



PIL to Fully Repay all Scheme Debts Ahead of Schedule and Satisfy Scheme Obligations

26 November 2021

The Board of Pacific International Lines (Pte) Ltd (PIL) is pleased to announce that PIL will be making an early repayment to creditors who were subject to the Scheme of Arrangement (Scheme) which PIL entered into as part of its restructuring in 1Q 2021. PIL will satisfy all Scheme obligations following the prepayment which is targeted to complete by 30 December 2021. The total amount to be repaid will be US\$1 billion.

PIL will be a well-capitalised company with a solid financial structure and resilience to address and mitigate the cyclical nature of the industry going forward.

Prepayment

Creditors of the Scheme that PIL will repay by 30 December 2021 are the Reinstated Senior Debt creditors and holders of the issued Option A securities (Option A SPCS) and Option B securities (Option B SPCS). The details are as follows:

- 1. Early repayment in full of the Reinstated Senior Debt (together with accrued interest) – The Reinstated Senior Debt creditors are mainly financial institutions who had extended loans to PIL;
- 2. The redemption of Option A SPCS, with each holder receiving the principal amount together with the distributions which would be accrued to the date of redemption;
- 3. For Option B SPCS, PIL would like to convey its appreciation to the holders for the 50% haircut voluntarily undertaken as part of the Scheme. As such, PIL would redeem Option B SPCS with each holder receiving 200% of the principal amount in total, inclusive of any distributions accrued to the date of redemption. This is above and beyond PIL's contractual obligations to holders of Option B SPCS.



Rationale

The global shipping industry, including PIL, has generally benefitted since 2021 from strengthening freight rates due to restricted supply: COVID-related disruptions to supply chains and port operations have resulted in a shortage of containers and vessel delays which reduced available shipping capacity. At the same time, increased pandemic-related consumption of physical goods has led to a rise in demand.

Following the restructuring in 1Q 2021, PIL also implemented various business, financial and operational initiatives, enabling the company to benefit from this positive upturn in the shipping market.

Mr SS Teo, Executive Chairman, PIL, said, “Over the past eight months, we have experienced the most dramatic turnaround in our financial position. In addition to the market recovery, our strong business fundamentals, ongoing restructuring initiatives and the hard work of our employees have improved our overall position. With our healthy cash flow situation, we decided that it was only right that we reciprocate the support shown to us by our creditors and partners, and repay the debts owed to all our Scheme creditors, ahead of schedule. We believe that they would benefit from the certainty of having cash returned to them earlier than anticipated.

By satisfying the terms of the Scheme fully with the repayment and continued financial prudence, PIL will be able to enjoy a strong standing with financial institutions, customers and suppliers. This will enable PIL to strive ahead to grow a strong business built on a sustainable capital structure.”



Looking Ahead

Following the prepayment, PIL will continue to be well capitalised and achieve financial prudence. In the near term, PIL's focus will be to continue to maintain a lean portfolio through regular reviews of its fleet size and service coverage to meet customer expectations.

As part of its reviews over the past year, PIL has strengthened and focused its trade routes in China, Asia, Africa, the MiddleEast, South America and Oceania. Being a carrier established in the Asian and African markets, PIL is leveraging its strong position to roll out more value-added services. Over the past few months, PIL has added several direct services in response to customers' needs –direct Mozambique service; South China to India West Coast express service; and direct China to Gulf service.

As part of efforts to future-proof its business, PIL continues to drive digitalisation and sustainability initiatives. Ongoing digitalisation efforts such as e-Services, satellite communication,cybersecurity, and predictive maintenance solutions have enabled PIL to provide efficient, reliable services to customers and improve the welfare of its seafarers.In terms of environmental initiatives, PIL is collaborating with partners to decarbonise its vessel operations.

Looking ahead, PIL will continue to exercise financial prudence while seizing all commercially beneficial opportunities to pursue growth.

“On behalf of theBoard, I would like to convey our deep appreciation to Heliconia and other stakeholders, as well as all our creditors for their support and cooperation. I would also like to thank our employees, both at sea and onshore, customers, business partners and friends, for standing by the company with unstinting commitment and confidence. Together with our Co-Presidents and Executive Directors Mr Gan Chee Yen and Mr Lars Kastrup, we will continue to work hard and grow PIL strongly for many years to come,”added Mr Teo.