

Pacific Radiance announces 1Q2018 and FY2017 results; restructuring gains momentum

- ◆ Gross losses narrowed by 53% to US\$3.3 million in 1Q2018 and 41% to US\$18.8 million in FY2017; 4Q2017 impairment charges of US\$ 272.1 million dragged full year performance
- ◆ Market recovery in sight and worst is likely behind, though OSV supply overhang is expected to continue to weigh down charter rates
- ◆ Group continues to push ahead with its restructuring and to rally support from all stakeholders

SINGAPORE ◆ 29 June 2018

For immediate release

Pacific Radiance Ltd. (Pacific Radiance or the Group), a provider of integrated offshore marine support services, recorded a revenue of US\$11.8 million, for the first quarter ended 31 March 2018 (1Q2018). On a quarter-on-quarter basis, the 16% decline in revenue was mainly attributed to lower revenue for its Subsea Services business and lower contribution from its Shipyard segment. The decline, however, was cushioned by higher revenue contribution from its Offshore Support Services business which helped narrow gross loss by 53% to US\$3.3 million for the Group.

Revenue for the full year ended 31 December 2017 (FY2017) came to US\$ 67.7 million, marginally lower by 2.5% compared to previous year, while gross loss narrowed by 41% to US\$18.8 million from improved performance from its Subsea Services and Shipyard businesses. The Group registered a net loss of US\$ 343.2 million which included impairment charges of US\$ 272.1 million. Excluding the impact of impairment provisions, the Group posted net loss of approximately US\$71.1 million which is comparable to the previous year's US\$69.4 million. General and administrative expenses decreased by 21% to US\$16.6 million in FY2017 as part of the Group's continuing cost rationalisation exercise.

Mr Pang Yoke Min (冯学民), Executive Chairman of Pacific Radiance said: "Operating fundamentals of the global OSV sector are slowly improving and the worst is likely behind us. Tender activity is picking up gradually and it is likely that a significant number of laid-up OSVs will not return to the market. However, OSV charter rates are expected to continue



to reflect the sector's tonnage oversupply situation in the near term. Barring any unexpected geopolitical developments or a decline in oil prices that could derail the sector recovery, we are cautiously optimistic that the sector will find its balance in the medium term."

Commenting on the Group's 1Q2018 and FY2017 results, Mr Pang added, "We continue to see good traction with our cost-control measures that include right-sizing of fleet and crew, suspension of bonus payouts, wage freeze for staff, wage reduction for senior management, and cutting other general and administrative expenses. We have also taken painful impairment provision in 4Q2017 alongside our efforts to restructure the balance sheet."

"The Group is now in full swing with its restructuring exercise and is actively engaging all its stakeholder groups for their support. Once the restructuring is completed, we will see significant deleveraging of the Group's balance sheet and injection of new equity. We believe that these steps we are taking will allow the Group to sustain its operations under current market conditions and to position itself for the eventual recovery of the offshore marine sector," added Mr Pang.

ABOUT THE COMPANY

www.pacificradiance.com ♦ SGX mainboard listing: 13 November 2013

Pacific Radiance Ltd. is an owner and operator of a young and diverse fleet of offshore vessels as well as a provider of offshore support services. The Group strives to be relevant to clients' needs, to be reliable in service delivery and execution, and to be responsive to industry trends in supporting the needs of clients spanning the entire oil and gas project life cycle.

The Group's fleet of more than 120 vessels has given it a strong foothold across Asia as well as emerging oil and gas markets in Africa and Latin America. Helmed by a highly experienced management team and well supported by many reliable partners, the Group enjoys access to many markets protected by cabotage restrictions.

Established in 2006, Pacific Radiance has seen tremendous growth over the past decade, successfully listing on the mainboard of the Singapore Exchange ("SGX") in 2013 and becoming a well-recognised brand in the sector today.

Strategically located in the major offshore hub of Singapore, the Group operates a 33,000 square metres state-of-the-art shipyard with over 180 metres of water frontage, featuring two 6,000 DWT dry docks as well as facilities for equipment fabrication, testing and maintenance.



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MEDIA RELEASE

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