PACC OFFSHORE SERVICES HOLDINGS LTD.

MEDIA RELEASE

POSH DOUBLES REVENUE AND NARROWS LOSSES FOR Q1 FY2018

- *Q1 FY2018 revenue more than doubled to US$70.6 million on improved vessels utilisation.*
- *Generated net operating cash flow of US$12.2 million and significant increase in EBITDA to US$17.4 million for the quarter*

Group Financial Performance for Q1 FY2018

	Quarter ended		
	31 Mar 2018 (US$'000)	**(Restated) 31 Mar 2017 (US$'000)**[1]	**% change**
Revenue	70,565	34,581	104
Gross profit/(loss)	9,936	(4,873)	N.M.
Share of joint ventures' results	552	(4,770)	N.M.
Net (loss) attributable to shareholders ("NLAT")	(7,192)	(18,568)	(61)
EBITDA	17,415	1,359	N.M.

**N.M. denotes not meaningful*

SINGAPORE, 8 May 2018 – Offshore marine services provider, PACC Offshore Services Holdings Ltd. ("**POSH**" or the "**Group**"), today reported results for the first quarter ended 31 March 2018 ("**Q1 FY2018**").

For the three months ended 31 March 2018 ("**Q1 FY2018**"), POSH more than doubled its revenue, recording a 104% increase year-on-year ("**YoY**") to US$70.6 million. This was mainly due to higher utilisation for three of its four business divisions: Offshore Supply Vessels ("**OSV**"), Offshore Accommodation ("**OA**") and Transportation & Installation ("**T&I**").

[1] *POSH restated its Q1 FY2017 financials with the adoption of the new Singapore Financial Reporting Standards (International) from Q1 FY2018*

Correspondingly, POSH reported a gross profit of US$9.9 million. For share of joint ventures' results, the Group recorded a profit of US$0.6 million compared to a loss of US$4.8 million in Q1 FY2017, primarily on improved contribution from its POSH Terasea joint venture. Net loss attributable to shareholders ("**NLAT**") for the period was US$7.2 million, a 61% improvement from the US$18.6 million net loss recorded in Q1 FY2017.

The Group's general and administrative expenses increased by US$2.4 million mainly due to higher legal fees and normalisation of personnel expenses from Q1 FY2017 which had a reversal of bonus provision for prior year.

The Group generated higher net operating cash flow of US$12.2 million in Q1 FY2018, up from US$3.2 million cash used in Q1 FY2017 due to increase in revenue contribution from its business segments as well as working capital changes. Net gearing as at 31 March 2018 was stable at 1.6 times.

Business Segment Performance for Q1 FY2018

	Revenue			**Gross Profit/(Loss)**		
	Quarter ended			**Quarter ended**		
	31 Mar 2018 (US$'000)	**(Restated) 31 Mar 2017 (US$'000)**	**% change**	**31 Mar 2018 (US$'000)**	**(Restated) 31 Mar 2017 (US$'000)**	**% change**
Offshore Supply Vessels	21,709	14,431	50	(250)	(4,692)	(95)
Offshore Accommodation	38,899	9,994	289	9,327	(2,662)	N.M.
Transportation & Installation	5,035	4,460	13	426	1,375	(69)
Harbour Services & Emergency Response	4,922	5,696	(14)	433	1,106	(61)

Offshore Supply Vessels ("OSV")

Revenue increased 50% to US$21.7 million. This was mainly due to the full contribution of 12 vessels deployed to a Middle East national oil company under long-term charters as compared to four vessels in Q1 FY2017. Utilisation for the OSV segment, comprising 39 vessels in Q1 FY2018 improved to 68% (Q1 FY2017: 59%). Correspondingly, the segment's gross loss was significantly lower at US$0.3 million in Q1 FY2018 compared to US$4.7 million in Q1 FY2017.

Offshore Accommodation ("OA")

Revenue increased by 289% to US$38.9 million as the Group's POSH Arcadia continued her charter on the Shell Prelude project, while her sister vessel, POSH Xanadu, started work for Chevron U.S.A Inc.'s ("**Chevron**") Big Foot tension-leg platform ("**TLP**") project. Both POSH Arcadia and POSH Xanadu are 750 pax semi-submersible accommodation vessels ("**SSAV**").

Three out of four Light Construction Vessels ("**LCV**") were also on charter in Q1 FY2018, compared with one vessel in Q1 FY2017. The segment also took delivery of POSH Mallard, a Multi-purpose Support Vessel ("**MPSV**") which was deployed in Nov 2017 and contributed for the full quarter in Q1 FY2018.

The OA segment has turned around from a gross loss of US$2.7 million in the Q1 FY2017 to a gross profit of US$9.3 million in Q1 FY2018.

Transportation & Installation ("T&I")

Revenue increased 13% to US$5.0 million mainly due to higher utilisation. While utilisation improved, charter rates remain depressed, and the segment registered a lower gross profit of US$0.4 million (Q1 FY2017: US$1.4 million).

Harbour Services & Emergency Response ("HSER")

HSER reported a 14% decrease in revenue to US$4.9 million due to absence of salvage jobs in Q1 FY2018. Gross profit fell to US$0.4 million.

Operational update and outlook

In the immediate term, charter rates are expected to remain under pressure due to the continued oversupply of vessels. However, there are positive indicators in the market, with oil and gas capital expenditure expected to increase on firmer oil prices and improved financial performance of oil companies.

As at Q1 FY2018, the Group has deployed 12 vessels to the Middle East on long-term charters. SSAV POSH Xanadu has started her work for Chevron's Big Foot TLP project while POSH Arcadia continues to work for the Shell Prelude project. The Group has also seen an increase in enquiries for vessels supporting maintenance projects in the past quarter.

The Group will continue to focus on safety excellence, cost competitiveness and maximising its fleet utilisation. To widen our market reach and enhance proximity to our clients, the Group will be setting up offices in Angola and Brunei while continuing to grow its existing offices in the Kingdom of Saudi Arabia and Mexico.

Captain Gerald Seow, Chief Executive Officer of POSH, said, "We see an encouraging start for 2018, with steady improvement in our overall performance. Our uncompromising focus on safety and service excellence has allowed us to build on the trust and confidence clients have in us, which in turn has enabled us to continue securing contracts amid stiff competition.

While market conditions remain challenging in the short-term, we are positioning for a market recovery by getting closer to our clients, investing in our people and improving our cost competitiveness and fleet utilisation."

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About PACC Offshore Services Holdings ("POSH")

PACC Offshore Services Holdings ("POSH") is listed on the Singapore Exchange and is one of the largest Asia-based international operators 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 segments 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

Transportation & 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.