PACC OFFSHORE SERVICES HOLDINGS LTD.

MEDIA RELEASE

POSH REPORTS REVENUE OF US$74.0 MILLION FOR Q2 FY2019

- *Q2 FY2019 revenue decreased 11%, NLAT increased 46% YoY*
- *Eight-month extension of charter for POSH Xanadu*

Group Financial Performance for Q2 and 1H FY2019

	Quarter ended			Half year ended		
	30 June 2019 (US$'000)	**30 June 2018 (US$'000)**	**% change**	**30 June 2019 (US$'000)**	**30 June 2018 (US$'000)**	**% change**
Revenue	73,957	83,142	(11)	135,763	153,707	(12)
Gross profit	8,379	14,235	(41)	15,193	24,171	(37)
Share of joint ventures' results	(1,853)	(1,016)	82	(3,422)	(464)	638
Net loss attributable to equity holders of the Company	(8,638)	(5,796)	49	(21,357)	(12,988)	64
EBITDA	13,652	19,841	(31)	24,509	37,256	(34)

SINGAPORE, 6 August 2019 – Offshore marine services provider, PACC Offshore Services Holdings Ltd. ("**POSH**" or the "**Group**"), today reported results for the second quarter and half year ended 30 June 2019 ("**Q2 FY2019**" and "**1H FY2019**" respectively).

For the three months ended 30 June 2019 ("**Q2 FY2019**"), POSH recorded an 11% decline in revenue year-on-year ("**YoY**") to US$74.0 million. Higher revenue in the Offshore Supply Vessel ("**OSV**") and Transportation & Installation ("**T&I**") segments were offset by lower contributions from Offshore Accommodation ("**OA**") and Harbour Services and Emergency Response ("**HSER**"). Correspondingly, POSH reported a lower gross profit of US$8.4 million.

For share of joint ventures' results, the Group recorded a loss of US$1.9 million, compared to a loss of US$1.0 million in Q2 FY2018. This was due to lower vessel utilisation for its joint venture, POSH Terasea.

Net loss attributable to equity holders of the Company ("**NLAT**") was US$8.6 million, a 49% increase from the US$5.8 million net loss in Q2 FY2018.

General and administrative expenses increased by US$2.0 million. This was mainly due to higher legal fees and personnel costs in the quarter.

The Group generated negative net operating cash flow of US$10.9 million for 1H FY19. This was mainly due to (i) lower operating gross profit; (ii) legal fee pertaining to the Mexico arbitration case and (iii) tax provided for in FY18 and paid in Q2 FY19.

As at 30 June 2019, the Group's net gearing was 2.3 times.

Business Segment Performance for Q2 FY2019

	Revenue			**Gross Profit/(Loss)**		
	Quarter ended			**Quarter ended**		
	30 June 2019 (US$'000)	**30 June 2018 (US$'000)**	**% change**	**30 June 2019 (US$'000)**	**30 June 2018 (US$'000)**	**% change**
Offshore Supply Vessels	27,076	26,044	4	(1,116)	832	NM
Offshore Accommodation	25,835	45,384	(43)	5,110	11,631	(56)
Transportation & Installation	14,496	4,624	213	3,080	841	266
Harbour Services & Emergency Response	6,550	7,090	(8)	1,305	931	40

**NM denotes not meaningful*

Offshore Supply Vessels ("OSV")

Revenue increased 4% to US$27.1 million (Q2 FY18: US$26.0 million) mainly due to income from mobilising two vessels for work in Mexico. The vessel utilisation was 74% in Q2 FY2019 (Q2 FY18: 76%). Due to higher repair and maintenance and mobilisation costs, the segment recorded a gross loss of US$1.1 million in Q2 FY19 compared to US$0.8 million profit in Q2 FY18.

Offshore Accommodation ("OA")

Revenue decreased 43% to US$25.8 million (Q2 FY2018: US$45.4 million), largely due to POSH Arcadia – one of the Group's two Semi-submersible Accommodation Vessels ("**SSAVs**") – only commencing her charter in June 2019. Correspondingly, gross profit declined 56% to US$5.1 million (Q2 FY2018: US$11.6 million). The segment's performance was mitigated by contribution from SSAV POSH Xanadu, which continued her charter that started in January 2019.

In addition, all vessels in the OA monohull fleet, comprising four Light Construction Vessels ("**LCVs**") and three Multi-Purpose Support Vessels ("**MPSVs**"), were deployed during the quarter.

Transportation & Installation ("T&I")

Revenue increased 213% to US$14.5 million (Q2 FY2018: US$4.6 million) on contribution from the subsea operations. Vessel utilisation for the remaining vessels remain stable at 76% (Q2 FY18: 75%). As a result, the segment registered higher gross profit of US$3.1 million in Q2 FY2019, compared to US$0.8 million in the previous corresponding quarter.

Harbour Services & Emergency Response ("HSER")

HSER recorded an 8% decrease in revenue to US$6.6 million (Q2 FY2018: US$7.1 million), mainly on an absence of salvage jobs in the quarter from the ER business segment. However, gross profit grew by 40% to US$1.3 million (Q2 FY2018: US$0.9 million) mainly due to higher margin from harbour tugs working overseas.

Operational Updates

Business and Strategy Review

Oversupply of vessels continues to be a drag on charter rates although there are signs of increased activities in select segments. The Group is undertaking a comprehensive review of its business including divesting non-performing assets and investments.

Core Business Updates

For the OA segment, confirmation has been received that the eight-month charter of POSH Xanadu, which commenced in January 2019, will be extended for another eight months. POSH Arcadia has been hired for short-term work in offshore Malaysia in June 2019.

Aside from the two SSAVs, all monohull vessels in the OA fleet were deployed in 1H FY2019, with higher charter rates as compared to the same period in the previous year. The Group expects continued gradual improvement to utilisation and charter rates for the monohull segment for the rest of FY2019.

For the OSV segment, POSH continued to deliver on its 13 long-term charters for a National Oil Company in the Middle East in Q2 FY2019.

New Business Updates

The Group saw growth momentum for its two new business segments. POSH Subsea completed two projects over 1H FY2019, and will focus on South Asia and the Middle East for further opportunities. In the renewables sector, POSH Kerry Renewables ("POSH Kerry") secured several contracts in 1H FY2019 to support offshore survey and preparatory works for windfarm construction in Taiwan. We expect revenue growth from these new business segments in the next 12 months.

Mr Lee Keng Lin, Chief Executive Officer of POSH, said, "Headline performance was impacted by ongoing market challenges, but we are encouraged by continued growth in our new businesses, and improved performance from OA monohull.

While we continue to take advantage of increased activity levels, we also undertake comprehensive review of our business with the focus on driving alignment to longer-term strategic goals. We are confident that this will consolidate our existing strengths and put us in a better position to capture new opportunities ahead."

****

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

Ms Kelly Shia, POSH, Corporate Affairs and Business Development, +65 6839 7860, kelly.shia@paccoffshore.com.sg

Ms Hoong Huifang, WATATAWA Consulting, +65 9128 0762, hhoong@we-watatawa.com

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.

The Group also supports offshore renewables projects through POSH Kerry Renewables, and offers an integrated suite of subsea services through POSH Subsea.