

## Chairman's Statement

On behalf of the Board of Directors, I present the unaudited accounts for Renaissance Services SAOG, for the nine-month period ending 30 September 2018.

Our 2018 performance is progressing in line with our previous statements and the advice provided in our quarterly Shareholder meetings for investors, analysts and stakeholders. We continue to regard 2018 as a transition year; moving out of three years of recession, impacted by the low oil price in our key markets; and moving toward restored sustainable performance and value from 2019.

This quarter, I would like to provide updates on progress in two areas: The ongoing exploratory work for a potential strategic initiative for Topaz in 2019; and the build-up of occupancy at Renaissance Village Duqm.

Our continuous improvement in EBITDA performance ensures a positive cash position to assist us to meet all our obligations.

### Financial Performance

#### Group Consolidated

	Rial Million		USD Million	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017
Revenue	<b>175.0</b>	141.1	<b>454.5</b>	366.5
EBITDA	<b>63.0</b>	44.3	<b>163.6</b>	115.2
Operating profit	<b>35.8</b>	18.3	<b>93.0</b>	47.5
Net profit/(loss) after tax	<b>4.3</b>	(15.2)	<b>11.2</b>	(39.5)
Net profit/(loss) after minority interest	<b>2.5</b>	(17.5)	<b>6.5</b>	(45.5)

Note:

1. Q3 2018 Net profit is after recognizing a loss on sale of vessels at Rial 3.4 million. Q3 2017 Net loss is after a charge of Rial 7.3 million (USD 19 million) associated with the refinancing of Senior Notes in Topaz. EBITDA and operating Profit are before loss on sale of vessels.

#### Topaz

*Our global Offshore Support Vessel (OSV) Company*

	Rial Million		USD Million	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017
Revenue	<b>94.5</b>	67.8	<b>245.5</b>	176.0
EBITDA	<b>49.1</b>	33.9	<b>127.5</b>	88.1
Operating profit	<b>29.3</b>	13.7	<b>76.1</b>	35.6

Net profit/(loss) after tax	<b>0.5</b>	(14.5)	<b>1.3</b>	(37.7)
Net loss after minority interest	<b>(2.5)</b>	(18.1)	<b>(6.5)</b>	(47.0)

Note:

1. Q3 2018 Net profit is after recognizing a loss on sale of vessels at Rial 3.4 million. Q3 2017 Net loss is after a charge of Rial 7.3 million (USD 19 million) associated with the refinancing of Senior Notes. EBITDA and Operating Profit are before loss on sale of vessels.

The company is now sustaining a return to quarterly profitability, with improvement in all markets and the completed mobilisation of the Module Carrying Vessels (MCV) marine logistics contract for TengizChevroil, which shall be fully operational in Q4.

The company's position on exploring potential strategic initiatives remains unchanged. We continue to consider all options, including inorganic and capital market transactions such as an offering of securities in Topaz. We continue to consult with appointed professional advisers to guide us on options to reach the best decision. No decision has been taken to proceed in any particular direction. Any transaction in the future would be subject to meeting the company's strategic criteria based on market conditions at the time; strengthening the company's capital base; and avoiding the import of unnecessary risk.

### **Renaissance**

*Our Services Business: Integrated Facilities Management (IFM); Soft FM; Hard FM; and Turnkey Accommodation Solutions under the Renaissance Village brand.*

	Rial Million		USD Million	
	Q3 2018	Q3 2017	Q3 2018	Q3 2017
Revenue	<b>80.5</b>	73.3	<b>209.1</b>	190.4
EBITDA	<b>13.9</b>	10.4	<b>36.1</b>	27.1
Operating profit	<b>6.5</b>	4.6	<b>16.9</b>	11.9
Net profit after tax	<b>4.1</b>	1.9	<b>10.6</b>	4.9
Net profit after minority interest	<b>5.3</b>	3.2	<b>13.8</b>	8.3

The services business continues to progress with a number of key contract retentions and gains secured in the first half of the year. Net profit for the 9-month period, before losses from the Duqm project, is Rials 6.3 million.

Occupancy is building up progressively in our flagship project *Renaissance Village Duqm (RSVD)*.

2019 is set to be our first year of full scale operations, passing the break-even mark in Q1 and reaching full current capacity (> 16,000 beds) in Q3. In our Q2 statement we had anticipated reaching break-even and profit in Q4 of this year; but this is delayed by one further quarter.

Occupancy today is > 4,000 beds (25%) and has reached above 5,000 beds impacted by a temporary surge of UK Military for Exercise Saif Saree'a.

Duqm Refinery issued Notice to Proceed (NTP) in June 2018 for the 3 Engineering, Procurement and Construction (EPC) Contractors. All 3 EPC Consortia have signed agreements to stay at *RSVD*. They have also issued many of the sub-contracts, which are scheduled to mobilize in large numbers from Q1 2019.

Looking ahead, we shall reach full current capacity of *RSVD* of > 16,000 by Q3 2019; and the Board is considering potential expansion initiatives to meet increased demand in 2020.

In the meantime, the Oman government and Foreign Direct Investors (FDI) are announcing the next phase of projects. The Special Economic Zone at Duqm (SEZAD) is spear-heading the nation's vision of Duqm as a global logistics hub; a world-class Port and Drydock serving commercial shipping and military navies; an industrial power base (both Heavy and Light Industry); a tourism magnet with miles of pristine coastline; a thriving fisheries centre; and a full-fledged futuristic smart city.

Projects already under consideration to follow on from Duqm Refinery include Shell's Gas to Liquids project and Oman Oil's Petrochemical project.

We have believed in Duqm and its potential for Oman from the outset. SEZAD recognizes *Renaissance Village Duqm* as a key enabler for the entire Duqm project. While the period of occupancy build-up has had medium term negative impact on performance in 2017 and 2018, we can now look forward to long term sustainable contribution starting in 2019.

## **Outlook**

Our outlook statement is unchanged: Progress in 2018 is encouraging and 2019 outlook is improving. We have weathered a three-year storm of unprecedented turbulence in our core industries and key economic markets.

## **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. We take this opportunity to wish people throughout Oman a very happy 48th National Day on 18 November 2018.

**Samir. J. Fancy**

**Chairman**