PACC OFFSHORE SERVICES HOLDINGS LTD.

MEDIA RELEASE

Q3 FY2017: LOWER LOSSES, GENERATED POSITIVE CASH FLOW

- *Q3 FY2017 revenue up 27% YoY to US$52.8 million; net loss attributable to shareholders narrows by 25% to US$9.8 million*
- *Generated net operating cash flow of US$10.8 million for Q3 FY2017, net gearing at 1.1x times as at end September*
- *POSH Terasea JV successfully executes landmark projects to tow and position INPEX Ichthys FPSO and Shell Prelude FLNG*

Group Financial Performance for Q3 FY2017

	Quarter ended			9 months ended		
	30 Sept 2017 (US$'000)	30 Sept 2016 (US$'000)	% change	30 Sept 2017 (US$'000)	30 Sept 2016 (US$'000)	% change
Revenue	52,786	41,629	27	129,541	146,435	(12)
Gross (loss)/profit	(4,337)	(1,436)	202	(12,083)	14,442	N.M.
Share of joint ventures' results	11,803	(57)	N.M.	12,010	1,681	614
Net (loss) /profit attributable to Shareholders ("NLAT/NPAT")	(9,762)	(12,936)	(25)	(37,248)	(26,012)	43

**N.M. denotes not meaningful*

SINGAPORE, 10 November 2017 – Offshore marine services provider, PACC Offshore Services Holdings Ltd. ("**POSH**" or the "**Group**"), today reported results for the third quarter ended 30 September 2017 ("**Q3 FY2017**").

For the three months ended 30 September 2017 ("**Q3 FY2017**"), POSH recorded a 27% rise in revenue year-on-year ("**YoY**") to US$52.8 million, mainly driven by the Group's Offshore Accomodation ("**OA**") and Offshore Supply Vessels ("**OSV**") divisions. This was on the back of increased deployment of OSV vessels under long-term charters with a Middle East National Oil Company, vessels chartered out for the Shell Prelude project, as well as the start of Semi-submersible Accommodation Vessel ("**SSAV**") POSH Arcadia's charter on the Shell Prelude project in mid-August.

The Group's share of joint ventures' results swung to a profit of US$11.8 million from a loss of US$0.06 million a year ago, mainly on higher contribution from POSH Terasea. During the quarter, POSH Terasea executed and completed several major towage and positioning projects.

Overall, POSH narrowed its net loss attributable to shareholders ("**NLAT**") for the period to US$9.8 million, a 25% improvement compared to the US$12.9 million loss booked in Q3 FY2016.

For the nine months ended 30 September 2017 ("**9M FY2017**"), revenue decreased by 12% YoY to US$129.5 million on lower charter rates and utilisation for most business segments. The Group reported a gross loss of US$12.1 million, compared to a gross profit of US$14.4 million in the previous corresponding period.

The Group continued to focus on cost rationalisation for 9M FY2017. General and administrative expenses reduced 35% to US$20.9 million, mainly on lower personnel costs and a reduction in allowances required for doubtful debts.

Finance costs rose 57% to US$16.2 million due to higher interest rates and higher loan balance in 9M FY2017. The higher loan balance was mainly due to financing for the construction of OSV vessels for long-term charters in the Middle East. Correspondingly, net loss attributable to shareholders rose to US$37.2 million compared to US$26.0 million for 9M FY2016.

The Group generated positive net operating cash flow of US$22.4 million for 9M FY2017 with a net gearing of 1.1 times as at 30 September 2017.

Business Segment Performance for Q3 FY2017

	Revenue			**Gross (Loss)/Profit**		
	Quarter ended			**Quarter ended**		
	30 Sept 2017 (US$'000)	**30 Sept 2016 (US$'000)**	**% change**	**30 Sept 2017 (US$'000)**	**30 Sept 2016 (US$'000)**	**% change**
Offshore Supply Vessels	21,073	16,907	25	(198)	(4,370)	(95)
Offshore Accommodation	23,207	15,154	53	(4,622)	1,815	N.M.
Transportation & Installation	2,448	3,902	(37)	(850)	15	N.M.
Harbour Services & Emergency Response	6,058	5,666	7	1,333	1,104	21

**N.M. denotes not meaningful*

Offshore Supply Vessels ("OSV")

Revenue rose 25% to US$21.1 million due to improved utilisation of 72% mainly attributable to increased deployment of vessels under our long-term charters with a Middle East National Oil Company and vessels chartered out for the Shell Prelude project. Correspondingly, the segment narrowed its gross loss to US$0.2 million.

Offshore Accommodation ("OA")

Revenue increased by 53% to US$23.2 million as the POSH Arcadia, a SSAV, started charter on the Shell Prelude project in mid-August this year. The segment registered a gross loss of US$4.6 million as it incurred higher operating expenses in preparing POSH Arcadia for the project while POSH Xanadu and two Light Construction Vessels ("**LCVs**") were not deployed during the quarter.

Transportation & Installation ("T&I")

Revenue fell 37% to US$2.4 million due to flat utilisation and low charter rates. As a result, the segment registered a gross loss of US$0.9 million.

Harbour Services & Emergency Response ("HSER")

HSER reported a 7% rise in revenue to US$6.1 million due to more jobs from Heavy Lift which was offset by lower overseas and spot charters for Harbour Tugs. Gross profit for the period improved to US$1.3 million.

Outlook and Operational update

Offshore oilfield development capital expenditure remains subdued and demand for all categories of offshore vessels remain weak. This will continue to exert significant pressure on charter rates and vessel utilisation and will have a negative impact on the Group's financial performance in the next few quarters.

Under these circumstances, the Group will reassess the carrying value of its fleet and goodwill and further impairments are expected. While the amount is yet to be determined, this will have a material adverse impact on the Group's financial results in Q4 FY17 and the 12 months ending 31 December 2017.

As of Q3 FY2017, the Group has deployed six vessels to the Middle East for their long-term charter contracts with a National Oil Company and another six vessels will be deployed progressively by Q4 FY2017.

In Q4 FY2017, our 750-pax SSAV POSH Arcadia will continue to provide accommodation support for the hook-up and commissioning of the Shell Prelude Floating Liquefied Natural Gas (FLNG) facility. Our JV POSH Terasea having completed the towage of the Shell Prelude facility in Q3 FY2017 will be executing the towage of the Egina FPSO in Q4 FY2017.

The Middle East and West Africa remain active key regions where oil majors continue to issue tenders for vessel requirements. The Group will continue to focus on and participate actively in tenders in these regions.

Captain Gerald Seow, Chief Executive Officer of POSH, said, "Our focus on driving vessel utilisation and cost rationalisation strategies have helped us navigate the challenging market conditions. We have made good headway in narrowing losses, and importantly we continue to generate positive operating cash flow.

We are proud to have successfully delivered and supported the positioning of the Ichthys CPF and FPSO and Shell Prelude FLNG facility. We look forward to continue supporting the Shell Prelude project and executing the tow of Total's Egina FPSO in the next quarter.

The market seems to have bottomed out but the timing and pace of recovery remains uncertain. We will continue to manage our costs prudently and drive vessel utilisation to meet the challenges ahead."

****

For further information or to speak to a POSH spokesperson, please contact:

Ms Kelly Shia, POSH, Corporate Affairs, +65 6839 7860, kelly.shia@paccoffshore.com.sg

Mr Ong Chor Hao, WATATAWA Consulting, Manager, +65 9627 2674, chorhaoo@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

Transport & 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.