

## NEWS RELEASE

**Vallianz Reports Net Profit Attributable to Owners of the Company  
of US\$5.9 million in 3Q2017/18, up 26.1% from 3Q2016/17**

- Revenue in 3Q2017/18 increased 29.6% year-on-year to US\$53.6 million
- Operating profit surged 71.1% year-on-year to US\$7.7 million in 3Q2017/18
- Robust order book of US\$900 million comprising mainly long term charter contracts

**Singapore, 12 February 2018** – Vallianz Holdings Limited (“**Vallianz**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), one of the largest providers of offshore support vessels (“**OSV**”) in the Middle East, today reported that its net profit attributable to owners of the Company (“**PATMI**”) increased 26.1% to US\$5.9 million for the third quarter ended 31 December 2017 (“**3Q2017/18**”) from US\$4.7 million in the same quarter a year ago (“**2Q2016/17**”).

Group revenue in 3Q2017/18 grew 29.6% year-on-year to US\$53.64 million due mainly to the commencement of new charter contracts with a key National Oil Company (“**NOC**”) customer in the Middle East and revenue contributions from provision of vessel management services.

A reduction in depreciation expenses and the Group’s strategic focus on its core chartering and brokerage services business drove an expansion in its gross profit margin to 33.4% in 3Q2017/18 compared to 26.7% in 3Q2016/17. As a result, the Group registered a 71.1% surge in operating profit to US\$7.7 million in 3Q2017/18 from US\$4.5 million previously.

For the nine months ended 31 December 2017 (“**9M2017/18**”), Group revenue declined 14.9% to US\$136.1 million from US\$159.8 million previously. This was due mainly to lower utilisation of certain vessels and the absence of various one-time vessel management projects which were completed during the second half of 2016, which were partially offset by the commencement of new charter contracts. Nevertheless, the Group’s PATMI for 9M2017/2018 jumped 64.3% to US\$15.4 million from US\$9.4 million in 9M2017/18, thanks to lower operating and finance expenses.

The Group’s PATMI in 3Q2017/18 and 9M2017/18 would have been even higher if not for an exceptional expense resulting from a bad debt written-off at its 49%-owned subsidiary in Mexico.

Said Mr Ling Yong Wah, CEO of Vallianz, “The Group delivered another strong operating performance in 3Q2017/18, thanks to our existing long-term vessel charters, the commencement of new vessel charter

Vallianz Holdings Limited  
Co Reg No. 199206945E

3A International Business Park, #01-13 Icon@IBP, Singapore 609935  
Tel: +65 6911 6200 Fax: +65 6659 1292  
www.vallianzholdings.com

contracts and several initiatives implemented to optimise our cost structure. Since 1Q2017/18, the Group has started new charter contracts for 4 vessels with our NOC customer. We expect to continue deploying additional vessels over the course of the next two quarters.

There are tentative signs of a recovery in crude oil prices as the strategies by OPEC and Russia to curb crude oil production have led to a tighter demand-supply situation. Notwithstanding the improved conditions in the global oil and gas industry, the OSV segment continues to face a challenging operating environment. Due to an overhang in vessel capacity amid slow demand, intense competition among OSV operators continues to depress vessel utilisation rates and exert pressure on charter rates.

“Despite the persistent adverse market conditions in the OSV sector, Vallianz has been able to forge ahead as our strategy to focus on securing long term vessel charters with national oil companies is paying off. The Group has grown into one of the largest OSV players in the Middle East and forged a close relationship with our key NOC customer which is a major player in the region’s offshore oil and gas production. We have also made inroads with new customers in Egypt and Turkmenistan,” said Mr Ling.

As at 31 December 2017, the Group maintained a robust chartering services order book with total value of approximately US\$900 million, comprising mainly long term charter contracts that stretch up to 2025 inclusive of 2-year extension options.

Following the completion of a Rights Cum Warrants Issue in December 2017, the Group’s strategic partner Rawabi Holding Company Limited (“Rawabi Holding”) has emerged as its largest shareholder with a stake of 57.67%.

Said Sheikh Abdulaziz AlTurki, Rawabi’s Group Chairman, “The Middle East will continue to be an exciting region for oil and gas activities. This outlook is supported by continued investments from the National Oil Companies there, such as Saudi Aramco which has announced plans to invest US\$300 billion in oil and gas projects over the next 10 years.

“With the partnership and strong support from Rawabi Holding, Vallianz will be seeking opportunities to further expand our business by leveraging the Group’s superior market position in the Middle East. To that end, we have appointed ADS Securities LLC, a financial services firm head-quartered in Abu Dhabi with offices in London, Singapore and Hong Kong, to advise on and explore various alternatives to raise expansion capital of up to US\$100 million from investors and financial institutions through a combination of debt and equity,” added Mr Ling.

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*This news release should be read in conjunction with the Group's announcement posted on the SGX website on 12 February 2018.*

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### **About Vallianz Holdings Limited**

Vallianz Holdings Limited is one of the largest providers of offshore support vessels to the oil and gas industry in the Middle East. Headquartered in Singapore, the Group also provides offshore marine services to oil majors and national oil companies worldwide. Today, Vallianz owns and operates a young fleet of 55 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](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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*The contact person for the Sponsor is Ms Wong Bee Eng, Chief Executive Officer, at 96 Robinson Road, #13-01, SIF Building, Singapore 068899.*

*Telephone: (65) 6227 1580 Email: [wongbe@provenancecapital.com](mailto:wongbe@provenancecapital.com)*

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### **MEDIA AND INVESTOR RELATIONS CONTACT**

#### **OCTANT CONSULTING**

phone (65) 62963583

**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)