



PACC OFFSHORE SERVICES HOLDINGS LTD.

MEDIA RELEASE

POSH DOUBLES REVENUE FOR Q3 FY2018, NARROWS LOSSES

- Q3 FY2018 revenue up 52% YoY to US\$79.7 million mainly on higher contribution from OA segment
- Gross Profit of US\$13.6 million compared to a loss of US\$4.6 million

Group Financial Performance for Q3 FY2018

	Quarter ended			9 months ended		
	30 Sep 2018 (US\$'000)	30 Sep 2017 ¹ (Restated) (US\$'000)	% change	30 Sep 2018 (US\$'000)	30 Sep 2017 ¹ (Restated) (US\$'000)	% change
Revenue	79,708	52,542	52	233,415	129,729	80
Gross profit/(loss)	13,626	(4,618)	N.M.	37,797	(12,049)	N.M.
Share of joint ventures' results	(793)	16,014	N.M.	(1,257)	13,823	N.M.
Net loss attributable to Shareholders ("NLAT")	(5,344)	(5,832)	(8)	(18,332)	(35,401)	(48)
EBITDA	20,872	18,011	16	58,128	29,890	94

*N.M. denotes not meaningful

SINGAPORE, 2 November 2018 – Offshore marine services provider, PACC Offshore Services Holdings Ltd. ("POSH" or the "Group"), today reported results for the third quarter ended 30 September 2018 ("Q3 FY2018").

For the three months ended 30 September 2018 ("Q3 FY2018"), POSH recorded a 52% increase year-on-year ("YoY") in revenue to US\$79.7 million. This was mainly due to higher contribution from the Offshore Accommodation ("OA") segment on improved vessel utilisation.

¹ POSH restated its Q3 FY2017 financials with the adoption of the new Singapore Financial Reporting Standards (International) from Q1 FY2018.

POSH reported a gross profit of US\$13.6 million, compared to the gross loss of US\$4.6 million in Q3 FY2017. The Group's share of results from joint ventures ("JV") recorded a loss of US\$0.8 million, compared to a profit of US\$16.0 million for Q3 FY2017. The high base in Q3 2017 was due to contribution from the Group's POSH Terasea JV, when it executed and completed several major towage and positioning projects.

Net loss attributable to shareholders ("NLAT") for the period narrowed, improving 8% YoY to US\$5.3 million, compared to the US\$5.8 million net loss for Q3 FY2017.

For the nine months ended 30 September 2018 ("9M FY2018"), revenue increased 80% YoY to US\$233.4 million mainly on improved vessel utilisation across all business segments. Consequently, the Group reported a gross profit of US\$37.8 million, compared to a gross loss of US\$12.0 million in the previous corresponding period.

Net loss attributable to shareholders halved to US\$18.3 million from a loss of US\$35.4 million for 9M FY2017.

The Group generated a positive net operating cash flow of US\$20.0 million for 9M FY2018. Net gearing as at 30 September 2018 was stable at 1.7 times.

Business Segment Performance for Q3 FY2018

	<u>Revenue</u>			<u>Gross Profit/(Loss)</u>		
	Quarter ended			Quarter ended		
	30 Sep 2018 (US\$'000)	30 Sep 2017' (Restated) (US\$'000)	% change	30 Sep 2018 (US\$'000)	30 Sep 2017' (Restated) (US\$'000)	% change
Offshore Supply Vessels	24,416	21,003	16	(1,035)	(342)	203
Offshore Accommodation	46,156	23,033	100	14,002	(4,759)	N.M.
Transportation & Installation	3,878	2,448	58	29	(850)	N.M.
Harbour Services & Emergency Response	5,258	6,058	(13)	630	1,333	(53)

Offshore Supply Vessels ("OSV")

Revenue increased 16% to US\$24.4 million as vessel utilisation improved to 75% (Q3 FY2017: 72%) with full contribution from the 12 vessels deployed to a Middle East National Oil Company on long-term charters. However, lower day rates and utilisation and higher vessel operating expenses from the remaining vessels in the fleet led to higher gross loss of US\$1.0 million (Q3 FY2017: US\$0.3 million).

Offshore Accommodation (“OA”)

Revenue doubled to US\$46.2 million as the Group’s 750 pax Semi-Submersible Accommodation Vessels (“SSAV”), POSH Arcadia and POSH Xanadu, were fully deployed during the quarter. Other OA vessels also reported improved utilisation and charter rates. The segment registered a gross profit of US\$14.0 million compared to a gross loss of US\$4.8 million in Q3 FY2017.

Transportation & Installation (“T&I”)

Revenue increased 58% to US\$3.9 million on higher vessel utilisation of 67% (Q3 FY2017: 38%), which resulted in a gross profit as compared to a loss of US\$0.9 million in Q3 FY2017.

Harbour Services & Emergency Response (“HSER”)

HSER saw a 13% decrease in revenue to US\$5.3 million, mainly due to fewer salvage and diving jobs completed during the quarter.

Operational updates and outlook

SSAV Posh Xanadu completed her Chevron Bigfoot campaign on 15th October 2018, achieving 100% uptime. She is now undergoing regular maintenance and modifications in preparation for her next charter in Brazil, commencing in first quarter of 2019.

Charter rates for the OA shallow water segment has firmed up over the last few months, and it is expected that this trend will continue in the foreseeable future.

On the other hand, despite more activity, charter rates and utilization rates for OSVs remained under pressure due to persistent oversupply in this sector. Consequently, the Group expects the carrying value of its OSV fleet to be further impaired by year end, although not to the same extent as in previous years. The impairment amount has yet to be determined, but it is expected to materially impact the results of Q4 2018 and FY2018.

Captain Gerald Seow, Chief Executive Officer of POSH, said, “Despite continued challenging market conditions, we have managed to perform better than the previous year, given the full deployment of our two SSAVs in Q3 FY18. The Group’s entry into subsea and offshore renewables in key markets will further diversify our revenue streams and serve as growth platforms for POSH. We also look forward to commencing our charter with Petrobras, which will see the continued deployment of POSH Xanadu in first quarter of 2019.”

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

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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.