



“Aban Offshore Limited
Q2 FY2019 Earnings Conference Call”

November 09, 2018



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Moderator: Ladies and gentlemen good day, and welcome to the Aban Offshore Limited Q2 FY2019 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Manikantha Garre from Axis Capital Limited. Thank you and over to you Sir!

Manikantha Garre: Thank you Bikram. Good evening everyone. On behalf of Axis Capital, I welcome you all to Aban Offshore's Q2 FY2019 Conference Call. We have with us today, Mr. C.P. Gopalkrishnan, CFO and Mr. S. Srinivasan, Senior Vice President. The call will begin with a brief management discussion and would be followed by a Q&A session. I now hand over the floor to Mr. Gopalkrishnan. Over to you Sir!

C.P. Gopalkrishnan: Good evening everybody. I welcome all of you to the second quarter earnings call of AOL for 2018 and 2019. The quarter had reduction in revenues mainly due to some rigs going out of contract in preparation for the new long-term contracts. The highlights of the quarter are the award of three to four year long term contracts for three new rigs by Abu Dhabi National Oil Company (ADNOC). With this six out of nine new rigs are deployed for long-term charters. I now leave the field to open for questions.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. We have the first question from the line of Manikantha Garre from Axis Capital Limited. Please go ahead.

Manikantha Garre: If you can you give us the latest fleet status and your view of how the offshore rig market is panning out in India and Middle East that will be great Sir?

S. Srinivasan: Basically I think if you look at it our Singapore rigs, we have 9 new rigs, DD1 to DD8 and Aban-VIII of which we have now contracts for six of them that is basically long-term contracts so three are working now that is DD8 with ONGC that is a two-year charter, DD5 with Shell Brunei that is a five-year charter that is till 2022 October. Then we have currently a short-term charter for Aban-VIII expiring probably next month but we have a back-to-back charter in the same region that is Malaysia for another about one year probably it will go on till another 18 months that is also in Malaysia. That three rigs are in operation. So as Mr. Gopalkrishnan mentioned we have got two four-year contracts in Abu Dhabi and one three-year contract that is three of our rigs are likely to be deployed in the end of the current quarter and early next quarter that will be in Abu Dhabi that will take six of our rigs. And remaining three rigs do not have contracts but we are working on good leads for all of them. As far as our old rigs are concerned, the nine old rigs, we have three rigs working with ONGC that is Aban Abraham we have a contract till the end of the current month and then we have Aban-II that is till January 2019 and we have Aban-ICE that is till May 2020. The remaining six rigs are idle. As you know, Tahara has been idle for a quite long time. Regarding the other rigs, the old rigs we are working on some leads and there are

some opportunities where we are participating. As far as the market is concerned as you would have seen some of the oil companies have taken decision that is how we could get these long term charters. But at the same time, the market is still subdued in the sense there is no big ramp up in the capacity utilization. So naturally that will have an impact on the day rates as well. But our thing is at least we have been able to get contracts for most of our new rigs. So that we do not incur those idle costs, stacking cost.

Manikantha Garre: Sir have been seeing that there is a lot of consolidation happening with the larger players in US and Europe, is that going to happen in Asia also, have you received any interest or anything of that sort for any of the rigs or anything?

C.P. Gopalkrishnan: No. That I think we cannot comment. But as you know the consolidation see this is a global industry right, it is not something which is location specific. But we cannot comment on those.

Manikantha Garre: No problem Sir. My next question is on 100% interest in UK Continental Shelf Production License that you have taken recently, can you please give more details on that, are we looking to enter upstream with this?

C.P. Gopalkrishnan: No. Basically this was an opportunity to monetize our receivables, so as you know we were not receiving our money from our Iranian customers. So one of their affiliates had this oil field in UK so we have simply swapped this oil field's stake for against our receivables. So we are not made any cash outflow for this.

Manikantha Garre: I understand Sir.

C.P. Gopalkrishnan: Yes. It was basically an opportunity to collect our cash.

Manikantha Garre: Understand Sir. We were just selling off and rest of 50% also will be looking to sell of that?

C.P. Gopalkrishnan: That has not been decided because that will take a while. We have not decided on that.

Manikantha Garre: Understood Sir. Thank you.

Moderator: Sir do you have any further questions, Mr. Garre?

Manikantha Garre: I am done. Thank you.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Manikantha Garre of Axis Capital Limited for closing comments. Sir over to you!

Manikantha Garre: On behalf of Axis Capital, we thank the Aban Offshore Management for giving us the opportunity to host this call. Thank you so much Sir.

C.P. Gopalkrishnan: Thanks Manikantha and Axis Capital and the moderator for organizing this call. Thank you.



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Moderator: Thank you very much Sir. Ladies and gentlemen, on behalf of Axis Capital Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.