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NEWS RELEASE

Vallianz Swings Into the Black in FY2018 with PATMI of US$16.7 million

- Group's turnaround was achieved on revenue of US$184.3 million
- Robust order book of US$850 million, comprising mainly long term charter contracts
- Group continues to expand its fleet operations in the Middle East

Singapore, 14 May 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 announced the Group has staged a sharp turnaround in profitability for the 12 months ended 31 March 2018 ("**12MFY2018**").

For 12MFY2018, the Group reported a net profit attributable to owners of the Company ("**PATMI**") of US$16.7 million, reversing the net loss of US$158.2 million that it posted for the 15 month period ended 31 March 2017 ("**15MFY2017**").

Group revenue in 12MFY2018 of US$184.3 million was lower by 25.6% from US$248.4 million in 15MFY2017. This was due mainly to the regular financial year in 12MFY2018 as compared to the 15 month period in 15MFY2017 and lower utilisation for certain vessels in Asia, which was partially offset by the commencement of new charter contracts with a key National Oil Company ("**NOC**") customer in the Middle East during 12MFY2018.

The Group's core chartering and brokerage services accounted for 83% of Group revenue in 12MFY2018, with the balance derived from its vessel management and services business. Gross profit margin in 12MFY2018 eased slightly to 24.0% from 25.2% previously due to the difference in revenue composition of the chartering and brokerage business, and one-off mobilisation cost to deliver new vessels for chartering contracts in Middle East.

Notwithstanding a shorter financial period in 12MFY2018, the Group's operating profit from ordinary activities before exceptional items increased 4.8% to US$20.66 million compared to US$19.71 million in 15MFY2017. This improvement was attributed mainly to the absence of a share of loss of associate, reduced finance costs and lower operating expenses.

In 12MFY2018, the Group recorded an exceptional expense of US$5.9 million resulting from a bad debt written-off at its 49%-owned subsidiary in Mexico. In 15MFY2017, it recorded exceptional expenses

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totaling US$214.6 million related to various impairments as a result of the slowdown in the offshore and marine market and rightsizing initiatives undertaken by the Group.

Said Mr Ling Yong Wah, CEO of Vallianz, “The Group has performed creditably to deliver a strong turnaround in PATMI for 12MFY2018. The Group’s strong operating performance during these challenging years can be attributed to our strategy of securing long-term vessel charters with national oil companies as well as the successful outcome of several initiatives implemented to streamline our operations and optimise our cost structure.”

Since the beginning of 2018, crude oil prices have staged a steady recovery due to tighter demand-supply market dynamics as a result of the strategies taken by the major oil producing countries to curb crude oil production. Although this is generally leading to a more optimistic view of the global oil and gas industry prospects, the operating environment for the OSV sector is expected to remain challenging due to an oversupply situation, intense competition and soft demand conditions. However, there are early signs that vessel owners are beginning to scrap older OSVs which is expected to gradually bring the OSV market into better balance and relieve downward pressure on vessel utilisation rates and charter rates.

“While the present operating environment in still challenging, particularly in the Asia region, we believe the Middle East will continue to present exciting opportunities for the Group. Vallianz is already one of the largest OSV players in this region and we continue to make steady progress with our business there.

During 12MFY2018, the Group expanded our fleet of vessels in operation in Middle East as we commenced new charter contracts for another eight vessels. These vessels are chartered to our NOC customer which is a leading player in the Middle East region’s offshore oil and gas industry. We expect to continue deploying additional vessels over the next six months in accordance with our NOC customer’s project schedules,” said Mr Ling.

As at 31 March 2018, the Group maintained a robust chartering services order book with total value of approximately US$850 million, comprising mainly long term charter contracts that stretch up to 2025 inclusive of 2-year extension options.

This news release should be read in conjunction with the Group’s announcement posted on the SGX website on 14 May 2018.

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 58 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

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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.*

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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