FOR IMMEDIATE RELEASE **8 May 2019**

PACC OFFSHORE SERVICES HOLDINGS LTD.

MEDIA RELEASE

POSH REPORTS REVENUE OF US$61.8 MILLION FOR Q1 FY2019

- *Q1 FY2019 revenue decreased 12%, NLAT increased 77% YoY*
- *Continue to generate positive operating cash flow of US$5.7m*

Group Financial Performance for Q1 FY2019

	Quarter ended		
	31 Mar 2019 (US$'000)	**31 Mar 2018 (US$'000)**	**% change**
Revenue	61,806	70,565	(12)
Gross profit	6,814	9,936	(31)
Share of joint ventures' results	(1,569)	552	N.M.
Net loss attributable to equity holders of the Company	(12,719)	(7,192)	77
EBITDA	10,857	17,415	(38)

**N.M. denotes not meaningful*

SINGAPORE, 8 May 2019 – Offshore marine services provider, PACC Offshore Services Holdings Ltd. ("**POSH**" or the "**Group**"), today reported results for the first quarter 31 March 2019 ("**Q1 FY2019**").

For the three months ended 31 March 2019 ("**Q1 FY2019**"), POSH recorded a 12% decline in revenue year-on-year ("**YoY**") to US$61.8 million. Higher revenue in the Offshore Supply Vessel ("**OSV**"), Transportation & Installation ("**T&I**") and Harbour Services and Emergency Response ("**HSER**") segments were offset by lower contributions from Offshore Accommodation ("**OA**"). As a result, POSH reported a lower gross profit of US$6.8 million.

For share of joint ventures' results, the Group recorded a loss of US$1.6 million compared to a profit of US$0.6 million in Q1 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$12.7 million, a 77% increase from the US$7.2 million net loss recorded in Q1 FY2018.

General and administrative expenses increased by US$3.0 million. This was mainly due to higher legal fees, personnel and other administrative expenses in the quarter.

The Group generated positive net operating cash flow of US$5.7 million as at 31 March 2019, with a net gearing of 2.17 times.

Business Segment Performance for Q1 FY2019

	Revenue			**Gross Profit/(Loss)**		
	Quarter ended			**Quarter ended**		
	31 Mar 2019 (US$'000)	**31 Mar 2018 (US$'000)**	**% change**	**31 Mar 2019 (US$'000)**	**31 Mar 2018 (US$'000)**	**% change**
Offshore Supply Vessels	24,265	21,709	12	(257)	(250)	3
Offshore Accommodation	23,842	38,899	(39)	4,967	9,327	(47)
Transportation & Installation	7,485	5,035	49	960	426	125
Harbour Services & Emergency Response	6,214	4,922	26	1,144	433	164

Offshore Supply Vessels ("OSV")

Revenue increased 12% to US$24.3 million (Q1 FY2018: US$21.7 million) on improved vessel utilisation of 70% in 1Q FY2019 (Q1 FY2018: 68%). Due to higher operating expenses, the segment recorded a gross loss of US$0.3 million in Q1 FY2019, comparable to Q1 FY2018.

Offshore Accommodation ("OA")

Revenue decreased 39% to US$23.8 million (Q1 FY2018: US$38.9 million), largely due to POSH Arcadia – one of the Group's two Semi-submersible Accommodation Vessels ("**SSAV**") – being undeployed in the quarter. Correspondingly, gross profit declined 47% to US$5.0 million (Q1 FY2018: US$9.3 million). The segment's performance was mitigated by contribution from SSAV POSH Xanadu, which started a charter with Petrobras in January 2019. In addition, all four Light Construction Vessels ("**LCVs**") and three Multi-Purpose Support Vessels ("**MPSVs**") were deployed during the quarter.

Transportation & Installation ("T&I")

Revenue increased 49% to US$7.5 million (Q1 FY2018: US$5.0 million) due to higher vessel utilisation of 58% (Q1 FY2018: 53%) which includes deployment for the subsea sector. As a result, the segment registered higher gross profit of to US$1.0 million in Q1 FY2019 compared to US$0.4 million in the previous corresponding quarter.

Harbour Services & Emergency Response ("HSER")

HSER recorded a 26% increase in revenue to US$6.2 million (Q1 FY2018: US$4.9 million), mainly due to an increase in the number of overseas charters. Correspondingly, gross profit grew by 164% to US$1.1 million (Q1 FY2018: US$0.4 million).

Operational Updates

For the OA division, POSH Xanadu commenced its charter with Petrobras in offshore Brazil in January 2019. The charter will last for eight months, with option for an eight-month extension. The Group is also actively seeking opportunities for POSH Arcadia. Aside from the two SSAVs, all monohull vessels in the OA fleet were deployed in Q1 FY2019, with improved charter rates. We expect sustained improvement for utilisation and charter rates for the OA monohull segment for the rest of FY2019.

The Group saw sustained growth momentum for its new business segments. POSH Subsea clinched its second contract in Q1 FY2019 to support a pipeline replacement project off the coast of India. In the renewables sector, POSH Kerry Renewables added to its orderbook several contracts to support offshore survey and preparatory works for windfarm construction in Taiwan.

Moving forward, we expect charter rates and utilization to improve slightly for the OSV segment as offshore projects that were sanctioned in previous years materialize. The 13 vessels under long-term charters to a National Oil Company in the Middle East continue to deliver under the charters. The Group also re-purposed two OSVs for walk-to-work and subsea support operations, as part of its ongoing strategy to re-profile assets to serve growth segments.

Newly appointed CEO

Former Deputy Chief Executive Officer, Mr Lee Keng Lin, assumed the role of Chief Executive Officer and joined the Board as Executive Director on 1 May 2019. He has been an integral member of the POSH management team since joining the Group more than a decade ago.

Mr Lee will continue to explore options to expand services in the identified growth segments of subsea and renewables, drive operational efficiencies, get closer to clients and optimise POSH's asset portfolio.

Mr Lee Keng Lin, Chief Executive Officer of POSH, said, "I am excited about the opportunities ahead. The POSH of today is already trusted by clients for its excellent service. Together, the team will continue to build on our strong foundations.

We are encouraged that our new businesses – subsea and renewables – are already gaining traction; we will now further expand our offerings in these growth areas. We will also innovate and adapt our strengths to meet the evolving needs of our clients, thereby capturing more opportunities."

Market Outlook

Offshore projects that were sanctioned in previous years are gradually coming onstream, resulting in a slight uptick in offshore construction activities. At the same time, the attrition of older vessels is expected to ease vessel oversupply slightly in the short to mid term.

In the longer term, developments such as shale technology and the global transition towards greener energy sources constitute a structural shift in the oil and gas industry. While oil and gas is expected to remain as the dominant energy source, the share of energy contribution by renewables is projected to see a substantive increase globally. This transition could present both current and future growth opportunities for POSH.

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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.