

## NEWS RELEASE

## Vallianz Doubled its Net Profit to US\$5.8 Million in 2Q2014

- Group revenue in 2Q2014 surged to US\$38.6 million from US\$4.7 million in 2Q2013
- Net profit of US\$11.2 million for 1H2014, up 172% from US\$4.1 million in 1H2013 and exceeds full year net profit of US\$10.3 million in FY2013
- Collaborating with one of the largest offshore engineering and construction players in Asia Pacific to deepen market penetration
- Robust order book of US\$494.0 million that stretches up to 2018

**Singapore, 7 August 2014** – Vallianz Holdings Limited (“**Vallianz**” and together with its subsidiaries, the “**Group**”), a fast growing provider of offshore support vessels and integrated marine solutions to the oil and gas industry, today reported a substantial increase in net profit to US\$5.8 million for the second quarter ended 30 June 2014 (“**2Q2014**”). This translated into an increase of 107% from US\$2.8 million in the second quarter ended 30 June 2013 (“**2Q2013**”).

The strong bottom line performance was fuelled mainly by significantly higher revenue of US\$38.6 million in 2Q2014 compared to US\$4.7 million in the same quarter a year ago. Revenue was lifted by contributions from the Group’s operations in the Kingdom of Saudi Arabia, which derives charter revenue by providing offshore support vessels to customers in the Middle East.

With two consecutive quarters of profit growth, the Group’s net profit jumped by 172% to US\$11.2 million for the six months ended 30 June 2014 (“**1H2014**”) as revenue soared to US\$66.3 million from US\$7.5 million in the six months ended 30 June 2013 (“**1H2013**”). Charter revenue for the Group’s young and modern vessels, which have contracts of up to five years, accounted for approximately 90% of Group revenue in 1H2014.

Chief Executive Officer of Vallianz, Mr Darren Yeo said, “Based on the results achieved to-date and developments that are taking place, we believe this year will mark a point of inflection for Vallianz in terms of our operating performance and scale. The Group witnessed a major upswing in our financial performance in 1H2014, thanks to the positive contribution from our operations in the Middle East. As a result, our net profit for 1H2014 has exceeded the full year profit of US\$10.3 million in FY2013.”

Mr Yeo added, “In the past months, we have been working on several initiatives to scale up our business operations. Besides extending our geographical reach to Latin America, the Group also entered into a collaboration agreement with Offshore Oil Engineering Co., Ltd. (“**COOEC**”), the largest offshore engineering group in China, to support its offshore oil and gas projects in China and Asia Pacific. COOEC is a subsidiary of China National Offshore Oil Corporation, or CNOOC.

Our plans to expand our current fleet of 29 vessels to 50 by 2016 are also on track as we expect to take delivery of around nine new vessels by this year-end.”

Besides increasing the size of its vessel fleet, the Group is also looking to expand the range of its vessel offerings. As part of its longer-term plans, Vallianz is collaborating with a first class shipyard in China to build "Vallianz-designed" vessels based on the Group's high technical specifications. With its first-right-of-refusal for up to 200 of these vessels, this collaboration will enable the Group to expand its product range, manage its fleet modernisation and address market demand in a timely manner.

The Group's total assets as at 30 June 2014 stood at US\$767.3 million. Of this, a significant portion was made up by the Group's vessels which had a book value of US\$558.5 million. Total liabilities were US\$598.8 million as at 30 June 2014, comprising largely of loans amounting to US\$361.3 million to finance the purchase of vessels. The Group also has notes payable of US\$124.9 million that were issued under a Multicurrency Debt Issuance Program.

Correspondingly, shareholders' equity increased to US\$141.5 million as at 30 June 2014, compared to US\$42.7 million as at 31 December 2013.

Based on its weighted average number of shares for 1H2014, the Group recorded earnings per share of 0.55 US cents, up 162% from 0.21 US cents in the previous corresponding period.

The Group believes the industry backdrop remains favourable for its offshore support vessel chartering business. Based on current expectations of oil prices, offshore exploration and production ("**E&P**") activities are anticipated to remain healthy and contribute to a growing proportion of global oil production. It is therefore envisaged that the increasing number of working oil rigs shall continue to drive demand for offshore support vessels.

Mr Yeo said, "To capitalise on the positive industry landscape, we will continue with our initiatives to expand our asset base, product offering and geographical reach to strengthen our foundation for long-term growth. As we steer Vallianz on a sustainable growth track, we are proactively managing our capital structure to ensure the Group has adequate financing avenues to support the initial phase of our expansion. Our operating strategy is to focus on securing medium to long-term chartering contracts which provide higher predictability of revenue streams and cash flow."

Indeed, at the end of June 2014, the Group had an order book of US\$494.0 million that stretches up to 2018. Based on the current situation and barring any unforeseen circumstances, approximately 50% of its order book is expected to be recognised as revenue during the second half of FY2014 and FY2015.

With its sights set on major and emerging offshore E&P markets in Middle East, Latin America, Asia Pacific and West Africa, Vallianz aims to increase its penetration in these target markets by continuing to leverage its existing network and seeking strategic alliances. Earlier in 2014, the Group established a 49%-owned associated company in Mexico, and also marked its first entry into Latin America market with a US\$82.0 million chartering contract.

*This news release should be read in conjunction with the Group's announcement posted on the SGX website on 7 August 2014.*

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### **About Vallianz Holdings Limited**

Vallianz Holdings Limited is a fast growing provider of offshore support vessels and integrated offshore marine solutions to the oil and gas industry. Headquartered in Singapore, the Group provides offshore marine services to oil majors and national oil companies worldwide. Today, Vallianz owns a young fleet of over 29 offshore support vessels and covers markets in Asia Pacific, the Middle East and Latin America. To strengthen its foundation for growth, the Group is currently executing initiatives to expand its asset base and geographical reach. Besides working towards its goal of 50 vessels by 2016, Vallianz also plans to broaden its range of vessel offerings. At the same time, the Group will continue seeking opportunities and strategic alliances to increase its penetration in the major and emerging offshore oil and gas exploration markets. Listed on SGX-Catalist, Vallianz is helmed by an experienced Board and management team.

For more details, please refer to [www.vallianzholdings.com](http://www.vallianzholdings.com)

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*This news release has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this news release.*

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The contact person for the Sponsor is Mr. Bernard Lui.

Telephone number: 6389 3000 Email: [bernard.lui@stamfordlaw.com.sg](mailto:bernard.lui@stamfordlaw.com.sg)

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### **Media and Investor Relations Contact**

**Octant Consulting | phone (65) 6296 3583**

Herman Phua | mobile 9664 7582 | email [herman@octant.com.sg](mailto:herman@octant.com.sg)

Lisa Heng | mobile 9090 9887 | email [lisa@octant.com.sg](mailto:lisa@octant.com.sg)