biaya bahan bakar juga meningkat dampak dari *wet contract* dimana harga sewa termasuk biaya bahan bakar, yang dimulai pada pertengahan 1Q2018.

Kapal Sewa dan Jasa Lainnya

Walaupun pendapatan dan laba pada Segmen Kapal Sewa masih jauh dibawah hasil 1H2017, ada peningkatan pada laba kotor di

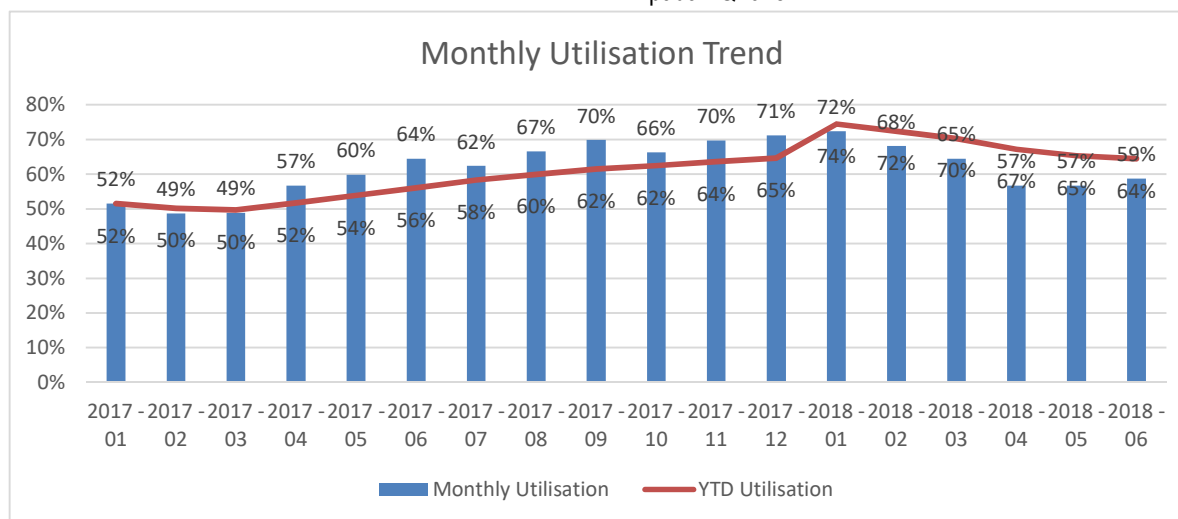
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improvement in gross profit from the Chartering Division to US\$ 100,000 in 2Q2018 compared to US\$ 58,000 in 1Q2018.

divisi Kapal Sewa ini dibandingkan kuartal sebelumnya yakni sebesar US\$ 100.000 pada 2Q2018 dibandingkan US\$ 58.000 pada 1Q2018.



Indirect Expenses and Operating Profit

Staff expenses were 8% higher in 1H2018 compared with the first half the previous year as we invested in building up our vessel teams to handle a higher level of fleet utilization. Overall indirect expenses were flat as the higher staff expenses were offset by lower professional fees and travel costs.

Operating profit for the first half of 2018 was US\$ 963,830 compared to a loss of US\$ 4.8million in same period the previous year.

Other expenses and interest bearing debt

Despite a trend of rising interest rates over the year, interest expenses fell 20% YOY in 1H2018 to US\$ 3.1million owing to debt repayment according to schedule. Total long term debt declined from US\$ 107.2million as at December 2017 to US\$ 75.9million as the Company paid down US\$ 31.3million of debt over the past 6 months. Equity in earnings of Associates recorded a loss of US\$ 1.4million, and there was a net forex loss of US\$ 180,000.

Net loss attributable to Shareholders narrowed to US\$ 4.4million for 1H2018 compared to US\$ 7.4million in 1H2017.

Biaya Tidak Langsung dan Laba Operasional

Biaya karyawan ditutup lebih tinggi 8% pada 1H2018 dibandingkan paruh pertama tahun sebelumnya dimana Perusahaan berinvestasi untuk mengembangkan Vessel Team agar dapat mengelola utilisasi armada yang lebih tinggi. Secara keseluruhan biaya tidak langsung tidak berubah dimana biaya karyawan yang lebih tinggi dikompensasi biaya professional dan perjalanan yang lebih rendah.

Labanya operasional untuk semester pertama 2018 sebesar US\$ 963.830 dibandingkan kerugian sebesar US\$ 4,8 juta periode yang sama tahun sebelumnya.

Beban Lain dan Pinjaman berbunga

Meskipun ada tren peningkatan suku bunga sepanjang tahun, biaya bunga turun 20% YOY pada 1H2018 menjadi US\$ 3,1juta disebabkan terus dibayarnya pinjaman yang jatuh tempo. Total pinjaman berbunga jangka panjang turun dari US\$ 107,2juta menjadi US\$ 75,9juta sebagaimana Perusahaan telah melunasi kewajiban sebesar US\$ 31,3juta selama 6 bulan. Rugi dari Entitas Asosiasi tercatat sebesar US\$ 1,4juta, selain itu ada kerugian dari nilai tukar sebesar US\$ 180.000.

Total kerugian yang diatribusikan pada pemegang saham mengecil menjadi US\$ 4,4juta pada 1H2018 dibandingkan US\$ 7,4juta pada 1H2017.

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EBITDA

EBITDA of US\$ 14.4 million for 1H2018 was 63% higher than 1H2017, reflecting better result from operations and cost structure.

In June, the Company sold two vessels back to its associated company for a total valuation of US\$ 15.2million, which was offset against the outstanding loan, thus bringing down the net gearing to 34% by end of June 2018. This transaction, which was reported in the previous newsletter, will help improve future cash flows and overall vessel utilization in the coming years.

Outlook for Offshore Support Vessels (OSV)

There is a growing consensus that oil supply will be tight which lends support to oil prices. Although shale oil production has been rising, it is compensated for by falling supply from Venezuela and Iran.

New offshore projects have been commissioned in the North Sea and Middle East, while in Indonesia, several projects have started operations again after having been suspended for over two years. There are requests for tenders for projects commencing in 4Q 2018 and onwards. All these factors have improved the demand for OSVs significantly.

Increasing rates of scrapping and lower numbers of new OSVs entering the market has created a better balance in the global Offshore Supply Vessel (OSV) market. This together with more drilling offshore drilling projects being commissioned has led to better prospects in global charter rates for PSVs and AHTS. Day rates for charter of OSVs in the North Sea and Middle East have already started to improve, while day rates in South East Asia have bottomed and likely to trend upwards. Some of the more well-known global OSV players are starting to form alliances and mergers, but in Asia, there are still companies undergoing liquidation or bankruptcy.

Although in Indonesia there has been a pause in the awarding of longer term vessel tenders in 2Q2018, there have been several spot tenders awarded in Indonesia and a higher level of tendering activity with commencement dates from 4Q2018 to next year.

Against this industry outlook, we are aiming to maintain a strong balance sheet by deleveraging where possible. We will also use the available cash flow to build up a stronger operational base for future growth opportunities in the coming year.

EBITDA

EBITDA sebesar US\$ 14,4juta untuk periode 1H2018 63% lebih tinggi dibandingkan 1H2017, merefleksikan perbaikan terutama disisi operasional dan struktur pembiayaan

Pada bulan Juni, Perusahaan menjual kembali dua unit kapal pada perusahaan asosiasi senilai US\$ 15,2juta, yang ditutup dengan saldo hutang, hingga menurunkan Net Gearing menjadi 34% pada akhir Juni 2018. Transaksi ini, sebagaimana telah disampaikan pada Newsletter sebelumnya, akan memperbaiki arus kas dan utilisasi armada keseluruhan untuk tahun-tahun mendatang.

Prospek Industri “Offshore Support Vessels (OSV)”

Ada pandangan muncul bahwa pasokan minyak yang ketat akan memicu peningkatan harga minyak. Walaupun produksi minyak “Shale” meningkat, namun hal tersebut akan terkompensasi dengan menurunnya pasokan dari Venezuela dan Iran.

Proyek-proyek lepas pantai baru telah dijalankan di Laut Utara dan Timur Tengah, sementara di Indonesia, beberapa proyek telah beroperasi kembali setelah dibekukan selama lebih dari dua tahun. Ada beberapa permintaan tender yang akan dimulai pada 4Q2018 kedepan. Semua faktor-faktor ini telah memperbaiki permintaan atas Kapal Lepas Pantai secara signifikan.

Meningkatnya kapal yang dibesi-tukan dan sedikitnya jumlah OSV baru yang masuk ke pasar menciptakan keseimbangan yang lebih baik pada pasar Kapal Penunjang Lepas Pantai (OSV) secara global. Dengan penambahan proyek proyek pengeboran lepas pantai yang sedang memulai dioperasikan membawa prospek perbaikan pada tarif sewa global untuk kapal-kapal PSV dan AHTS. Tarif sewa harian untuk Kapal Lepas Pantai di Laut Utara dan Timur Tengah telah mulai membaik, sementara di Asia, tarif sewa masih ada di tingkat yang rendah dan sepertinya akan terus meningkat. Beberapa dari pemain OSV global terkenal telah mulai membentuk aliansi dan merger, namun di Asia, masih ada perusahaan-perusahaan yang dalam proses likuidasi atau pailit.

Walaupun dalam periode 2Q2018 ada penundaan tender jangka panjang di Indonesia, namun masih ada “spot” tender dan kenaikan aktivitas tender untuk pekerjaan proyek yang akan dimulai 4Q2018 hingga tahun depan.

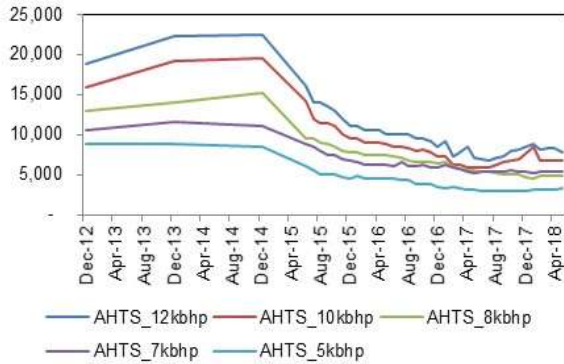
Menghadapi keadaan ini, kami bertujuan untuk mempertahankan neraca dengan mengurangi pinjaman jika dimungkinkan. Kami juga akan menggunakan dana yang tersedia untuk mengembangkan basis operasional yang kuat untuk mendapatkan peluang pertumbuhan di masa-masa mendatang.

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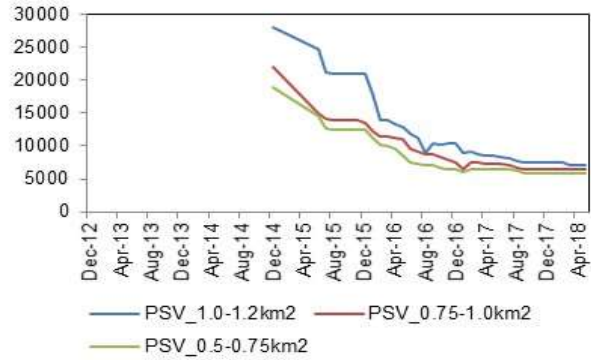
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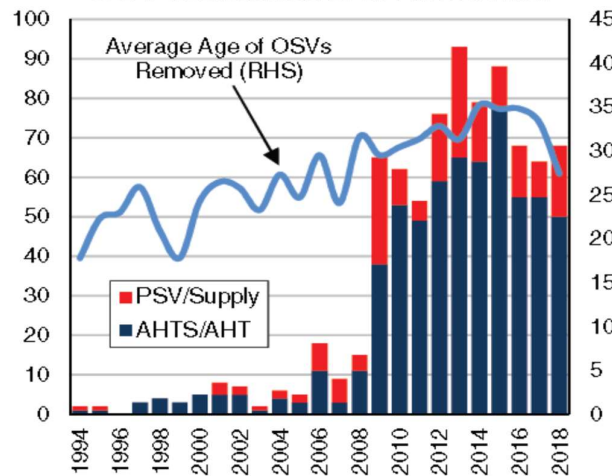
AHTS - SEAsia Dayrates



PSV - SEAsia Dayrates



OSV Demolitions & Removals



Source of all data above : Clarksons

Total contracts on hand as at end June 2018 were US\$69million. Total kontrak yang dimiliki pada akhir Juni 2018 sebesar US\$ 69juta.

For further information, please contact:

Untuk informasi lebih lanjut, silahkan hubungi:

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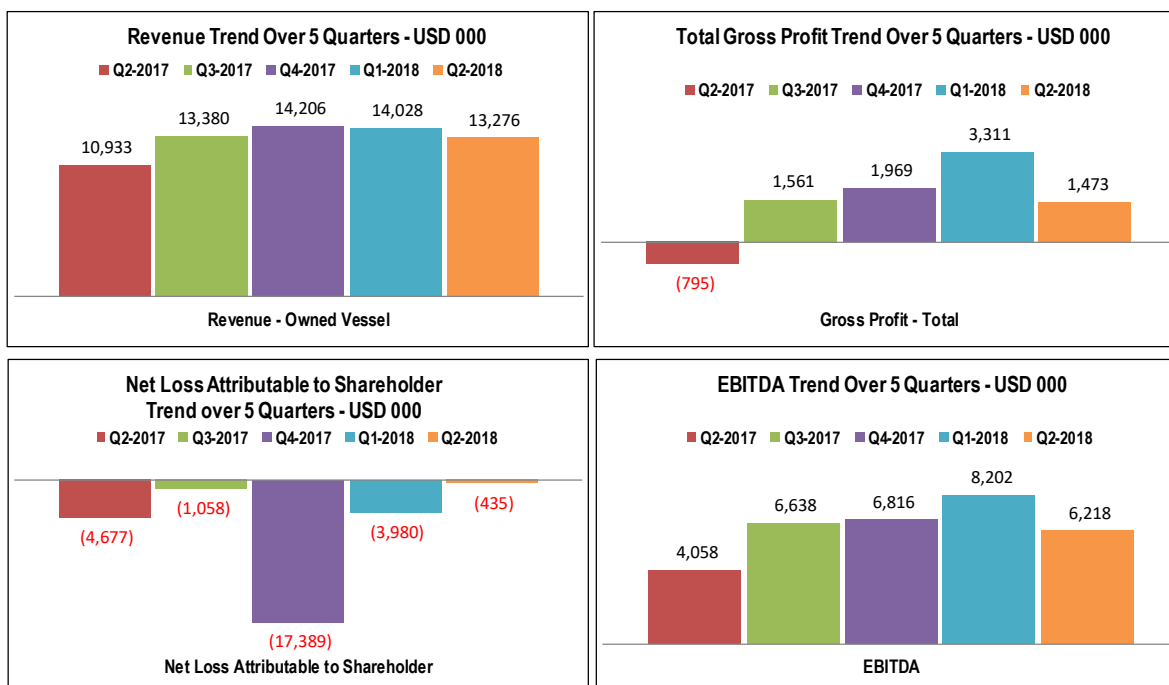
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DIRECT EXPENSES SUMMARY (1H-2018 VS 1H-2017)
PT. WINTERMAR OFFSHORE MARINE Tbk AND SUBSIDIARIES

| Description IN US\$ | 1H-2018 2018 | 1H-2017 2017 | 1H-2018 vs 1H-2017 | |
|-----------------------------|-------------------|-------------------|--------------------|------------|
| | | | Change | % |
| Direct expense | | | | |
| Owned vessel | 23,460,332 | 22,635,196 | 825,136 | 4% |
| Depreciation | 13,356,544 | 13,583,585 | (227,042) | -2% |
| Crewing | 5,235,258 | 4,917,285 | 317,974 | 6% |
| Operations | 1,712,015 | 1,737,091 | (25,076) | -1% |
| Maintenance | 2,003,699 | 1,723,698 | 280,001 | 16% |
| Fuel Bunker | 1,152,816 | 673,537 | 479,279 | 71% |
| Charter | 2,993,436 | 4,832,064 | (1,838,628) | -38% |
| Others | 1,393,438 | 1,237,127 | 156,311 | 13% |
| Total Direct expense | 27,847,206 | 28,704,387 | (857,181) | -3% |

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SUMMARY PROFIT AND LOSS (1H-2018 vs 1H-2017)

PT WINTERMAR OFFSHORE MARINE TBK AND SUBSIDIARIES

| Description | 1H-2018 2018 | 1H-2017 2017 | 1H-2018 vs 1H-2017 | |
|---|--------------------|---------------------|--------------------|----------------|
| | | | Change | % |
| PROFIT AND LOSS | | | | |
| Revenue | | | | |
| Owned vessel | 27,304,263 | 20,387,837 | 6,916,426 | 34% |
| Chartering | 3,151,165 | 5,511,232 | (2,360,067) | -43% |
| Others | 2,176,173 | 1,751,813 | 424,360 | 24% |
| Total Revenue | 32,631,601 | 27,650,883 | 4,980,719 | 18% |
| Direct expense | | | | |
| Owned vessel | 23,460,332 | 22,635,196 | 825,136 | 4% |
| Charter | 2,993,436 | 4,832,064 | (1,838,628) | -38% |
| Others | 1,393,438 | 1,237,127 | 156,311 | 13% |
| Total Direct expense | 27,847,206 | 28,704,387 | (857,181) | -3% |
| Gross profit | 4,784,396 | (1,053,504) | 5,837,900 | -554% |
| Gross profit - owned vessel | 3,843,932 | (2,247,359) | 6,091,290 | -271% |
| Gross profit - chartering | 157,729 | 679,168 | (521,439) | -77% |
| Gross profit - others | 782,735 | 514,686 | 268,049 | 52% |
| Indirect expenses | | | | |
| Administration | 71,079 | 65,874 | 5,205 | 8% |
| Depreciation office | 99,305 | 78,122 | 21,183 | 27% |
| Office utility | 291,292 | 267,980 | 23,312 | 9% |
| Professional fee | 219,676 | 364,581 | (144,906) | -40% |
| Staff salary | 2,496,401 | 2,319,905 | 176,496 | 8% |
| Staff training & recreation | 52,375 | 60,605 | (8,229) | -14% |
| Telecommunication | 31,522 | 26,044 | 5,478 | 21% |
| Travelling | 64,493 | 91,707 | (27,214) | -30% |
| Marketing | 183,995 | 172,121 | 11,874 | 7% |
| Donation | 4,825 | 6,115 | (1,290) | -21% |
| Employee Benefit | 305,604 | 318,878 | (13,274) | -4% |
| Total Indirect expenses | 3,820,566 | 3,771,931 | 48,635 | 1% |
| Operating profit | 963,830 | (4,825,436) | 5,789,265 | -120% |
| Other income (expenses) | | | | |
| Interest expenses | (3,117,568) | (3,909,197) | 791,629 | -20% |
| Interest income | 58,952 | 29,035 | 29,917 | 103% |
| Equity in net earning of associates | (1,440,223) | (292,069) | (1,148,155) | 393% |
| Net - Gain (loss) on sale of fixed assets | (160,550) | - | (160,550) | 0% |
| Forex gain (loss) | (180,432) | 28,790 | (209,223) | -727% |
| Impairment of assets | - | (554,689) | 554,689 | -100% |
| Others | (199,602) | (228,072) | 28,470 | -12% |
| Total Other income (expenses) | (5,039,422) | (4,926,201) | (113,222) | 2% |
| Net income (loss) before tax | (4,075,593) | (9,751,636) | 5,676,044 | -58% |
| Tax expenses | | | | |
| Final income tax | (406,609) | (388,417) | (18,192) | 5% |
| Non final income tax | (3,873) | (3,571) | (302) | 8% |
| Deferred tax | - | - | - | n/a |
| Total tax benefit (expenses) | (410,481) | (391,987) | (18,494) | |
| Income (loss) before non controlling interest | (4,486,075) | (10,143,623) | 5,657,548 | |
| Non controlling interest | (70,683) | (2,786,373) | 2,715,690 | |
| NET INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS | (4,415,391) | (7,357,250) | 2,941,859 | -39.99% |
| EBITDA | 14,419,678 | 8,836,271 | 5,583,407 | 63% |
| Weighted Average EPS - USD Cents | (0.10) | (0.18) | 0.08 | -42.82% |
| Weighted Average EPS - Equivalent to IDR | (15.01) | (24.27) | 9.26 | -38.16% |

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