

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

## NEWS RELEASE

### Vallianz Posts Net Profit of US\$1.1 Million for 1QFY2020

- Revenue in 1QFY2020 was relatively stable at US\$41.1 million
- Group remained profitable in spite of the prevailing challenges in the OSV market
- Order book of US\$521 million, comprising mainly long term charter contracts
- Group inks strategic partnership to build an offshore mobile platform as it explores opportunities to tap new revenue streams

**Singapore, 14 August 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, has reported net profit attributable to owners of the Company (“**net profit**”) of US\$1.1 million for the three months ended 30 June 2019 (“**1QFY2020**”).

This was achieved on the back of Group revenue of US\$41.1 million, which was a marginal decline of 3.2% from US\$42.5 million in 1QFY2019. While competition remained rife in the offshore support vessel (“**OSV**”) industry, the Group’s core chartering and brokerage services business recorded higher revenue of US\$40.5 million in 1QFY2020, up 3.9% from US\$39.0 million in 1QFY2019. This was buoyed primarily by the start of new charters for three vessels which have been deployed to a key National Oil Customer (“**NOC**”) customer in the Middle East.

The higher revenue from the chartering and brokerage business was however offset by reduced revenue from provision of vessel management services in 1QFY2020. Hence, the chartering and brokerage services’ contribution to Group revenue climbed to 98% in 1QFY2020, compared to 92% in 1QFY2019.

The continued competition in the chartering and brokering business with lower rates combined with the shift in revenue mix as there was a higher proportion of revenue generated from the chartering and brokering business which has lower margins as compared to the vessel management services as well as higher personnel costs to support the Group’s operations in the Middle East, has led to a contraction in gross profit margin to 14.7% in 1QFY2020 from 21.0% in 1QFY2019. As a result of lower gross profit, the Group’s net profit declined to US\$1.1 million from US\$4.2 million in 1QFY2019.

Mr Ling Yong Wah, CEO of Vallianz said, “Although offshore oil and gas activities appear to be on the mend, the oversupply situation within the OSV sector continues to pose challenges for service providers as charter rates remain depressed amid competitive conditions. Nonetheless, the Group continued to grow

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

its operations in the Middle East as we began new vessel charters with our NOC customer, and also remained profitable in 1QFY2020 despite the industry pressures on charter rates.”

In light of the present difficulties in the OSV sector as well as concerns over the outlook of the global economic growth and political uncertainties in the Middle East, the Group envisages the business environment to stay difficult in the current financial year ending 31 March 2020.

“Against this backdrop, we will continue to implement effective measures to ensure cost-efficient operations in parallel with our plans to pursue business opportunities with existing and new customers in our target markets within Asia and the Middle East.

The offshore activities in the Middle East are promising, particularly for the exploration and production of offshore gas. The Group’s core vessel chartering business is underpinned by long term charter contracts with our key NOC customer and we will continue to seek further business opportunities with this NOC customer as they step up their offshore activities in the Middle East. The Group will also work on acquiring new customers in other markets such as Egypt, Abu Dhabi and Kuwait.

To remain competitive, we are continually looking at widening our range of offshore support services that can raise our value-add customers. The Group is also exploring business opportunities within the offshore oil and gas services sector to tap new revenue streams. To this end, the Group has recently embarked on a strategic partnership with Calm Oceans which has awarded us a contract to build an offshore mobile platform that will be the first of its kind in the offshore oil and gas industry. Although this contract is not expected to have a material contribution to the Group’s financial performance, we are honoured to be selected as Calm Ocean’s strategic partner and look forward to building a successful collaboration with them,” said Mr Ling.

The Group announced on 29 July 2019 that it was appointed by Calm Oceans Pte Ltd (“**Calm Oceans**”), a global offshore oil and gas company helmed by industry veteran Brian Chang, to construct Calm Oceans’ first Mono-Column Platform – Lite (“**MCP-Lite**”). The MCP-Lite, which will be a groundbreaking alternative to conventional jack-up rigs, is a jack-up rig suitable for fields with shallow water depth of up to 70 metres. Construction of the MCP-Lite will be carried out at the Group’s shipyard in Batam, Indonesia and is expected to be completed in the fourth quarter of FY2020.

As at 30 June 2019, the Group’s chartering services order book stood at approximately US\$521 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.

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

*This news release should be read in conjunction with the Group's announcement posted on the SGX website on 14 August 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 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)

---

*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.*

*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)*

---

### **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)