

Vallianz Holdings Limited
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NEWS RELEASE

Vallianz Continues to Generate Profits in 3Q2016

- Group reports net profit of US\$3.0 million in 3Q2016 and US\$12.5 million in 9M2016
- Strong order book of US\$1.0 billion with charter contracts stretching up to year 2025
- Vallianz and Rawabi seeking to expand business in the Middle East

Singapore, 14 November 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, continues to deliver a profitable performance despite the protracted downturn in the global offshore marine industry.

For the three months ended 30 September 2016 (“**3Q2016**”), the Group reported a net profit of US\$3.0 million on revenue of US\$54.8 million. Together with the profits generated in the first two quarters of 2016, the Group posted a net profit of US\$12.5 million for the nine months ended 30 September 2016 (“**9M2016**”).

At the top line, the Group registered revenue declines of 8.4% to US\$54.8 million in 3Q2016 and 9.6% to US\$167.76 million in 9M2015. The decreases were due mainly to lower contributions from its vessel management services which is in line with the Group’s strategy to focus on expanding its core vessel chartering and brokerage business.

With the commencement of new charter contracts this year, the Group recorded relatively stable revenue for its charter and brokerage services in 9M2016. Its charter and brokerage services accounted for a higher 70% of Group revenue in 9M2016 as compared to 64% in 9M2015.

At the bottom line, the Group’s net profits in 3Q2016 and 9M2016 were down by 42.5% and 18.7% respectively which was mainly attributable to softer gross profit margins. This was the result of slower demand for offshore support vessels and intense industry competition in regions other than the Middle East. To buffer the impact on its profitability and adapt to the current market environment, the Group has been focusing on optimising its cost structure. This has enabled the Group to benefit from substantial reductions in its aggregate administrative expenses and finance costs in 3Q2016 and 9M2016.

Said Mr Ling Yong Wah, CEO of Vallianz, “Notwithstanding the difficult business environment, the Group has consistently generated profits for three consecutive quarters this year. To sustain the Group’s competitiveness and cement its market position as a leading offshore support vessel provider to one of the largest national oil companies in the Middle East, we will continue to focus on strengthening our core capabilities to deliver operational excellence and value to our customers.

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Although business conditions in the global offshore oil and gas industry are likely to remain depressed and competition in the Middle East has been increasing, there are still business opportunities for the Group in this region due to continued spending on oil and gas production activities by national oil companies.”

As part of its business expansion plans, Vallianz and its controlling shareholder and strategic business partner Rawabi Holding Company Limited (“**Rawabi**”), will leverage the Group’s established market position in the Middle East to strengthen existing customer relationships, and broaden its presence to other target markets in the region.

Rawabi owns an 18.7% equity stake in Vallianz and is also the Group’s strategic partner in the Middle East through Rawabi Vallianz Offshore Services Limited.

As at 30 September 2016, the Group had an outstanding chartering services order book valued at approximately US\$1.0 billion in aggregate, comprising primarily long term charters with options to extend up to 2025. These charter contracts are mainly with a national oil company in the Middle East.

To maintain its edge in the increasingly competitive market, the Group will continue to place strong emphasis on the quality and safety of its operations to deliver service excellence to customers, while working to further optimise its cost structure.

On 3 November 2016, the Group announced that it will be redeeming in full the S\$60 million fixed rate Notes due to mature on 22 November 2016 (“**Notes**”). The redemption of the Notes will be funded by internally-generated funds as well as advances from Rawabi.

This news release should be read in conjunction with the Group’s announcement posted on the SGX website on 14 November 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 49 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 management team.

For more details, please refer to www.vallianzholdings.com

*This announcement 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 (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

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This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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