



“Aban Offshore Limited Q4 FY17 Earnings Conference Call”

May 29, 2017



MANAGEMENT: **MR. C. P. GOPALKRISHNAN – DEPUTY MANAGING
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MODERATOR: **MR. PRASHANT TARWADI – AXIS CAPITAL LIMITED**



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- Moderator:** Ladies and Gentlemen, Good Day and Welcome to the Aban Offshore Limited Q4 FY17 Earnings Conference Call hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Prashant Tarwadi from Axis Capital Limited. Thank you and over to you, Sir.
- Prashant Tarwadi:** Good afternoon to all. On behalf of Axis Capital, I welcome all in the conference call of Aban Offshore Limited. Today, we have with us Mr. C. P. Gopalkrishnan – Deputy Managing Director and Chief Financial Officer, and Mr. S. Srinivasan – Senior Vice President. Gentlemen, thanks a lot for devoting time for this call. Thanks and over to you, Gopal Sir.
- C. P. Gopalkrishnan:** Good day to all the participants. I welcome you all to the earnings call of the company for the fourth quarter FY2017. For the full year FY2017, revenues were \$262 million in USD and EBITDA was \$135 million. The net loss was US \$158 million and in terms of employment we got a three-year charter hire for Aban Ice with ONGC and four well contracts for DD8 with Vietsovetro and foreman's work for DD6 in the Middle East. We also had a short-term work for two months for DD5 with Cairn and also with DD8 with Santos, Bangladesh. Aban-VII also had got a contract in Oman all of which were completed, so now I request if you have any other questions, Mr. Srinivasan would reply. Thank you.
- Moderator:** Thank you. Ladies and Gentlemen, we will now begin with the question and answer session. We take the question from the line of Jenit Metha from B&K Securities. Please go ahead.
- Jenit Metha:** Sir, currently there are how many rigs which are off-contract?
- S. Srinivasan:** We have about seven rigs which are off-contract.
- Jenit Metha:** Are there any tenders which are, like ONGC tender we are hearing and ONGC tender which will come up, so could you give us some?
- S. Srinivasan:** There are lot of tenders which are in the market, if you compare it with what we said three months back that was in the last earnings call, there are quite a lot of tenders in particular long-term tenders, which are three years and above. Basically, we are trying to participate in most of these tenders.
- Jenit Metha:** In totality, Sir, how many rigs are being tendered in this contract?
- S. Srinivasan:** I will not be able to tell you the exact amount, but we are trying to participate in all the tenders.



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- Jenit Metha:** Sir, by when can one expect this to be finalized I mean any dates that ONGC has given for the...?
- S. Srinivasan:** We do not know, because most probably these tenders will close around end of June and I am not talking about ONGC alone, there are lot of tenders.
- Jenit Metha:** These are for jacks up only or these are...?
- S. Srinivasan:** Decision making can happen thereafter in about three to four months, but there is no hard and fast rule it can happen fast also and it can get later also.
- Moderator:** Thank you. We take the next question from the line of Amit Shah from BNP Paribas. Please go ahead.
- Amit Shah:** Just one question, can you give us the debt repayment schedule for FY18 and 19, how much is to be paid?
- S. Srinivasan:** I think it is about \$120 million each.
- Amit Shah:** Is there a way where you can just quickly give us a rig by rig, the contract or which are the rigs that are not operational currently?
- S. Srinivasan:** The rigs which are not operational is Aban-V and then Tahara from the Indian company. In Singapore, we have DD1, DD3, DD5, DD7, and then Aban-VII, five rigs from Singapore and two rigs from India are not operational.
- Amit Shah:** Aban-II, what is the contract, when does the contract end, the current contract?
- S. Srinivasan:** I think we have till about January 2019.
- Amit Shah:** Aban-III?
- S. Srinivasan:** Aban-III, we have till April 2018.
- Amit Shah:** Aban-IV?
- S. Srinivasan:** Aban-IV, March 2018.
- Amit Shah:** Aban-VI?
- S. Srinivasan:** Aban-VI, we have like on a well-to-well extension, it is basically short term.
- Amit Shah:** Aban-Ice is still November 2016?



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- S. Srinivasan:** May 2020.
- Amit Shah:** Aban-VIII?
- S. Srinivasan:** Aban-VIII is also on a short-term basis.
- Amit Shah:** DD2?
- S. Srinivasan:** DD2, we have till September of 2017.
- Amit Shah:** DD4?
- S. Srinivasan:** DD4 also short-term basis.
- Amit Shah:** DD6?
- S. Srinivasan:** DD6, we will have till probably July or August of 2017.
- Amit Shah:** Lastly, DD8?
- S. Srinivasan:** DD8, sometime October to December 2017.
- Amit Shah:** What is the kind of decline you have seen in day rates?
- S. Srinivasan:** We do not want to comment on it because it is extremely competitive information.
- Moderator:** Thank you. We take the next question from the line of Prashant Tarwadi from Axis Capital Limited. Please go ahead.
- Prashant Tarwadi:** Sir, just wanted to understand your receivables from Iran, what is the situation there and what kind of outlook do we have from there?
- S. Srinivasan:** We had at the beginning of the year from Iran around \$288 million, that is, March 2016 and as on March 2017, we have only \$252 million, so we have reduced it significantly. You will notice that we have reduced the receivables by around \$36 million plus we have also collected whatever has been billed.
- Prashant Tarwadi:** There is no incremental...?
- S. Srinivasan:** That is basically on a net reduction of about \$36 million from Iran.
- Prashant Tarwadi:** What is the outlook there, are we expecting any positive development happening there?



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- S. Srinivasan:** The re-election of the President is definitely positive, so I think the reformist agenda will continue.
- Prashant Tarwadi:** Drilling activity in that region, has it accelerated or it is stagnant kind of?
- S. Srinivasan:** Definitely, it has increased, not only in Iran, in other parts of Middle East also there is lot of activity. If you find that we have been able to get some contracts in Oman and some in UAE, other parts of Middle East also is encouraging.
- Moderator:** Thank you. We take the next question from the line of Abhishek Dutta from Prabhudas Lilladher. Please go ahead.
- Abhishek Dutta:** Sir, can you just give us an update on how the re-activity in Middle East is and what kind of rates which are prevailing in the Iran regions now that they are out of the sanctions and all, just an overview?
- S. Srinivasan:** As I was telling you, like the rates are very competitive information, so we will not be able to disclose it.
- Abhishek Dutta:** I was now coming to the industry wide...?
- S. Srinivasan:** I am talking about industry wide also, Iran which used to command as high as 30% premium over the rest of the world, the premiums have fallen down significantly and it is not more than 5% to 10%.
- Abhishek Dutta:** Sir, any other opportunity like, in India how is the activity like apart of ONGC?
- S. Srinivasan:** India also there is activity, like if you will notice that in the last two years, ONGC is one of the major oil companies they have been tendering for rigs despite the lower oil prices, so activity has been quite good in India.
- Abhishek Dutta:** Currently, how many tenders are currently on from ONGC side for jack-up rigs and all?
- S. Srinivasan:** I think around eight rigs, they are seeking eight rigs.
- Abhishek Dutta:** In Indian context, how has the rig rates been like...?
- S. Srinivasan:** It has behaved in line with the market and the rest of the world.
- Moderator:** Thank you. We take the next question from the line of Sumit Jain from Kotak Securities. Please go ahead.



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- Sumit Jain:** Sir, just wanted to understand the preference shares are due for redemption, have we paid it off or what is the status?
- S. Srinivasan:** We have not paid.
- Sumit Jain:** Any timeline for the same, dividend?
- S. Srinivasan:** There is no fixed timeline for that.
- Moderator:** Thank you. That was the last question, I now hand the floor over to the management for their closing comments.
- S. Srinivasan:** Thank you very much for participating in this earnings call of Aban Offshore Limited for the fourth quarter of Financial Year 2017. I thank the organizers, Axis Capital, Prashant Tarwadi, and the moderator for taking this call. Thank you.
- Moderator:** Thank you. Ladies and Gentlemen, on behalf of Axis Capital Limited, that concludes this conference. Thank you for joining and you may now disconnect your lines.