INCORPORATED IN SINGAPORE
COMPANY REGISTRATION NO. 199901411N

15 Hoe Chiang Road
#28-01 Tower Fifteen
Singapore 089316

MEDIA RELEASE

Market conditions and one-off non-cash adjustments impact 2Q and 1H FY2016 earnings

- Weakness in the offshore support sector, impairment on assets and share of loss from an associate in 2QFY16 resulted in losses
- Continued demand and diversification in the Marine Services Division
- Successful completion of joint venture with Chiyoda Corporation signals commitment to the long-term prospects of the subsea services business
- Focus on operational excellence, debt structure optimisation and strengthening of the balance sheet to tide over difficult market conditions

SINGAPORE ♦ 14 APRIL 2016

For immediate release

Ezra Holdings Limited ("Ezra" or the "Group"), a leading contractor and provider of integrated offshore solutions to the oil and gas ("O&G") industry, announced today its results for the three months and half year ended 29 February 2016 ("2QFY2016" and "1HFY2016", respectively). Losses after tax came in at US$282.6 million for 2QFY2016 and US$336.4 million for 1HFY2016, as compared to a profit of US$4.7 million and US$65.3 million the previous corresponding periods ("2QFY2015" and "1HFY2015", respectively).

The losses before tax from continuing operations in 2QFY2016 included the loss on disposal of fixed assets of US$18.1 million, impairment loss on fixed assets of US$60.5 million, impairment loss on investments in joint venture companies of US$38.3 million and share of losses from an associated company, Perisai Petroleum Teknologi Bhd. In light of the depressed market conditions, the Group has taken the prudent step in 2QFY2016 to recognise impairments, as well as write offs of bad debts, net of US$18.9 million, and allowance for doubtful debts, net of US$48.6 million. These adjustments, which are non-cash in nature, have impacted the financials of the Group.

The 14% year-on-year ("Y-o-Y") decline in overall revenue for 2QFY2016 was due to a decrease in revenue of US$40.4 million from its Offshore Support and Production Services Division and a decrease of US$7.8 million from the Energy Services Division. The Group reported lower revenue for 2QFY2016 at US$111.2 million and maintained revenue for 1HFY2016 at US$263.4 million.

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The decline in revenue for the Group's Offshore Support and Production Services division, predominately **EMAS Offshore Limited ("EOL")**, was mainly due to general weakness in the offshore industry and weak performance in the shallow water Platform Support Vessels ("PSV") and Anchor Handling Tug Supply ("AHTS") segments.

The Group's Marine Services division, predominately **TRIYARDS**, reported a Y-o-Y increase in revenue of US$30.3 million for 2QFY2016. The increase was mainly due to higher contribution from the Triyards Group as there were more units of self-elevating units and vessels under construction as compared to the previous corresponding period, as well as higher contribution from engineering design work.

Gross profit margin for the Group fell from 20% in 1HFY2015 to 6% in 1HFY2016. For the quarter, gross profit deteriorated from US$22.8 million in 2QFY2015 to a gross loss of US$0.2 million in 2QFY2016.

The Y-o-Y increase in administrative expenses for 1HFY2016 was mainly due to allowance for doubtful debts and bad debts written off of US$70.2 million and expenses incurred in recent restructuring and consent solicitation exercises which did not occur in 1HFY2015.

Outlook

The Offshore Support and Production Services Division is likely to continue experiencing lower charter rates and decreased vessel utilisation which will weigh on the Group's financial performance. The division has undertaken impairment to its assets in 2QFY2016 and will closely monitor the market condition to assess if further impairment is required.

As the Marine Services division diversifies its products and services across the oilfield fabrication value chain, the Group believes that there will be continued demand for its offerings, notwithstanding the competitive and challenging environment.

"Our performance for the quarter under review has largely been impeded by the lower charter rates and decreased vessel utilisation sustained by our Offshore Support & Production Services division, and this trend is expected to follow on in the ensuing months. The second half of the year will nonetheless continue to be a challenging period for the Group, as we witness reduced oil and gas spending across the globe and ongoing uncertainty in new contract awards," said Mr Lionel Lee, Ezra's Group CEO and Managing Director.

On 14 April 2016, both Ezra and EOL announced the proposed divestment of one of their FPSO vessels, *Lewek EMAS*. This transaction will allow EOL to strengthen its financial position and sharpen the focus on the company's business in the offshore support sector.

"The Group remains committed to stay on track for the rest of FY2016 to ride out the industry headwinds. Boosting our liquidity and strengthening our balance sheet remain

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our key priorities, as we are taking steps on the refinancing front and through the divestment of non-core assets. We will continue to focus on operational excellence and debt structure optimisation to tide over the difficult market conditions. With the EMAS CHIYODA Subsea JV having commenced operations in April, we believe the Group is in a better position to secure larger contracts as we are now able to leverage on the combined expertise together with a strong partner," added Mr Lee.

On 31 March 2016, Chiyoda Corporation ("Chiyoda") completed its investment in the Group's subsea services business, EMAS AMC, to form EMAS CHIYODA Subsea - a 50:50 Joint Venture. The successful completion of the Joint Venture signals commitment from both the Group and Chiyoda to participate in the long-term prospects of the subsea services business.

ABOUT THE COMPANY

www.emas.com ♦ SGX mainboard listing: December 2005

EMAS – a leading global contracting group providing offshore/subsea construction, marine, production and well intervention services – is Ezra's operating brand. With offices across six continents, it delivers best-value solutions to the oil and gas (O&G) industry by combining its global footprint and proven engineering skills with a diverse offering of premium assets and services designed to fully meet clients' needs.

Operating in unison, Ezra's core divisions are able to execute a full spectrum of seabed-to-surface engineering, construction, marine and production services anywhere in the world.

EMAS CHIYODA Subsea is a global FEED (Front End Engineering Design) and EPCIC (Engineering, Procurement, Construction, Installation and Commissioning) service provider of comprehensive subsea-to-surface solutions throughout the lifecycle of oil and gas projects.

EMAS Energy provides well intervention and drilling services both onshore and offshore, offering fully integrated solutions that combine its marine assets with state-of-the-art intervention equipment and services.

EMAS Marine, under subsidiary company EMAS Offshore Limited, manages and operates a young, versatile fleet of advanced offshore support vessels, offering an extensive range of maritime services that cater to the client's needs throughout a field's life cycle.

EMAS Production, also under subsidiary company EMAS Offshore Limited, owns and operates FPSO (floating production, storage and offloading) facilities, offering services

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that support the post-exploration needs of offshore fields, such as FPSO conversion management.

TRIYARDS is fast becoming an acknowledged leader in developing advanced and customised solutions for world-class vessels. By focusing on sophisticated platforms and equipment that can tackle even the most complex offshore projects, it has already established itself as a front runner in the fabrication of liftboats (self-elevating, mobile offshore units). TRIYARDS provides its integrated engineering, ship construction and fabrication services out of yard facilities located in Singapore, Vietnam and the US.

FOR ENQUIRIES

MS STELLA TAN +65 6333 3449

For any enquiries, email us at: ir@emas.com

Other media releases on the company can be accessed at www.emas.com