

## NEWS RELEASE

**Vallianz Posts Net Profit of US\$3.1M in 4Q2016 and US\$15.6M for 12M2016**

- Order book of US\$950.1 million with charter contracts stretching up to year 2025

**Singapore, 13 February 2017** – 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, has reported a net profit of US\$3.1 million for the three months ended 31 December 2016 (“**4Q2016**”). This brought the Group’s net profit to US\$15.6 million for the 12 months ended 31 December 2016 (“**12M2016**”).

The Group’s revenue in 4Q2016 and 12M2016 softened by 11.9% and 10.1% to US\$41.4 million and US\$209.1 million respectively, due mainly to lower contributions from its vessel management services. This is in line with the Group’s strategy to focus on its core vessel chartering and brokerage business which generated relatively stable revenue in 12M2016 compared to the year-ago period. As a result, charter and brokerage services accounted for a higher 82% of Group revenue in 12M2016 as compared to 64% in 12M2015.

Gross profit margin in 4Q2016 narrowed to 26.7% compared to 30.5% in 4Q2015. For 12M2016, the Group’s gross profit margin also declined to 25.5% from 28.4% in 12M2015. This was due mainly to renewal of certain existing contracts at a lower average charter rate (as announced on 20 July 2015), which was cushioned by the Group’s proactive management of operating costs.

The Group’s continuing efforts to rationalise its cost structure amid a slower market environment have also led to a substantial reduction in its administrative expenses for both 4Q2016 and 12M2016. Finance costs in 4Q2016 and 12M2016 also shrank considerably compared to the corresponding periods last year.

These cost savings helped to partially buffer the negative impact arising from lower gross profit, reduction in other income, foreign exchange loss, and share of results of associate and joint ventures. These factors contributed to the decline of 35.4% in net profit to US\$3.1 million in 4Q2016. Consequently, net profit for 12M2016 was down 22.7% year-on-year to US\$15.6 million from US\$20.1 million previously.

Said Mr Ling Yong Wah, CEO of Vallianz, “The Group’s profitable performance throughout 12M2016 was buoyed primarily by our stable operations in the Middle East and our continual efforts to optimise the Group’s cost structure to be aligned with prevailing market conditions.

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From the onset, the Group's strategy was to build our business in the Middle East primarily on long-term charter contracts with national oil companies. Over the years, we strengthened our capabilities, customer relationships and order book to establish a sound and stable base for our Middle East operations. This has helped the Group to sustain a leading market position in Middle East despite rising competition, as well as partly mitigate the challenges faced in other regions where vessel charter rates are under greater pressure due to sluggish demand and intense industry competition.

In addition, the Group has been implementing a cohesive strategy to streamline its business operations. To this end, we have closed non-core business units that will further lower our cost structure and sharpen our focus on our core vessel chartering operations." As part of its rightsizing exercise, the Group has ceased operations of its shipyard in Singapore and the provision of crew management and travel management services to the offshore oil and gas industry at the end of 2016.

The operating environment for offshore support vessel (OSV) operators remains difficult as the industry continues to be afflicted by intense competition, downward pressure on charter rates and low vessel utilisation amid supply-demand imbalances in the OSV market.

As at 31 December 2016, the Group had an outstanding chartering services order book valued at approximately US\$950.1 million in aggregate, comprising primarily long term charters which include 2-year extension options stretching up to 2025. These charter contracts are mainly with a national oil company in the Middle East.

Vallianz and its controlling shareholder and strategic business partner, Rawabi Holding Company Limited, will continue to place strong emphasis on its core capabilities and deliver service excellence to meet customers' stringent requirements and maintain its competitive edge. Leveraging its established market position in the Middle East, the Group is seeking to expand its business opportunities with existing customers while increasing penetration in other target markets in the region.

*This news release should be read in conjunction with the Group's announcement posted on the SGX website on 13 February 2017.*

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### **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.

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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](http://www.vallianzholdings.com)

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*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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