



RATING RELEASE

17 July 2023

CariCRIS assigns 'high creditworthiness' ratings to the proposed debt facilities of up to US \$33.7 million of Guyana Shore Base Incorporated (GYSBI).

Caribbean Information and Credit Rating Services Limited (CariCRIS) has assigned initial ratings of *CariAA-* (Foreign and Local Currency Ratings) on the regional rating scale and *gyAAA* on the Guyana national scale (Foreign and Local Currency Ratings) to the proposed debt facilities of up to US \$33.7 million of Guyana Shore Base Incorporated (GYSBI or the Company). The regional scale ratings indicate that the level of creditworthiness of this proposed debt obligation, adjudged in relation to other obligations in the Caribbean is **high**. The national scale ratings indicate that the level of creditworthiness of this proposed debt obligation, adjudged in relation to other obligations in Guyana, is the **highest**.

The ratings of GYSBI are driven by Guyana's growing oil and gas sector which supports the long-term viability of the Company. As at December 2022, 27 economically viable oil discoveries in Guyana have been made, positioning the country to be a major global oil producer. Guyana's total recoverable oil resources are estimated at 11 billion oil-equivalent barrels, making the Country the 17th in the world for largest oil reserves in 2021. Also supporting the ratings is GYSBI's position as the largest shore base facility in Guyana, with a firm 11-year commercial contract with Esso Exploration and Production Guyana Limited (EEPGL), an affiliate of Exxon Mobil, which supports its revenue stability. The ratings also reflect the Company's track record of good operating efficiency, with comprehensive safety policies. GYSBI has over the years maintained stable operating profits which support a comfortable debt servicing capacity. Also contributing to the favourable rating is the Company's strong management profile. These ratings are tempered by GYSBI's significant client concentration risk, given that the majority of its revenue is earned from a single client, EEPGL.

CariCRIS has also assigned a **stable** outlook on the ratings. The stable outlook is based on our expectation that over the next 12-15 months, GYSBI, supported by its good market position as the largest provider of shore base services in Guyana, will maintain profitable operations and adequate cashflows to comfortably meet its debt obligations including that of the proposed debt facilities of up to US \$33.7 million.

Factors that can, individually or collectively, lead to an improvement of the rating and/or outlook:

- Successful operations of GYSBI over the next 2 years, leading to PAT improving by 15% or more annually.
- A reduction in client concentration risk where a single client will not account for more than 50% of the Company's revenue, sustained for 2 financial years.
- An improvement in the sovereign risk profile of the Government of Guyana.

Factors that can, individually or collectively, lead to a lowering of the rating and/or outlook:

- Breach of any of the debt covenants
- Failure to satisfy any of the performance requirements of the contractual agreement with EEPGL.
- A material reduction in GYSBI's labor and plant efficiency metrics, which would lead to an increase in GYSBI's operating expenses.
- Failure of GYSBI to meet EEPGL's KPIs stipulated in the 11-year contract.
- A reduction in services provided to EEPGL leading to revenue declines of more than 15% for 2 consecutive years.
- An increase in debt leading to increased leverage of above 3.5 times sustained for 2 financial periods.
- An increase in debt servicing requirements, leading to a decrease in effective DSCR to below 1.25 times sustained for 2 financial years.
- A reduction in services provided to EEPGL leading to revenue declines of more than 15% for 2 consecutive years.

About the company:

Guyana Shore Base Incorporated (GYSBI or the Company) is a private company that was established in 2017 and is domiciled in Guyana. As a shore base operator, GYSBI is strategically located north of Demerara Harbour Bridge, which supports efficiency for transportation and logistics solutions. The Company was established as a joint venture



among Muneshwers Limited¹, TOTALTEC Oilfield Services², Pacific Rim Constructors³, and LED Offshore Limited⁴. With 51% ownership, Muneshwers Limited is GYSBI's largest shareholder, with LED (Offshore) Limited, TOTALTEC and Pacific Rim holding 12%, 20% and 17% respectively. Together, the shareholders have over 100 years of shore base facility management, construction and management experience, much of which is associated with the oil and gas industry.

GYSBI is the largest shore base company in Guyana providing a range of support services to oil and gas exploration and production companies. Services provided by the Company include waste management, chemical storage, warehousing, construction, supply chain management, expatriate management, and customs and logistics services. The Company mainly provides its services to ExxonMobil⁵, its largest client under a long-term, 11-year contract. Additionally, the Company's services are to a lesser extent provided to other major companies in the Guyana oil and gas industry.

The Company is currently seeking funding to purchase and develop 100 acres of land that it currently leases. As such, the Company intends to acquire debt facilities of up to US \$33.7 million.

¹ A registered company in Guyana that provides import and export services of containerized cargo to various parts of the world with direct services to Suriname, Trinidad, Colombia, and Panama. Muneshwers is the shipping agent and terminal operator for the Maersk Line and Sealand, the largest shipping line in the world and one of the market leaders in Guyana.

² A local Guyanese company created to support capacity building in the oil & gas industry. TOTALTEC focuses on three main areas: forming mutually beneficial relationships between local and international service companies, operating a safe, highly efficient supply base to support offshore operations, and recruiting and developing talent for careers across the industry.

³ A Barbados-based company founded in 2001 specializing in remote site construction, supply chain and facilities management within the Oil & Gas, Mining & Renewables sectors. The Company has completed projects in Mozambique, Russia, Mongolia, Ghana and Papua New Guinea and Guyana.

⁴ LED is a holding company owned by Dave Ginett, the founder and directors of Sakhalin- Shelf- Service, a Limited Liability Company providing onshore support services, including special and port services for all oil and gas exploration and development projects on Sakhalin Island and Kamchatka peninsula, Russian Arctic shelf and abroad.

⁵ One of the largest publicly traded companies in the world with business activities encompassing almost every aspect of energy and chemical manufacturing operations. Exxon markets its products in most of the world's countries, explores oil and natural gas on six continents, and is heavily involved in research and development of the next generation of technologies.



**Caribbean Information &
Credit Rating Services Limited**

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