Vallianz Holdings Limited
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NEWS RELEASE

Vallianz Posts Net Profit of US$2.1 million in 3QFY2019

- Revenue from core vessel chartering services in 3QFY2019 continued to improve
- Witnessing an increase in oil and gas field developments in Middle East and Asia
- Continues to participate actively in major tenders for offshore projects in the Middle East
- Order book of US$610 million, comprising mainly long term charter contracts

Singapore, 14 February 2019 – Vallianz Holdings Limited ("**Vallianz**" or the "**Company**", and together with its subsidiaries, the "**Group**"), one of the largest providers of offshore support vessels ("**OSV**") in the Middle East, today reported its financial results for the three months ended 31 December 2018 ("**3QFY2019**").

The Group posted a net profit attributable to owners of the Company ("**Net profit**") of US$2.1 million in 3QFY2019, down 64.0% from US$5.9 million in 3QFY2018. Group revenue for 3QFY2019 dipped 8.1% to US$49.3 million from US$53.6 million in 3QFY2018 due mainly to less vessel management projects during the period under review.

On the other hand, the Group's core chartering and brokerage business continued to improve and registered higher revenue of US$45.6 million in 3QFY2019. This was an increase from US$37.5 million in 3QFY2018 and US$41.4 million in the preceding quarter of 2QFY2019, boosted mainly by the commencement of new vessel charter contracts with the Group's key National Oil Company ("**NOC**") customer in the Middle East. Accordingly, the chartering and brokerage business made up a substantial 93% of Group revenue in 3QFY2019, while the vessel management services business accounted for the remaining 7% of Group revenue in 3QFY2019 as compared to 30% in 3QFY2018.

This shift in revenue mix contributed to the change in the Group's gross profit margin which softened to 17.7% in 3QFY2019 from 33.4% in 3QFY2018. In addition, the gross profit margin was affected by lower charter rates for certain contract extensions as well as mobilisation costs for new vessel charters. The Group also incurred higher personnel costs as it expanded the management bandwidth in Saudi Arabia to support its enlarged vessel operations in the Middle East and to pursue new business opportunities with the NOC customer.

The decline in gross profit margin inevitably caused a drag on the Group's net profit in 3QFY2019, even though its ongoing cost-control measures helped to reduce operating and finance expenses for the period under review.

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For the nine months ended 31 December 2018 ("**9MFY2019**"), Group revenue was stable at US$137.1 million compared to US$136.1 million in 9MFY2018. On a sequential basis, the Group's revenue improved steadily from US$42.5 million in Q1FY2019 to US$45.4 million in Q2FY2019 and US$49.3 million in Q3FY2019. The Group's Net profit was pared by 39.8% to US$9.3 million in 9MFY2019, primarily as a result of the reduction in gross profit margin.

Mr Ling Yong Wah, CEO of Vallianz said, "The Group was able to deliver another quarter of profits in 3QFY2019 despite tough operating conditions in the global OSV market. While the business environment for the OSV sector is expected to stay challenging due to the persistent oversupply situation and intense competition, we are cautiously optimistic of the market as the Group is witnessing an increase in oil and gas field developments in the Middle East and Asia."

During 3QFY2019, Vallianz continued to expand its fleet operations in the Middle East with the deployment of new vessels in accordance with its charter contracts and the NOC customer's project schedules.

"We are looking to build further on our long-standing relationship with the NOC customer in the Middle East. As such, we continue to participate actively in significant tenders for the OSV requirements of our customer's offshore projects in the region.

Leveraging on our established position as one of the largest OSV providers in the Middle East, and coupled with the expertise and experience gained from supporting the NOC customer, we are working to expand our presence into new markets that show promising prospects. We are currently assessing a number of opportunities to provide our OSVs for the offshore projects of oil majors and other national oil companies in the markets of Egypt, Abu Dhabi and Kuwait," said Mr Ling.

As at 31 December 2018, the Group's chartering services order book stood at approximately US$610 million. This comprises mainly long term charters that stretch up to 2025 inclusive of extension options of up to 2 years. The Group currently owns and operates a young fleet of 62 vessels.

This news release should be read in conjunction with the Group's announcement posted on the SGX website on 14 February 2019.

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About Vallianz Holdings Limited

Vallianz Holdings Limited is one of the largest providers of offshore support vessels to the oil and gas industry in the Middle East. Headquartered in Singapore, the Group also provides offshore marine services to oil majors and national oil companies worldwide. Today, Vallianz owns and operates a young fleet of 62 offshore support vessels and covers markets in the Middle East, Asia Pacific and Latin America.

To strengthen its foundation for growth, the Group is currently executing initiatives to expand its geographical reach, as well as broaden its range of marine assets and solutions. The Group also continues to seek opportunities and strategic alliances to increase its penetration in the major and emerging offshore oil and gas markets. Listed on SGX-Catalist, Vallianz is helmed by an experienced management team.

For more details, please refer to www.vallianzholdings.com

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Provenance Capital Pte. Ltd. ("**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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