PACC OFFSHORE SERVICES HOLDINGS LTD.

MEDIA RELEASE

POSH REPORTS REVENUE OF US$73.3 MILLION FOR Q3 FY2019

- *Q3 FY2019 revenue decreased 8% YoY; gross profit up 18% YoY on improved operational performance across most business segments*
- *NLAT at US$40.4 million, mainly due to impairments relating to POSH Terasea joint venture*
- *Secured US$130.0 million in total contract value for new charters across core and new businesses in last three months*

Group Financial Performance for Q3 and 9M FY2019

	Quarter ended			9 months ended		
	30 Sep 2019 (US$'000)	**30 Sep 2018 (US$'000)**	**% change**	**30 Sep 2019 (US$'000)**	**30 Sep 2018 (US$'000)**	**% change**
Revenue	73,300	79,708	(8)	209,063	233,415	(10)
Gross profit	16,129	13,626	18	31,322	37,797	(17)
Share of joint ventures' results	(798)	(793)	1	(4,220)	(1,257)	236
Net loss attributable to equity holders of the Company	(40,426)	(5,344)	656	(61,783)	(18,332)	237
EBITDA	(16,133)	20,872	NM	8,376	58,128	(86)
Adjusted EBITDA[1]	23,683	20,872	13	48,192	58,128	(17)

SINGAPORE, 4 November 2019 – Offshore marine services provider, PACC Offshore Services Holdings Ltd. ("**POSH**" or the "**Group**"), today reported results for the third quarter and nine months ended 30 September 2019 ("**Q3 FY2019**" and "**9M FY2019**" respectively).

For the three months ended 30 September 2019 ("**Q3 FY2019**"), POSH recorded an 8% decline in revenue year-on-year ("**YoY**") to US$73.3 million. Higher revenue from the Offshore Supply Vessel ("**OSV**"), Transportation & Installation ("**T&I**") and Harbour Services & Emergency Response ("**HSER**") segments were offset by lower contribution from Offshore Accommodation ("**OA**").

[1] Excluding one-time, non-cash impairment of interest in JV of US$25.4 million and loan to JV of US$14.4 million for POSH Terasea JV

However, POSH reported a higher gross profit of US$16.1 million on improved operational performance from all business segments except OA.

For share of joint ventures' results, the Group recorded a loss of US$798,000, comparable to a loss of US$793,000 in Q3 FY2018.

Net loss attributable to equity holders of the Company ("**NLAT**") was US$40.4 million, compared to a US$5.3 million loss in Q3 FY2018. This was mainly due to a one-time, non-cash impairment of US$25.4 million and US$14.4 million made respectively for its investments in and loan to the Group's POSH Terasea joint venture.

For the nine months ended 30 September 2019 ("**9M FY2019**"), POSH recorded a 10% decline in revenue YoY to US$209.1 million as lower OA revenue offset higher contribution from other business segments. NLAT was US$61.8 million, compared to a US$18.3 million loss in 9M FY2018, mainly due to the impairments relating to POSH Terasea.

The Group generated positive net operating cash flow of US$6.6 million for 9M FY2019, with a net gearing of 2.6 times as at end September.

Business Segment Performance for Q3 FY2019

	Revenue			**Gross Profit/(Loss)**		
	Quarter ended			**Quarter ended**		
	30 Sep 2019 (US$'000)	**30 Sep 2018 (US$'000)**	**% change**	**30 Sep 2019 (US$'000)**	**30 Sep 2018 (US$'000)**	**% change**
Offshore Supply Vessels	25,376	24,416	4	2,650	(1,035)	NM
Offshore Accommodation	31,930	46,156	(31)	9,823	14,002	(30)
Transportation & Installation	9,268	3,878	139	2,970	29	NM
Harbour Services & Emergency Response	6,726	5,258	28	686	630	9

**NM denotes not meaningful*

Offshore Supply Vessels ("OSV")

Revenue increased 4% to US$25.4 million (Q3 FY2018: US$24.4 million) mainly due to higher vessel utilisation of 76% (Q3 FY2018: 75%). Combined with lower project costs and vessel operating expenses, the segment recorded a profit of US$2.7 million in Q3 FY2019 as compared to a gross loss of US$1.0 million in the previous quarter.

Offshore Accommodation ("OA")

Revenue decreased 31% to US$31.9 million (Q3 FY2018: US$46.2 million), largely due to POSH Arcadia – one of the Group's two Semi-submersible Accommodation Vessels ("**SSAVs**") – coming off-hire in July 2019 following a short-term charter. The segment's performance was partially mitigated by contribution from SSAV POSH Xanadu, which continued her charter with Petrobras during the quarter. 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. Gross profit declined 30% to US$9.8 million (Q3 FY2018: US$14.0 million).

Transportation & Installation ("T&I")

Revenue increased 139% to US$9.3 million (Q3 FY2018: US$3.9 million), mainly attributable to contribution from the offshore renewables operations and improved vessel utilisation of 77% (Q3 FY2018: 67%). As a result, the segment registered higher gross profit of US$3.0 million in Q3 FY2019, compared to US$29,000 in the previous quarter.

Harbour Services & Emergency Response ("HSER")

HSER recorded a 28% increase in revenue to US$6.7 million (Q3 FY2018: US$5.3 million), mainly on higher revenue generated from overseas jobs. Correspondingly, gross profit grew by 9% to US$0.7 million (Q3 FY2018: US$0.6 million).

Operational Updates

Liquidation of POSH Terasea joint venture

In October, POSH came to an agreement with its joint venture partner to wind up POSH Terasea Pte Ltd ("PTPL"). The financial impact arising from the liquidation of PTPL was US$39.8 million which has been fully provided for in Q3 2019. It is expected that no further provision is required. This is lower than US$42 million as previously disclosed. The Group is now working with PTPL stakeholders to ensure an orderly wind up of the joint venture. Independent of PTPL, POSH's own fleet of Anchor Handling Tug Supply ("AHTS") vessels remains well-positioned to service customers in the ocean towage sector globally.

Strategic Business Initiatives

POSH continued to deliver against its ongoing comprehensive business review across both core and new business segments.

In October 2019, the Group acquired the remaining equity stake in its harbour services joint venture Pacific Workboats Pte Ltd ("PWPL"). As the 100% shareholder of PWPL, POSH is now more agile in capturing related opportunities in the sector, including re-deploying select assets for longer-term charters overseas while continuing to serve clients in Singapore.

In the same month, POSH divested its Emergency Response ("ER") business to an international salvage company. The divestment of this non-core business segment allows POSH to further reposition its resources, so as to focus on core and new businesses that

are better aligned with its longer-term growth strategies. POSH does not expect any material impact to its operating cash flow arising from this transaction.

Core Business Update

POSH continues to see growth opportunities in select overseas markets despite the continued oversupply in the OSV sector. In Q3 2019, POSH secured three long-term charters with a National Oil Company in the Middle East, in addition to the 13 ongoing long-term charters in the region. These newly awarded charters will commence in Q1 2020 with a five-year firm period and two-year option.

For the OA segment, POSH Xanadu continued to be on charter to Petrobras in Q3 2019, with an eight-month extension period beginning September 2019. In October 2019, the Group also secured a three-year charter with one-year option for POSH Endurance, which will begin in Q2 2020, for the provision of accommodation support during the maintenance campaign of oil and gas assets in Brunei.

In September, POSH entered into a ship management agreement with Ocean Challenger, part of the CIMC Group, for the semi-submersible crane accommodation vessel CIMC Gretha. This agreement grants POSH exclusive marketing rights over the CIMC Gretha, thereby enhancing the Group's service capabilities to undertake decommissioning and heavy construction activities.

Notwithstanding, due to continued oversupply putting pressure on utilisation and charter rates, the Group expects the fleet to be further impaired by year end. The impairment amount has yet to be determined and we believe it to be a lesser extent than previous year, but it is expected to materially impact negatively the results of Q4 2019 and FY2019.

New Business Update

The Group's new businesses continued to see sustained growth momentum. In September and October 2019, POSH Subsea secured two new contracts with a National Oil and Gas company in India, which will commence in Q4 2019 and Q1 2020. In the renewables sector, POSH Kerry Renewables ("POSH Kerry") continued to deliver on its charters to support offshore survey and preparatory works for windfarm construction in Taiwan while exploring further opportunities to grow its orderbook. We expect these new business segments to contribute positively to the Group in the next 12 months.

Taken together, the new contracts won by POSH across its core and new businesses amount to US$130 million.

Mr Lee Keng Lin, Chief Executive Officer of POSH, said, "We are encouraged by the major contract wins across both new and core businesses. The strategic business initiatives undertaken as part of our comprehensive review will further sharpen our core portfolio, while adding new and accretive income streams via our subsea and offshore renewables operations. We are also confident that our acquisition of PWPL will allow us to be more agile in capturing new opportunities for harbour services, especially in key overseas markets."

****

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 (**"HS"**) – operates a fleet of harbour tugs actively engaged in supporting harbour towage operators in Singapore and key overseas markets

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