



**PACC OFFSHORE SERVICES HOLDINGS LTD.**

**MEDIA RELEASE**

**POSH REPORTS HIGHER PROFIT IN Q1 FY2016 AGAINST CHALLENGING INDUSTRY CONDITIONS**

- Q1 FY2016 net profit attributable to shareholders was US\$4.5 million, up from US\$21,000 in previous corresponding period
- Revenue up 2% YoY to US\$58.7 million on Offshore Accommodation division growth; Gross profit up 76% YoY to US\$14.0 million

**Group Financial Performance for Q1 FY2016**

	Three months ended		
	31 Mar 2016 (US\$'000)	31 Mar 2015 (US\$'000)	% change
<b>Revenue</b>	58,697	57,585	2
<b>Gross Profit</b>	14,045	7,994	76
<b>Share of joint ventures' results</b>	4,856	(1,320)	NM
<b>Net profit attributable to shareholders</b>	4,451	21	NM

\*N.M. denotes not meaningful

**SINGAPORE, 4 May 2016** – Offshore marine services provider, PACC Offshore Services Holdings Ltd. ("**POSH**" or the "**Group**"), today announced higher earnings for the financial period ended 31 March 2016 against challenging industry conditions.

**For the three months ended 31 March 2016 ("Q1 FY2016")**, the Group recorded a 2% year-on-year ("**YoY**") increase in revenue to US\$58.7 million, as growth in its *Offshore Accommodation* ("**OA**") business division offset lower contribution from other divisions. OA revenue was driven primarily by contribution from contracts for the 750-pax POSH Xanadu semi-submersible accommodation vessel ("**SSAV**") and three 238-pax light construction vessels ("**LCVs**").

Gross profit grew 76% YoY to US\$14.0 million. Share of joint ventures' results improved to a profit of US\$4.9 million from a loss of US\$1.3 million in the previous corresponding period. This was mainly due to better performance from POSH Terasea.

Overall, POSH posted a net profit attributable to shareholders ("**NPAT**") of US\$4.5 million in Q1 FY2016, a substantial improvement from US\$21,000 in Q1 FY2015.

The Group remained in a strong financial position, generating positive cash flows and maintaining a healthy net gearing of 0.53 times as at the end of March 2016. At the end of the quarter, POSH has in place financing facilities of US\$1,012.0 million, part of which will be used to refinance existing loans.

**Captain Gerald Seow, Chief Executive Officer of POSH**, said, “Despite all our business segments being affected by the negative impact of current market conditions, the OA segment performed relatively well. Our financial performance in Q1 FY2016 reflects the actions taken by the company to diversify. We will seek growth opportunities despite the challenging macroeconomic and industry conditions.

Market conditions are expected to remain difficult for the rest of 2016. We will continue to execute on our strategy while keeping a tight rein on cost.”

### **Business Segment Performance for Q1 FY2016**

	<b><u>Revenue</u></b>			<b><u>Gross Profit</u></b>		
	<b>Three months ended</b>			<b>Three months ended</b>		
	<b>31 Mar 2016 (US\$'000)</b>	<b>31 Mar 2015 (US\$'000)</b>	<b>% change</b>	<b>31 Mar 2016 (US\$'000)</b>	<b>31 Mar 2015 (US\$'000)</b>	<b>% change</b>
Offshore Supply Vessels	20,985	32,755	(36)	(460)	3,899	NM
Offshore Accommodation	28,433	13,120	117	12,297	1,613	662
Transportation & Installation	4,785	6,041	(21)	1,040	1,540	(32)
Harbour Services & Emergency Services	4,494	5,669	(21)	1,168	942	24

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

OSV division revenue declined by 36% to US\$21.0 million (Q1 FY2015: US\$32.8 million), mainly due to lower charter rates and vessel utilisation. Correspondingly, the division incurred a gross loss of US\$0.5 million compared to a gross profit of US\$3.9 million in the previous corresponding period.

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

Revenue for the OA division more than doubled to US\$28.4 million (Q1 FY2015: US\$13.1 million) on contribution from contracts for POSH Xanadu and the three new LCVs. Gross profit increased by 662% to US\$12.3 million.

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

T&I division revenue decreased by 21% to US\$4.8 million compared to US\$6.0 million a year ago, primarily due to lower charter rates and vessel utilisation. On the back of this, gross profit fell 32% to US\$1.0 million.

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

HSER reported a 21% decline in revenue to US\$4.5 million (Q1 FY2015: US\$5.7 million) mainly because of lower salvage revenue during the period. This was partially offset by new charters for harbour services, which resulted in a 24% YoY improvement in gross profit to US\$1.2 million.

**Outlook and business plans**

The current oversupply situation and continued weakness in crude oil prices will have an unfavourable impact on the offshore oil and gas services sector. Consequently, the pressure on charter rates and vessel utilisation is expected to have a negative impact on the Group’s financial performance for the year.

The Group will continue to focus on vessel utilisation, reduce cost and seek opportunities in new markets, including the Middle East.

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

**Mr Tan Tze Koon**, POSH, Risk and Investor Relations, Manager, +65 8339 6494,  
[tzekoon.tan@paccoffshore.com.sg](mailto:tzekoon.tan@paccoffshore.com.sg)

**Ms Josephine Chew**, WATATAWA Consulting, Associate Partner, +65 9061 0353,  
[josephine.chew@watatawa.asia](mailto:josephine.chew@watatawa.asia)

**Mr Ong Chor Hao**, WATATAWA Consulting, Associate, +65 9627 2674,  
[chorhao.ong@watatawa.asia](mailto:chorhao.ong@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.