



PACC OFFSHORE SERVICES HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200603185Z)

MEDIA RELEASE

POSH REPORTS Q3FY14 NET ATTRIBUTABLE PROFIT OF US\$14.6 MILLION

- *Higher utilisation of offshore supply vessels lifts revenue by 3% to US\$67.0 million*
- *Upcoming delivery of five new vessels increases presence in the production and maintenance sector*
- *POSH takes control of Mexican operations in October 2014*

Singapore, 14 November 2014 – PACC Offshore Services Holdings Ltd. (POSH) today announced Group net attributable profit of US\$14.6 million for the third quarter ended 30 September 2014 (Q3FY14), down 30% from US\$21.0 million in the previous corresponding period.

Lower gross operating profit as well as a US\$5.0 million loss in its Mexico joint ventures hurt the bottom line during the quarter.

Group revenue rose 3% to US\$67.0 million due mainly to higher utilisation of vessels from Offshore Supply Vessels (OSV) segment which was partially offset by the lower utilisation in Transportation & Installation (T&I) segment. The OSV segment contributes the lion's share of the revenue compared to the Group's three other business segments – T&I, Offshore Accommodation (OA) and Harbour Services & Emergency Response (HSER).

During the quarter under review, gross operating profit decreased by 35% to US\$17.4 million mainly due to higher repair costs as well as lower utilisation of vessels. Other operating income increased to US\$13.7 million from US\$6.9 million in Q3FY13 mainly due to higher gain on sale of vessels of US\$11.6 million during the quarter under review against US\$2.7 million in the previous corresponding quarter.

The Group's share of loss from its joint ventures totalled US\$5.7 million against a profit of US\$1.4 million in the corresponding quarter, after accounting for the loss in Mexico.

OSA, a customer of its Mexican JV, has been placed in bankruptcy proceedings and is at the conciliatory stage, where an arrangement has been reached with the majority of its creditors. The JV's injunction against the court order by the Mexican State Administrator for PEMEX to stop paying charter hire on vessels chartered from OSA is ongoing.

In October 2014, the Group secured equity control in addition to its existing operational control over all of its Mexican operations and assets. The Group is actively seeking employment for the vessels, of which one has been deployed to West Africa.

POSH Chief Executive Officer Gerald Seow said: "Our third quarter results show the impact of the problems in our Mexico joint venture, for which we have made full allowance. We have taken control of our assets and operations and are moving ahead to redeploy our vessels in Mexico.

"Looking ahead, we believe that a further downtrend in crude oil price may affect the exploration capex of oil majors and shift some of their resources from exploration to production and maintenance. In this regard, the Group will take delivery of five new accommodation vessels in the next 12 months which will increase our presence in this sector."

The recent decline in Brent oil price is mainly driven by the increased export from Libya, higher shale oil production in the US and weak macro data from China and Europe.

During the third quarter, Group's general and administrative expenses dropped 16% to US\$8.0 million mainly due to the absence of allowance for doubtful debts (Q3FY13: US\$3.7 million). Financing costs fell 30% to US\$2.4 million due to lower borrowings arising from repayment of bank loans with proceeds from the Company's initial public offering (IPO).

For the nine months ended 30 September 2014 (9MFY14), Group net attributable profit totalled US\$63.2 million, down 9% from US\$69.2 million in the previous corresponding period. The decline was due to higher expenses and a drop in share of joint ventures' results. Revenue was US\$178.2 million, down 2% from US\$182.2 million in 9MFY13.

Revenue from OSV segment increased by 18% to US\$105.1 million in 9MFY14. Notwithstanding that two of the Group's vessels in Mexico were off-hire, segment operating profit increased by 17% from US\$23.9 million to US\$27.8 million on account of the full period deployment of new vessels delivered over FY13, higher time charter rates and utilisation averaging above 90%.

Revenue from T&I shallow water fell 23% to US\$34.3 million due to reduced utilisation and charter rates. The T&I shallow market has been very challenging with owners offering competitive rates and charter terms. Whilst gross operating profits are down on a nine month comparative basis, gross profit margin has improved from 33.4% to 36.7% on the back of the Group's fleet renewal programme.

The OA segment took delivery of a 198-pax accommodation vessel in Q2 this year. Gross operating profit declined 26% due mainly to lower utilization and a vessel being dry docked.

HSER registered a 9% drop or \$1.6 million, in revenue due mainly to absence of salvage job, lower charter rates and utilization.

The Group's share from joint ventures recorded a loss of US\$8.6 million in 9MFY14 compared to a profit of US\$7.3 million in the previous corresponding period due to the Group's share of attributable loss of US\$12.5 million from Mexico.

As at 30 September 2014, Group net assets grew 41.7% to US\$1.2 billion against US\$864.3 million as at 31 December 2013, due mainly to net proceeds of US\$296.2 million from the issue of new shares during the IPO in April 2014. The net proceeds were used to repay short-term bank borrowings. Accordingly, the Group's total bank borrowings stood at US\$486.0 million as at 30 September 2014, down from US\$807.4 million as at 31 December 2013.

Group net current liabilities reduced to US\$37.9 million as at 30 September 2014, due mainly to repayment of short-term bank borrowings from IPO proceeds.

POSH has 18 vessels on order which are expected to be delivered progressively over the next two years.

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About POSH

PACC Offshore Services Holdings Ltd. (POSH) is Asia's largest operator of offshore support vessels, with a diversified fleet servicing offshore oil and gas exploration and production activities. With four distinct operating segments: Offshore Supply Vessels, Transportation and Installation, Offshore Accommodation and Harbour Services and Emergency Response, POSH's offshore support vessels perform anchor handling services, ocean towage and installation, ocean transportation, heavy-lift and offshore accommodation services as well as harbour towage and emergency response services.

As of 30 September 2014, POSH operated a combined fleet of 108 vessels with another 18 vessels on order, comprising Anchor Handling Tug Supply Vessels, Anchor Handling Tugs, Platform Supply Vessels, Light Construction Vessels, accommodation vessels, harbour tugs, crane and deck barges.

The POSH fleet operates worldwide, serving offshore oilfields in Asia, Africa and Latin America, providing vessels and services for projects involving many of the world's major oil companies, as well as many large international offshore contractors.

For more information on POSH, please visit www.posh.com.sg.

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