PACC OFFSHORE SERVICES HOLDINGS LTD.

MEDIA RELEASE

POSH REPORTS Q1 FY2017 RESULTS AMID CHALLENGING MARKET CONDITIONS

- *Q1 FY2017 revenue at US$34.3 million; net loss attributable to shareholders was US$18.4 million*

Group Financial Performance for Q1 FY2017

	Quarter ended		
	31 Mar 2017 (US$'000)	31 Mar 2016 (US$'000)	% change
Revenue	34,321	58,697	(42)
Gross (loss)/profit	(5,014)	14,045	NM
Share of joint ventures' results	(4,438)	4,856	NM
Net (loss)/profit attributable to shareholders	(18,377)	4,451	NM

**NM denotes not meaningful*

SINGAPORE, 4 May 2017 – Offshore marine services provider, PACC Offshore Services Holdings Ltd. ("**POSH**" or the "**Group**"), today reported results for the first quarter ended 31 March 2017 ("**Q1 FY2017**").

For the three months ended 31 March 2017 ("**Q1 FY2017**"), POSH recorded a 42% decline in revenue year-on-year ("**YoY**") to US$34.3 million. This was mainly due to continued challenging conditions across the industry that resulted in lower utilisation and charter rates across most of its business segments.

Correspondingly, POSH reported a gross loss of US$5.0 million. On share of joint ventures' ("**JV**") results, the Group recorded a loss of US$4.4 million, mainly due to lower vessel utilisation of our JV, POSH Terasea, as five vessels underwent drydocking during the quarter in preparation for their respective towage and positioning projects, namely the INPEX Ichthys Central Processing Facility ("CPF"), the INPEX Ichthys Floating Production Storage and Offloading ("FPSO") unit, and the Shell Prelude Floating Liquefied Natural Gas ("FLNG") Platform.

Net loss attributable to shareholders ("**NLAT**") for the period was US$18.4 million, compared to a profit of US$4.5 million for Q1 FY2016.

For Q1 FY2017, the Group reduced general and administrative expenses by 57% YoY to US$5.2 million. This was mainly achieved through lower salaries and related spending, as well as from an improvement to its doubtful debt position from a year ago.

The Group had net cash flow used in operations of US$3.2 million for Q1 FY2017. While the decline in earnings was a factor, POSH also incurred higher working capital over the previous corresponding period mainly due to higher turnover days in Q1 FY2017.

Net gearing as at 31 March 2017 was stable at 1.05 times, with POSH having undrawn bank lines of US$274 million.

Business Segment Performance for Q1 FY2017

	Revenue			**Gross (Loss)/Profit**		
	Quarter ended			**Quarter ended**		
	31 Mar 2017 (US$'000)	**31 Mar 2016 (US$'000)**	**% change**	**31 Mar 2017 (US$'000)**	**31 Mar 2016 (US$'000)**	**% change**
Offshore Supply Vessels	14,401	20,985	(31)	(4,710)	(460)	924
Offshore Accommodation	9,975	28,433	(65)	(2,672)	12,297	NM
Transportation & Installation	4,249	4,785	(11)	1,262	1,040	21
Harbour Services & Emergency Services	5,696	4,494	27	1,106	1,168	(5)

Offshore Supply Vessels ("OSV")

Revenue declined by 31% to US$14.4 million mainly on lower utilisation and charter rates for both new and existing contracts. Correspondingly, the segment made a gross loss of US$4.7 million.

Offshore Accommodation ("OA")

Revenue decreased by 65% to US$10.0 million, as POSH Xanadu, Semi-Submersible Accommodation Vessel ("SSAV"), completed its extended charter in March 2017 on reduced charter rate and two of the Light Construction Vessels ("LCVs") were not deployed during the current quarter. As such, the segment registered gross loss of US$2.7 million as compared to gross profit of US$12.3 million in Q1 FY2016.

Transportation & Installation ("T&I")

Revenue was 11% lower at US$4.2 million primarily on lower charter rates and utilisation. However, the segment maintained a gross profit of US$1.3 million.

Harbour Services & Emergency Response ("HSER")

HSER reported a 27% increase in revenue to US$5.7 million on higher contribution from harbour services and salvage job. Gross profit for the period was US$1.1 million.

Operational update and outlook

OPEC and Russia's agreement on production cuts in November 2016 helped to stabilise oil prices in Q1 FY2017 above US$50 per barrel but offshore oilfield development capital expenditure remains subdued.

The current vessel oversupply situation will continue to exert pressure on charter rates and vessel utilisation, and this will continue to have a negative impact on the Group's financial performance for the year.

As of Q1 FY2017, the Group had four vessels which commenced charter with an oil major in the Middle East and the remaining eight vessels will be deployed progressively in the next three quarters of FY2017.

In the coming quarters, our POSH Terasea JV, will execute a few major towage and positioning projects, namely the INPEX Ichthys CPF, the INPEX Ichthys FPSO, the Shell Prelude FLNG platform and the Egina FPSO unit. Upon completion of the towage and positioning of the Shell Prelude FLNG, our 750-pax Semi-Submersible Accommodation Vessel, POSH Arcadia will provide accommodation support for the hook-up and commissioning of the project.

The Group will continue to participate actively in tenders in the Middle East and Africa which remain active in current market conditions.

Captain Gerald Seow, Chief Executive Officer of POSH, said, "Market conditions are expected to remain challenging for FY2017. POSH continues to stand apart as trusted partners to our customers with a resilient balance sheet and our operational excellence and service quality.

This year, we look forward to executing several landmark projects, including the INPEX Ichthys Central Processing Facility, Egina FPSO unit and the Shell Prelude FLNG platform, all of which are the largest of their kind in the world. At the same time, we continue to manage costs prudently while pursuing opportunities in the Middle East and Africa which remain active in current market conditions."

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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

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.