

NEWS RELEASE

Vallianz Posts Stable Revenue of US\$184.5 Million for FY2019

- Revenue from its core vessel chartering business grew 9.4%
- Group continued to report positive operating profit despite difficult conditions in the OSV market
- Substantial exceptional items dragged the Group into the red in FY2019
- Order book of US\$690 million, comprising mainly long term charter contracts

Singapore, 30 May 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 year ended 31 March 2019 (“**FY2019**”).

In FY2019, the Group’s revenue remained stable at around US\$184.5 million as compared to US\$184.3 million in FY2018. Revenue from the Group’s core chartering and brokerage services business increased 9.4% to US\$167.1 million in FY2019 from US\$152.7 million in FY2018, lifted by the full-year contribution from new vessel charter contracts that commenced in FY2018 and the start of new vessel charters in FY2019 with a key National Oil Company (“**NOC**”) customer in the Middle East. This however was offset by a lower contribution from vessel management services which registered a revenue decline of 45.1% to US\$17.4 million in FY2019 due to less vessel management projects.

This resulted in the chartering and brokerage services contributing a higher 91% to Group revenue in FY2019, compared to 83% in FY2018, with the remaining 9% coming from vessel management services.

The Group’s gross profit margin narrowed to 17.9% in FY2019 from 24.0% in FY2018 due to a shift in revenue mix and lower charter rates for certain contract extensions with the **NOC** customer. The Group also experienced higher personnel costs for onshore support as it expanded its management bandwidth and grew its vessel operations in the Middle East. In FY2019, the Group registered lower other income of US\$1.7 million, as compared to US\$7.9 million in FY2018, due mainly to absence of gain from disposal of fixed assets.

In light of the challenges and slow recovery in the offshore and marine market. Vallianz conducted an in-depth evaluation of its various vessels and recoverability of investment in an associate company. This led to the Group recording exceptional items of US\$133.3 million (“**Exceptional Items**”) for FY2019 due mainly to impairments of the associate company and plant, property and equipment amounting to US\$120.9 million, as well as a one-off compensation of US\$12.4 million for late delivery of vessels and cancellation of project.

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As a result of the Exceptional Items and decline in other income, the Group slipped into the red in FY2019 with a net loss attributable to owners of the Company of US\$128.2 million, compared to a profit of US\$13.0 million in FY2018.

Excluding the Exceptional Items, the Group reported an operating profit of US\$4.7 million in FY2019 despite the difficult market conditions faced by companies in the OSV sector.

Mr Ling Yong Wah, CEO of Vallianz said, "The business environment for the OSV sector is expected to stay challenging due to intense competitive pressures and depressed charter rates which could be further exacerbated by escalating global trade tensions and continuing political uncertainties in the Middle East. As such, the Group is adopting a cautious view of our prospects for the current financial year ending 31 March 2020.

Despite the challenging environment, we will continue to pursue business opportunities with our existing and new customers in the Group's target markets in Asia and the Middle East. In particular, we note an increase in O&G field development activities in the Asia Pacific region while potential opportunities exist in the Middle East for our Group to participate in upcoming project tenders."

While Vallianz's core vessel chartering business is driven mainly by long term charter contracts in the Middle East with its NOC customer, the Group has also been working on expanding to new markets such as Egypt, Abu Dhabi and Kuwait. In addition, the Group is actively seeking ways to enhance its value to customers by widening its range of offshore support services.

As at 31 March 2019, the Group's chartering services order book stood at approximately US\$690 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 young fleet of 62 vessels.

This news release should be read in conjunction with the Group's announcement posted on the SGX website on 30 May 2019.

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 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

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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 SGX-ST assumes 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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