



PACC OFFSHORE SERVICES HOLDINGS LTD.

MEDIA RELEASE

POSH DOUBLES REVENUE, HALVES LOSSES FOR Q2 FY2018

- Q2 FY2018 revenue up 95% YoY to US\$83.1 million on improved performance across all business segments
- Net loss attributable to shareholders narrows 47% to US\$5.8 million
- POSH Xanadu clinches contract to support Petrobras

Group Financial Performance for Q2 FY2018

	Quarter ended			6 months ended		
	30 Jun 2018 (US\$'000)	(Restated) 30 Jun 2017 ¹ (US\$'000)	% change	30 Jun 2018 (US\$'000)	(Restated) 30 Jun 2017 ¹ (US\$'000)	% change
Revenue	83,142	42,606	95	153,707	77,187	99
Gross profit/(loss)	14,235	(2,558)	N.M.	24,171	(7,431)	N.M.
Share of joint ventures' results	(1,016)	2,579	N.M.	(464)	(2,191)	(79)
Net loss attributable to Shareholders ("NLAT")	(5,796)	(11,001)	(47)	(12,988)	(29,569)	(56)
EBITDA	19,841	10,520	89	37,256	11,879	214

*N.M. denotes not meaningful

SINGAPORE, 6 August 2018 – Offshore marine services provider, PACC Offshore Services Holdings Ltd. ("**POSH**" or the "**Group**"), today reported results for the second quarter ended 30 June 2018 ("**Q2 FY2018**").

For the three months ended 30 June 2018 ("Q2 FY2018"), POSH almost doubled its revenue, recording a 95% increase year-on-year ("**YoY**") to US\$83.1 million. This was mainly due to improved average daily charter rates, particularly for the OA segment, and improved utilisation, for which the OA Semi-Submersible Accommodation Vessel ("**SSAV**") segment reported 100% utilisation.

Correspondingly, POSH reported a gross profit of US\$14.2 million. The Group's share of

¹ POSH restated its Q2 FY2017 financials with the adoption of the new Singapore Financial Reporting Standards (International) from Q1 FY2018.

joint ventures' results registered a loss of US\$1.0 million in Q2 FY2018 compared to a profit of US\$2.6 million in Q2 FY2017. This was largely contributed by the net loss incurred by POSH Terasea in Q2 FY2018 as a result of lower vessel utilisation.

Net loss attributable to shareholders ("NLAT") for the period was US\$5.8 million, a 47% improvement from the US\$11.0 million net loss recorded for Q2 FY2017.

For the six months ended 30 June 2018 ("1H FY2018"), revenue jumped 99% YoY to US\$153.7 million on improved vessel utilisation for all business segments and higher average daily charter rates for the OA segment. The Group recorded gross profit of US\$24.2 million in 1H FY2018 compared to gross loss of US\$7.4 million in 1H FY2017.

Net loss attributable to shareholders was US\$13.0 million, narrowing from a loss of US\$29.6 million for 1H FY2017.

General and administrative expenses for 1H FY2018 increased 42% to US\$17.4 million mainly due to increase in personnel expenses as a result of the reversal of bonus provision in 1H FY2017, increased legal costs, as well as higher allowance for doubtful debts.

The Group generated a positive net operating cash flow of US\$6.3 million for 1H 2018 with a net gearing of 1.7 times as at 30 June 2018.

Business Segment Performance for Q2 FY2018

	<u>Revenue</u>			<u>Gross Profit/(Loss)</u>		
	Quarter ended			Quarter ended		
	30 Jun 2018 (US\$'000)	(Restated) 30 Jun 2017 (US\$'000)	% change	30 Jun 2018 (US\$'000)	(Restated) 30 Jun 2017 (US\$'000)	% change
Offshore Supply Vessels	26,044	20,728	26	832	97	758
Offshore Accommodation	45,384	12,901	252	11,631	(4,098)	N.M.
Transportation & Installation	4,624	3,875	19	841	308	173
Harbour Services & Emergency Response	7,090	5,102	39	931	1,135	(18)

Offshore Supply Vessels ("OSV")

Revenue increased 26% to US\$26.0 million as vessel utilisation improved to 76% (Q2 FY2017: 64%) mainly attributable to the full contribution of 12 vessels (Q2 FY 2017: 6 vessels) deployed under long term charters to a Middle East National Oil Company. Notwithstanding increased operating expenses and lower average daily charter rates, the OSV segment was able to record a higher gross profit of US\$0.8 million in Q2 FY2018 compared to US\$0.1 million in Q2 FY2017.

Offshore Accommodation (“OA”)

Revenue increased by 252% to US\$45.4 million as both our 750 pax SSAVs POSH Arcadia and POSH Xanadu were fully employed during Q2 FY2018. In addition to the improved performance of the SSAVs, the other OA vessels also reported higher average daily charter rates and utilisation. The segment registered a gross profit of US\$11.6 million, compared to a gross loss of US\$4.1 million in the previous corresponding period.

Transportation & Installation (“T&I”)

Revenue increased 19% to US\$4.6 million on higher vessel utilisation which resulted in an improved gross profit of US\$0.8 million (Q2 FY2017: US\$0.3 million).

Harbour Services & Emergency Response (“HSER”)

HSER saw a 39% increase in revenue to US\$7.1 million, mainly due to higher revenue recorded from salvage jobs and heavy lift vessels.

Operational update and outlook

Whilst market sentiment is more positive amid signs of increased investment and Capex in offshore oil field development, the oversupply of OSV vessels continues to exert pressure on both utilisation and charter rates.

The two SSAVs will remain employed in current charters until Q3 FY2018, and POSH Xanadu will commence her new charter to Petrobras in December 2018 for a firm period of 8 months and with an option to extend for a further 8 months.

Captain Gerald Seow, Chief Executive Officer of POSH, said, “We are encouraged by our sustained performance over the past quarter. Even as market conditions remain challenging, we continued to make headway in improving overall performance and securing new contracts. We have also expanded into new growth areas including subsea and offshore renewables.

“POSH will continue to build on our differentiated position to capture more opportunities by further expanding our global footprint, exploring new growth pockets and investing in our people and core competencies.”

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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.