



PACC OFFSHORE SERVICES HOLDINGS LTD.

MEDIA RELEASE

POSH REPORTS US\$13.6M OPERATING PROFIT FOR FY2015 BEFORE IMPAIRMENTS, WRITE-OFFS & GAIN FROM DISPOSAL

- Q4 FY2015 revenue up 29% YoY to US\$71.8 million on growth in Offshore Accommodation division; gross profit up 166% YoY to US\$17.2 million
- FY2015 net loss attributable to shareholders of US\$131.0 million after providing US\$144.6 million for impairments, write-offs and gain from disposal.
- FY2015 operating profit was US\$13.6 million, up from US\$9.7 million last year excluding the impairments, write-offs and gain from disposal.
- Final dividend of 0.5 Singapore cents proposed

Group Financial Performance for Q4 FY2015 and FY2015

	Fourth Quarter ended			Full Year ended		
	31 Dec 2015 (US\$'000)	31 Dec 2014 (US\$'000)	% change	31 Dec 2015 (US\$'000)	31 Dec 2014 (US\$'000)	% change
Revenue	71,816	55,807	29	280,820	234,037	20
Gross Profit	17,186	6,467	166	58,026	57,204	1
Share of joint ventures' results	(12,383)	(4,978)	149	(9,526)	(13,557)	(30)
Net (loss)/profit attributable to shareholders	(149,669)	(9,952)	N.M.	(130,959)	53,243	N.M.
Impairments/write-offs and gain from disposal	(146,999)	(1,911)	N.M.	(144,581)	43,513	N.M.
Net (loss)/profit attributable to shareholders excluding impairments/write-offs and gain from disposal	(2,670)	(8,041)	(67)	13,622	9,730	40%

*N.M. denotes not meaningful

SINGAPORE, 19 February 2016 – Offshore marine services provider, PACC Offshore Services Holdings Ltd. (“**POSH**” or the “**Group**”), today announced profitable operating results (excluding impairments) for the financial year ended 31 December 2015.

For the three months ended 31 December 2015 (“Q4 FY2015”), the Group reported a year-on-year (“YoY”) revenue increase of 29% to US\$71.8 million primarily due to strong growth in its *Offshore Accommodation (“OA”)* business. The strong performance in OA came primarily from the chartering of the 750-pax POSH Xanadu semi-submersible accommodation vessel (“**SSAV**”) and the chartering of three 238-pax light construction vessels (“**LCVs**”) – POSH Endurance, POSH Enterprise and POSH Endeavour.

Gross profit grew 166% YoY to US\$17.2 million in the quarter. Share of joint ventures’ results saw a loss of US\$12.4 million, compared to a loss of US\$5.0 million in the previous corresponding period. This was mainly due to lower charter rates and utilisation in some of the Group’s joint ventures and impairments of joint venture assets.

The Group brought general and administrative expenses down 29% YoY to US\$6.1 million as a result of its proactive cost management initiatives.

The Group recorded a net loss attributable to shareholders (“**NLAT**”) of US\$149.7 million, compared to a NLAT of US\$10.0 million in the previous corresponding quarter. The results were affected by impairments of US\$127.0 million and US\$21.4 million on goodwill and fixed assets respectively in the quarter. Excluding impairments, write-offs and disposals, NLAT was US\$2.7 million, compared to NLAT of US\$8.0 million in Q4 FY2014.

For the full year ended 31 December 2015 (“FY2015”), revenue grew by 20% YoY to US\$280.8 million on higher contribution from the OA segment. Gross profit edged up by 1% YoY to US\$58.0 million as higher revenue from the OA division offset lower charter rates and utilisation for the *Offshore Supply Vessels (“OSV”)* and *Transport & Installation (“T&I”)* divisions as well as higher operating costs. Due to impairments, write offs and gain from disposal which amounted to US\$144.6 million, NLAT for FY2015 was US\$131.0 million, compared to a profit of US\$53.2 million in FY2014.

Excluding the impairments in FY2015 and gains from vessels disposal in FY2014, the Group recorded a net operating profit of US\$13.6 million in FY2015, up from US\$9.7 million in FY2014.

The Group remained in a strong financial position as at the end of FY2015. It generated net operating cashflow of US\$69.6 million with net gearing at 0.51 times. Subsequent to the financial year end, the Group has also secured financing facilities of US\$1 billion, part of which will be used to refinance existing loans.

The Board of Directors has proposed a final dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 December 2015.

Business Segment Performance for Q4 FY2015

Three of the Group's four business divisions were able to report stronger gross earnings in the quarter despite the challenges facing the industry. The Group's young, technologically advanced fleet coupled with world-class service continue to earn the trust of its customers and meet their needs.

	<u>Revenue</u>			<u>Gross Profit</u>		
	Three months ended			Three months ended		
	31 Dec 2015 (US\$'000)	31 Dec 2014 (US\$'000)	% change	31 Dec 2015 (US\$'000)	31 Dec 2014 (US\$'000)	% change
Offshore Supply Vessels	33,945	34,414	(1)	4,633	2,671	73
Offshore Accommodation	26,801	6,755	297	10,364	2,233	364
Transportation & Installation	5,973	7,111	(16)	540	1,009	(46)
Harbour Services & Emergency Services	5,097	7,527	(32)	1,649	554	198

Offshore Supply Vessels ("OSV")

OSV revenue was marginally lower at US\$33.9 million (Q4 FY2014: US\$34.4 million). Gross profit grew by 73% YoY to US\$4.6 million mainly due to lower operating costs following effective cost reduction initiatives.

Offshore Accommodation ("OA")

The OA division recorded a nearly three-fold increase in revenue to US\$26.8 million (Q4 FY2014: US\$6.8 million) on the back of contribution from POSH Xanadu and the three LCVs. Correspondingly, gross profit improved by more than 3.5 times to US\$10.4 million.

Transportation & Installation ("T&I")

Revenue for the T&I division declined by 16% to US\$6.0 million compared to US\$7.1 million a year ago, mainly due to lower charter rates and vessel utilisation. As such, gross profit fell 46% YoY to US\$540,000.

Harbour Services & Emergency Response ("HSER")

HSER saw a 32% decline in revenue to US\$5.1 million (Q4 FY2014: US\$7.5 million) primarily because of lower contribution from salvage jobs. However, gross profit increased by nearly two times on positive contributions from new vessels, which generated higher margins.

Outlook and business plans

With crude oil prices staying at current low levels, the macro environment for the global offshore marine industry continues to be challenging. The Group expects continued pressure on charter rates and utilisation. Nonetheless, the Group continues to be well supported by its customers and see growth opportunities in new markets, with the recent expansion in the Middle East via a joint venture in Saudi Arabia being a prime example.

Captain Gerald Seow, Chief Executive Officer of POSH, said, “We are pleased to report operating profit of US\$13.6M in FY2015 before impairments, write-offs and gain from disposal amidst the challenging business conditions in the year.

The market conditions for 2016 are expected to remain difficult, and we will continue to take proactive action to streamline operations while further sharpening our business strategy to capture new opportunities and markets, particularly in the Middle East. Our prudent capital management reinforces our ability to deal with uncertainties in the market and seize opportunities that may arise.”

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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.