



**PACC OFFSHORE SERVICES HOLDINGS LTD.**

**MEDIA RELEASE**

**POSH POSTS Q3 FY15 PROFIT OF US\$12.6 MILLION**

- Q3 FY15 revenue up 20% YoY to US\$80.4 million on back of growth in Offshore Accommodation division; NPAT down on less exceptional gains compared to Q3 FY2014. Excluding these exceptional gains, NPAT increased by US\$8.8 million to US\$11.8 million (Q3 FY14 : US\$3.0 million)
- Share of JV's results swung to profit in Q3 FY15 mainly on strong contribution from POSH Terasea JV.

**Group Financial Performance for Q3 FY15**

	Third Quarter Ended		
	30 September 2015 (US\$'000)	30 September 2014 (US\$'000)	% change
<b>Revenue</b>	80,397	67,032	20
<b>Gross Profit</b>	18,380	17,363	6
<b>Share of joint ventures' results</b>	873	(5,683)	N.M.*
<b>NPAT</b>	12,579	14,648	(14)

\*N.M. denotes not meaningful

**SINGAPORE, 3 November 2015** – Offshore marine services provider, PACC Offshore Services Holdings Ltd. (“**POSH**” or the “**Group**”), today announced results for the financial period ended 30 September 2015.

**For the three months ended 30 September 2015 (“Q3 FY15”)**, the Group reported a year-on-year (“**YoY**”) revenue increase of 20% to US\$80.4 million on the back of strong growth in the *Offshore Accommodation* (“**OA**”) business division. The division recorded contribution from its 750-pax POSH Xanadu semi-submersible accommodation vessel (“**SSAV**”) and from the commencement of charters of three 238-pax light construction vessels (“**LCVs**”) – POSH Endurance, POSH Enterprise and POSH Endeavour.

Gross profit grew 6% YoY to US\$18.4 million in the quarter, and share of joint ventures' results swung from a loss of US\$5.7 million in the previous corresponding period to a gain of US\$873,000 in Q3 FY15. This was mainly due to higher contribution from its specialist offshore marine service contractor joint venture, POSH Terasea.

The Group's net profit attributable to shareholders (“NPAT”) in Q3 FY15 was US\$12.6 million, down from US\$14.6 million in the previous year. The lower earnings was due to a smaller US\$0.8 million one-off gain from the sale of vessels during the period, compared to a US\$11.6 million exceptional gain in Q3 FY14.

**For the nine months ended 30 September 2015 (“9M FY15”)**, revenue grew by 17% over the previous corresponding period to US\$209.0 million on higher contribution from the OA segment. Gross profit fell 20% to US\$40.8 million on lower charter rates and utilisation for POSH’s *Offshore Supply Vessels* (“OSV”) and *Transport & Installation* (“T&I”) divisions as well as higher operating costs. NPAT for 9M FY15 was US\$18.7 million, down from US\$63.2 million a year ago, in part because the Group booked a US\$2.6 million gain from the sale of vessels compared to US\$46.5 million a year ago.

The Group generated net operating cash flow of US\$30.7 million for the nine-month period. It remains in a strong financial position, with a net gearing of 0.46 times and untapped bank lines of approximately US\$374.5 million at the end of September 2015.

### **Business Segment Performance for Q3 FY15**

	<u>Revenue</u>			<u>Gross Profit</u>		
	Three months ended			Three months ended		
	30 Sep 2015 (US\$'000)	30 Sep 2014 (US\$'000)	% change	30 Sep 2015 (US\$'000)	30 Sep 2014 (US\$'000)	% change
Offshore Supply Vessels	37,996	42,955	(12)	5,322	10,447	(49)
Offshore Accommodation	26,943	8,988	200	10,912	3,255	235
Transportation & Installation	7,248	9,817	(26)	840	3,332	(75)
Harbour Services & Emergency Services	8,210	5,272	56	1,306	329	297

#### **Offshore Supply Vessels (“OSV”)**

OSV revenue declined 12% YoY to US\$38.0 million (Q3 FY14: US\$43.0 million) in the face of lower charter rates and vessel utilisation. Gross profit decreased by 49% to US\$5.3 million on the lower income recorded.

#### **Offshore Accommodation (“OA”)**

The OA division recorded a nearly two-fold increase in revenue to US\$26.9 million (Q3 FY14: US\$9.0 million) on the back of contribution from POSH Xanadu and the three LCVs. Accordingly, gross profit improved more than two times to US\$10.9 million.

**Transportation & Installation (“T&I”)**

Revenue for the T&I division declined by 26% to US\$7.2 million compared to US\$9.8 million a year ago, mainly due to lower charter rates and vessel utilisation. As such, gross profit fell 75% YoY to US\$840,000.

**Harbour Services & Emergency Response (“HSER”)**

HSER saw a 56% increase in revenue to US\$8.2 million (Q3 FY14: US\$5.3 million) after taking on a salvage job in the period, which in turn boosted gross profit by nearly three times to US\$1.3 million.

**Outlook and business plans**

At current weak oil prices, oil companies are reducing or deferring their capital expenditure, reviewing existing charter arrangements and renegotiating charter rates. The Group is facing similar demands from charterers and expects continued pressure on charter rates and vessel utilisation in the next few quarters.

These factors will have a negative impact on the financial performance of the Group until market conditions improve. In the near term, the Group continues to concentrate efforts in establishing market share in key markets such as the Middle East and Africa and improve utilisation by exploring more charter opportunities in frontier markets. The Group is also taking active steps to re-set its cost base in order to remain cost competitive.

**Mr Gerald Seow, Chief Executive Officer of POSH**, said, “Our steady performance this quarter despite continued volatility in oil prices reflects the soundness of our diversified and differentiated strategy.”

“Notwithstanding the challenges that we face in this sector, we have been able to secure major contracts with national oil companies and major contractors due to our service quality. We will continue to build on these relationships.”

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*For further information or to speak to a POSH spokesperson, please contact:*

**Mr Kuan Zhan Peng**

Manager, Corporate Affairs and Business Development

Pacc Offshore Services Holdings Ltd.

HP: +65 9819 3466, DID: +65 6839 7861, [zhanpeng.kuan@paccoffshore.com.sg](mailto:zhanpeng.kuan@paccoffshore.com.sg)

**Ms Josephine Chew**

Associate Partner

WATATAWA Consulting

HP: +65 9061 0353, DID: +65 6592 6955, [josephine.chew@watatawa.asia](mailto:josephine.chew@watatawa.asia)

**About PACC Offshore Services Holdings (“POSH”)**

PACC Offshore Services Holdings (“POSH”) is listed on the Singapore Exchange and is the largest Asia-based international operator of offshore support vessels, and among the top five globally, with a diversified fleet providing marine support services to the offshore oil and gas industry.

The Group’s four key business divisions are:

*Offshore Supply Vessels (“OSV”)* – supports mid- to deep-water operations of rigs and oilfield operators (exploration and construction phases)

*Offshore Accommodation (“OA”)* – operates a fleet of offshore accommodation vessels providing a range of solutions for offshore construction, modification & maintenance, and decommissioning activities

*Transport & Installation (“T&I”)* – supports marine contractors in construction and maintenance of oilfield infrastructure and pipelines

*Harbour Services & Emergency Response (“HSER”)* – operates a fleet of harbour tugs actively engaged in supporting harbour towage operators. A joint venture also provides heavy lift services to shipyards engaged in the construction, repair and conversion of ships, offshore drilling units, other offshore structures, topside production and processing facilities.