

Vallianz Holdings Limited  
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## NEWS RELEASE

### **Vallianz Records Net Profit of US\$0.6 Million for 1HFY2020**

- Maintained revenue at US\$87.2 million in 1HFY2020
- Vessel chartering business registered higher revenue despite competitive pressure on charter rates
- Order book of US\$513 million, comprising mainly long term charter contracts

**Singapore, 14 November 2019** – 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 six months ended 30 September 2019 (“**1HFY2020**”).

The Group delivered relatively stable revenue of US\$87.2 million in 1HFY2020, compared to US\$87.9 million in 1HFY2019. This was buoyed by its core vessel chartering and brokerage business which registered higher revenue of US\$83.7 million in 1HFY2020, compared to US\$80.4 million in 1HFY2019 despite keen competition in the offshore support vessel (“**OSV**”) industry. The Group’s vessel chartering business is primarily anchored on its long term charter contracts with a key National Oil Customer (“**NOC**”) customer in the Middle East.

On the other hand, revenue derived from the provision of vessel management services decreased to US\$3.5 million in 1HFY2020 from US\$7.5 million in 1HFY2019. As a result, the chartering and brokerage services’ contribution to Group revenue climbed to 96% in 1HFY2020, compared to 91% in 1HFY2019.

The Group’s gross profit decreased 36.4% to US\$10.9 million in 1HFY2020 from US\$17.2 million in 1HFY2019 previously. Correspondingly, gross profit margin contracted to 12.5% in 1HFY2020 from 19.5% in 1HFY2019. This was attributed mainly to depreciation of drydocking cost for certain older vessels’ absence of higher-margin engineering services as well as lower charter rates for OSVs in the Southeast Asia market amid intense competition. As a result, the Group recorded lower net profit attributable to owners of the Company (“**net profit**”) of US\$0.6 million for 1HFY2020 compared to US\$7.2 million in 1HFY2019.

For the three months ended 30 September 2019 (“**2QFY2020**”), the Group’s revenue remained relatively stable at US\$46.0 million as compared to US\$45.4 million in 2QFY2019. However, gross profit margin slipped to 10.6% in 2QFY2020 from 18.2% previously. This led to the Group recording a net loss of US\$0.5 million in 2QFY2020 versus a net profit of US\$2.9 million in 2QFY2019.

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Mr Ling Yong Wah, CEO of Vallianz said, “While there have been encouraging signs that the global oil and gas industry is gradually recovering, near term business conditions for the OSV sector will remain challenging. In addition to concerns over global economic growth and political uncertainties, the persistent oversupply of OSVs has resulted in heightened competition which will continue to depress vessel charter rates.”

Vallianz expects the business environment to stay difficult in the current financial year ending 31 March 2020. As such, the Group will continue to implement measures to improve cost-efficiency of its operations and actively pursue business opportunities with customers in its target markets in Asia and the Middle East.

On a positive note, the Group has an established presence in the Middle East where there is still a high level of offshore activity. According to a review by data analytics and consulting company GlobalData, activity in the Middle East lifted the value of global oil and gas contracts awarded to US\$44.4 billion in the third quarter of 2019. Close to US\$22 billion was derived from contracts and projects awarded by two national oil companies – Saudi Arabian Oil Company (Saudi Aramco) and Abu Dhabi National Oil Company (ADNOC).

“Our core vessel chartering business is driven mainly by long term charter contracts with a key NOC customer in the Middle East. As our NOC customer continues to expand its offshore activities, we have been working to deepen our working relationship by broadening our service offering to provide a comprehensive solution for the customer’s offshore support needs. With the backing of our largest shareholder Rawabi Holding Company Limited and commitment towards the NOC customer’s In-Kingdom Total Value Add program requirements, the Group has been participating actively in tenders for projects of the NOC customer,” said Mr Ling.

To broaden and diversify its revenue streams, the Group is also working to expand its footprint in the Middle East in new markets in Egypt, Abu Dhabi and Kuwait.

As at 30 September 2019, the Group’s chartering services order book stood at approximately US\$513 million. This comprises mainly long term charters that stretch up to 2024 inclusive of extension options of up to 2 years. The Group currently owns and operates a relatively young fleet of 62 vessels.

*This news release should be read in conjunction with the Group’s announcement posted on the SGX website on 14 November 2019.*

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**About Vallianz Holdings Limited**

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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 62 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.*

*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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