

NEWS RELEASE

Vallianz Posts Stable Net Profit of US\$5.5M in 1Q2016 Amid Challenging Industry Conditions

- Revenue dipped 18.8% to US\$49.3 million, but gross profit margin expanded to 29.3%
- Net gearing improved to 0.7 times as at 31 March 2016
- Strong order book of US\$950 million with charter contracts stretching up to year 2023

Singapore, 9 May 2016 – Vallianz Holdings Limited (“**Vallianz**” or “**Company**”, and together with its subsidiaries, the “**Group**”), an established provider of offshore support vessels and integrated marine solutions to the oil and gas industry, today reported that its net profit for the three months ended 31 March 2016 (“**1Q2016**”) remained stable at US\$5.5 million.

Group revenue of US\$49.3 million in 1Q2016 was down 18.8% year-on-year from US\$60.7 million in 1Q2015. This was due mainly to the completion of ship management projects in late 2015, lower average charter rates and a change in the revenue mix of its offshore support vessel (“**OSV**”) chartering and brokerage business and ship management services. At the end of 1Q2016, the Group owns and operates 42OSVs.

The chartering and brokerage business accounted for a higher 69% of revenue in 1Q2016, compared to 63% in 1Q2015. The remaining 30% of Group revenue was derived from ship management & shipyard services and investment segments.

Although total revenue was lower in 1Q2016, the Group was able to increase its gross profit margin to 29.3% from 26.4% in 1Q2015. This was attributed mainly to the higher revenue contribution of the Group’s OSV chartering business, coupled with the benefits from its ongoing efforts to maximize cost savings from vessel operations and labour expenses.

In addition, the Group’s administrative expenses fell 28.0% year-on-year to US\$4.0 million in 1Q2016 as a result of its concerted efforts to optimise its cost structure in late 2015. The completion of a refinancing exercise for the Group’s Middle East operations also led to a 24.0% reduction in finance costs in 1Q2016.

As a result of its cost rationalisation efforts, the Group posted a steady net profit of US\$5.5 million in 1Q2016 compared to US\$5.6 million in 1Q2015. The strategic actions taken to lower its overall cost structure helped to mitigate the impact of lower Group revenue and a reduced share of results of associate and joint ventures which fell by approximately US\$1.2 million in 1Q2016.

CEO of Vallianz, Mr Ling Yong Wah said, “The resilient performance in the first quarter shows that we are steering the Group in the right direction. With the majority of our chartering and brokerage business backed by long-term charter contracts, the Group continues to achieve healthy fleet utilisation rates.

We are also securing new charter contracts to build on our order book. The Group today unveiled a new long term charter contract win worth up to US\$63 million for the supply of 2 OSVs to a national oil company in the Middle East. This latest award raises Vallianz’s order book to approximately US\$950 million, comprising mainly long term time charters stretching up to 2024.”

“While continuing to pursue new charters, the Group has also rationalised our overall cost structure to align to current market conditions and enhance our market competitiveness. We reviewed our vessel operating costs, labour and administrative expenses, and took effective actions to maximize cost savings in these key areas.

We have also been working conscientiously to strengthen our balance sheet. In addition to lowering our finance costs, the successful Sukuk issuance to refinance our operations in the Middle East has also led to an improvement in the Group’s net gearing to 0.7 times as at 31 March 2016 from 1.26 times at the end of FY2015.

The positive results of all these efforts to enhance the Group’s financial position and improve operational and organisational efficiencies are reflected in our financial performance in 1Q2016,” said Mr Ling.

Despite the strong industry headwinds, Vallianz is one of few OSV providers that has secured long-term charter contracts. This can be attributed to the Group’s operational excellence and organizational capabilities, as well as its strong market reputation in the Middle East where there is still high levels of offshore oil production activity.

Given the current business climate, the Group’s focus will remain on delivering operational and service excellence to customers while working to further optimise its operations and cost structure. It will also continue working to maintain its superior market position in the Gulf region. The Group is presently bidding for charter contracts with a combined value of US\$1.7 billion, mainly for projects located in the Middle East.

This news release should be read in conjunction with the Group’s announcements posted on the SGX website on 9 May 2016.

About Vallianz Holdings Limited

Vallianz Holdings Limited is an established 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 and operates a young fleet of 42 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 Board and management team. For more details, please refer to www.vallianzholdings.com

*This news release 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 ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this news release.*

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