



Chairman's Statement

On behalf of the Board of Directors, I present the unaudited accounts for Renaissance Services SAOG, for the three-month period ending 31st March 2019.

Q1 performance is positive. In Topaz, this is driven by full scale operations in the TCO Contract; and improvement in vessel utilization in the core fleet across all markets. In Renaissance, the Renaissance Village Duqm (RSVD) project is now in profit.

Challenges remain: In Topaz, we have reported throughout 2018 that the company is committed to developing an optimal long-term capital structure that will de-leverage the balance sheet, meet looming capital structure obligations, strengthen liquidity and provide funds for growth opportunities. This challenge continues into 2019. As previously reported, we have taken professional advice on a variety of capital initiatives. We shall reach an optimal decision based on prevailing market conditions. Until matters clarify, Topaz is managing its liquidity position and meeting all financial obligations.

Financial Performance

RS Group Consolidated

	Rial Million		USD Million	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Revenue	69.8	51.6	181.3	134.0
EBITDA	31.0	17.2	80.5	44.7
Operating profit	19.9	8.5	51.7	22.1
Net profit after tax	7.9	0.9	20.5	2.3
Net profit after minority interest	6.2	0.2	16.1	0.5

Topaz

The global Offshore Support Vessel (OSV), Marine Logistics and Solutions Company

	Rial Million		USD Million	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Revenue	44.2	25.4	114.8	66.0
EBITDA	25.7	12.5	66.8	32.5
Operating profit	16.8	6.1	43.6	15.8
Net profit/(loss) after tax	6.5	(1.2)	16.9	(3.1)
Net profit/(loss) after minority interest	4.8	(2.2)	12.5	(5.7)

Oil prices appear more stable in 2019, and achievement of a market-leading US\$1.55bn contract backlog provides both financial strength and long-term earnings visibility for Topaz.

Q1 EBITDA of Rials 25.7 million (USD 66.8 million) comprises cash and non-cash components. Rials 13.46 million (USD 35.0 million) is cash EBITDA. The balance is termed as non-cash due to client pre-payments for the TchengizChevrOil (TCO) vessels, amortized against revenue generated over the contract period.

We have seen progress on all fronts during Q1: Utilization of the core fleet is at a market-leading 86%. All TCO vessels are now fully operational. The company has reached a satisfactory out-of-court settlement of a legal dispute in Nigeria. Two new subsea vessels have joined the fleet and mobilized straight into secured contracts.

Renaissance

The Oman-based Services Solutions Business: Integrated Facilities Management (IFM); Soft FM; Hard FM; and Turnkey Accommodation Solutions under the Renaissance Village brand.

Renaissance

	Rial Million		USD Million	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Revenue	25.6	26.2	66.5	68.1
EBITDA	5.3	4.7	13.8	12.2
Operating profit	3.1	2.4	8.1	6.2
Net profit after tax	2.0	1.7	5.2	4.4
Net profit after minority interest	2.0	2.0	5.2	5.2

All aspects of the Services businesses portfolio have performed well except for UAE, which continues to incur losses. Some new contract wins in that market should generate some improvement in Q2. Meanwhile the Oman Contract Services business and the Renaissance Villages PDO (PAC) business both continue to perform well in line with expectations.

Renaissance Village Duqm has passed break-even and is on track for a profitable first year of full-scale operations. We have expanded total bed capacity from 16,960 to 18,655. Forecast demand exceeds this capacity by year-end, so the company is considering plans for further expansion during the year.

Renaissance Village Duqm is gaining recognition as a unique response to the international requirement to deliver high standards of workforce accommodation at affordable costs. This ensures projects are built competitively, with the benefit of a happy and safe workforce living in permanent facilities that afford them respect, dignity and a lifestyle beyond the limits and hardships of remote temporary camps.

In this regard, Renaissance Village Duqm has been declared Oman National Winner in two categories of the 2019 MEED Project Awards: 'Residential Project of the Year'; and 'Social, Cultural & Heritage Project of the Year'. RSVD also received the Al Roya Economic Award in Oman for 'Best Large Private Sector Project'.

Outlook

We expect continued positive operating performance during the year. We are actively considering future growth potential, for example in further expansion of Renaissance Village Duqm. We continue to focus on potential capital structure initiatives for Topaz, with a primary view to strengthen liquidity.

Recognition

Renaissance Services SAOG has been awarded the prestigious 'Muscat Securities Market (MSM) Quality Disclosure Award 2019'. We are committed to the highest standards of disclosure and transparency. We demonstrate this through our quarterly reports and Annual Report; our AGM and other shareholder meetings; our quarterly stakeholder engagement phone-ins and Annual Meeting for analysts, brokers, shareholders and other stakeholders; our annual Sustainability Report; our website and all other media communications. We sincerely appreciate the recognition, encouragement and importance of this award.

Tribute

On behalf of the board of directors, I would like to express our sincere gratitude to His Majesty Sultan Qaboos Bin Said for his leadership and support to create a business environment that enables our company to thrive and prosper in our home market and compete with the very best in markets abroad.

Samir. J. Fancy

Chairman