

NEWS RELEASE

Vallianz Records Net Profit of US\$2.9 million for 2QFY2019

- Group continues to be profitable despite continued difficult operating environment
- Revenue up 10.0% year-on-year to US\$45.4 million in 2QFY2019
- Actively participating in recent tenders for projects of a key customer in the Middle East
- Order book of US\$650 million, comprising mainly long term charter contracts

Singapore, 14 November 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 its financial results for the three months ended 30 September 2018 (“**2QFY2019**”).

Notwithstanding the ongoing challenging operating conditions in the offshore support vessel (“**OSV**”) sector, the Group continued to deliver a satisfactory performance in 2QFY2019, albeit softer than the year-ago period (“**2QFY2018**”). The Group registered net profit attributable to owners of the Company (“**net profit**”) of US\$2.9 million in 2QFY2019 compared to US\$5.3 million in 2QFY2018.

Group revenue improved to US\$45.4 million in 2QFY2019, up 10.0% from US\$41.2 million in 2QFY2018 and 6.7% from the preceding quarter of 1QFY2019. This was driven by the Group’s core chartering and brokerage services business which achieved higher revenue in 2QFY2019 on the back of new vessel charter contracts that have commenced with a key National Oil Company (“**NOC**”) customer in the Middle East.

The chartering and brokerage services business accounted for around 91% of Group revenue in 2QFY2019, with the remaining 9% derived from the provision of vessel management services.

The Group’s gross profit margin in 2QFY2019 however eased to 18.2% from 24.6% previously. This was attributed to a shift in revenue mix, comparatively lower charter rates for certain contract extensions, and leasing expenses for a specialized vessel that was earlier transferred to a joint venture company. In addition, the Group experienced higher personnel costs as the Saudi operations have expanded their management bandwidth in line with the expansion of its operations in the Middle East as it deploys a larger fleet of vessels for the NOC customer’s projects, and exploring new business opportunities with the NOC.

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For the six months ended 30 September 2018 (“**1HFY2019**”), Group revenue gained 6.6% to US\$87.9 million from US\$82.4 million in 1HFY2018. Net profit for 1HFY2019 declined 24.9% to US\$7.2 million from US\$9.5 million previously due to the reduced net profit in 2QFY2019.

Mr Ling Yong Wah, CEO of Vallianz said, “Although there are indications of market activities picking up in the offshore oil and gas industry amid the increase in crude oil prices, the OSV sector continues to face challenging operating conditions due to overcapacity issues and intense competition.

Notwithstanding the tough business environment, the Group has continued to grow its revenue and remained profitable. Indeed, we have expanded our fleet operations in the Middle East as we steadily deployed new vessels in accordance with the charter contracts and customers’ project schedules. Leveraging on our premier market position, the Group aims to grow its presence in the Middle East and our team is currently working intently to bid for new projects and business opportunities in this region to strengthen our order book.”

To be sure, we are already actively participating in the recent tenders for offshore projects of the NOC customer in the Middle East.

The Group has a long-standing relationship with the NOC customer and established a deep understanding of the customer’s expectations towards quality and service standards. To sustain and improve its standing with the NOC customer, the Group has been gradually strengthening and differentiating its capabilities, as well as broadening its service offering beyond traditional OSV business to address other aspects of the NOC customer’s support requirements.

Said Mr Ling, “The depth of our local expertise, combined with the support of our largest shareholder, Rawabi Holding Company Limited, and our commitment towards the NOC customer’s In-Kingdom Total Value Add program requirements, place the Group in good stead to bid for the offshore projects of the NOC customer. To build a larger footprint and broaden our revenue base, we are also continually pursuing opportunities in new target markets including Egypt, Abu Dhabi, UAE and Kuwait, where we believe the offshore oil and gas industry has excellent growth potential.”

As at 30 September 2018, the Group’s chartering services order book stood at approximately US\$650 million. This comprises mainly long term charters that stretch up to 2025 inclusive of extension options of up to 2 years. The Group owns and operates 59 vessels at the end of 2QFY2019.

This news release should be read in conjunction with the Group’s announcement posted on the SGX website on 14 November 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 59 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.

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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