



*SAIL FORTH, GROW BEYOND*

**PRESS RELEASE**

## **Coastal Contracts 1Q14 net profit leaps 58.0% to RM49.2 million**

- **Growth on the back of higher demand for Offshore Support Vessels (OSV) and increasing value-added requirements**
- **Fabrication of 1<sup>st</sup> jack-up (JU) rig on track for completion in 4Q14**

**Sandakan, Sabah, Malaysia, 28 May 2014** – Reputed offshore support vessels (OSV) fabricator and emerging jack-up (JU) oil rig player **Coastal Contracts Bhd** (“**Coastal Contracts**”, “the Group”, “沿海工程”, Bloomberg COCO:MK, Reuters: CTAL.KL), saw a 58.0% leap in net profit to RM49.2 million for the first quarter ended 31 March 2014 (1Q14) from RM31.1 million in the previous corresponding quarter.

The stronger bottom line was attributed to the increased delivery of OSV newbuilds in addition to an enhanced product mix comprising higher-value OSVs.

1Q14 group revenue rose 33.1% to RM224.7 million, from RM168.9 million previously, flowing from the larger deliveries of higher-specification newbuilds.

“We are pleased that the Group has made a good start to the current financial year, benefitting from robust demand in the global OSV market.

The market for OSVs has been very encouraging, with higher selling prices and stronger delivery orders underpinning our prospects. In 1Q14, we delivered RM196.5 million worth of OSVs, up significantly from RM164.2 million previously.”

Furthermore, we note a growing preference for higher-specification and larger capacity newbuilds in line with the industry’s increasingly-technical demands. This allows us the opportunity to enhance margins as we deliver more value-added OSVs going forward.”

***Ng Chin Heng (黄振兴)***  
***Executive Chairman. Coastal Contracts Bhd***

As at 28 March 2014, Coastal Contracts’ order book stood at about RM2.4 billion, which will sustain the Group until 2027.

Of this, the fabrication of OSVs and other vessels constituted RM1.2 billion. The balance order book comprised RM1.2 billion for the fabrication and charter of a gas compression service unit to the national oil company Petróleos Mexicanos, targeted for delivery in the second half of 2015.



# Coastal Contracts Bhd (517649-A)

Block G, Lot 3B, Bandar Leila  
W.D.T. 259, 90009 Sandakan  
Sabah, Malaysia

Tel: +60 89 616263  
Fax: +60 89 616654  
www.coastalcontracts.com

## **SAIL FORTH, GROW BEYOND**

Furthermore, the Group is in the midst of fabricating a USD210 million high-specification JU rig – representing its maiden foray into the rigbuilding and chartering sector – which is slated for completion in the fourth quarter of 2014.

Ng commented: “Owing to its versatility and economic benefits, our high-specification JU rig has garnered keen interest by a number of O&G players. We are therefore positive of securing a charter shortly after the rig’s completion by year-end.”

“This will not only add on positively to the Group’s topline growth, but at the same time significantly enhance our earnings performance as we diversify into the lucrative rig chartering sector,” said Ng.

Commenting on prospects for the Group’s shipbuilding division, Ng said: “Underpinned by stability in global crude oil prices, we expect continued capital expenditure by oil and gas (O&G) majors for oil rig replacements and fleet renewals to support exploration and production activities.”

“This translates into higher demand for OSV newbuilds to support the deployment and operations of new oil rigs in the coming years – thereby auguring well for the Group’s long-term growth prospects,” concluded Ng.

<b>Financial Summary (Unaudited Consolidated Results)</b>				<b>Audited</b>
	<b>1Q14</b>	<b>1Q13</b>		<b>FY13</b>
<b>RM'000</b>	<b>31.03.14</b>	<b>31.03.13</b>	<b>Change</b>	<b>31.12.13</b>
Revenue	224,701	168,884	33.1%	762,527
Pre-tax Profit	49,738	31,058	60.1%	150,340
Net profit to shareholders	49,158	31,105	58.0%	151,155
Basic EPS (sen)	10.09	6.44	56.7%	31.29



# Coastal Contracts Bhd (517649-A)

Block G, Lot 3B, Bandar Leila  
W.D.T. 259, 90009 Sandakan  
Sabah, Malaysia

Tel: +60 89 616263  
Fax: +60 89 616654  
www.coastalcontracts.com

***SAIL FORTH, GROW BEYOND***

## **About Coastal Contracts Bhd**

Established in 1982 and listed on the Main Market of Bursa Malaysia Securities Berhad since August 2003, Coastal Group has two main business units namely Shipbuilding Division and Oil & Gas Division. Shipbuilding Division specialises in fabrication and sale of Offshore Support Vessels (“OSV”) and marine transportation vessels whereas Oil & Gas Division focus on the development, ownership and chartering of strategic offshore assets for oil & gas upstream sector.

In addition, the Group’s combined yard space of about 100 acres is equipped with engineering facilities offering vessel and offshore structure fabrication, as well as repair and maintenance services.

Coastal Group has globe-straddling business networks and diversified customer base spanning across many geographical locations, from Malaysia, Indonesia and Singapore to as far away as the Middle East, Europe, Africa and the American continents. Coupled with proven track records and a visionary management team that has close to 30 years of extensive experience in the maritime industry, Coastal Group is primed to benefit from the global growth in offshore oil and gas exploration, development and production activities as well as in regional commodities shipping.

Coastal has the prestigious honour of being featured in Forbes Asia’s list of ***200 Best Under a Billion*** for six years running (2006 to 2011). The annual list picked 200 top-performing publicly traded corporations in Asia Pacific (with annual revenue between USD5 million and USD1 billion) based on earnings growth, sales growth and return on equity in the past twelve months and over three years. On top of that, Coastal was also a winner of the ***KPMG Shareholder Value Award*** for five straight years (in respect of financial performance for 2005 to 2010). KPMG’s awards applauded the top public listed companies in Malaysia that have focused on using their capital efficiency towards the creation of improved economic profits for shareholders. In addition to the commendations mentioned above, Coastal was also presented with “The Most Profitable Company Award” for the Industrial Products Sector at ***TheEdge Billion Ringgit Club 2011 Corporate Awards*** held in July 2011. Coastal won this distinctive award for achieving the highest return on equity over the last three financial years.

**Issued for and on behalf of Coastal Contracts Bhd by Aquilas Advisory (Malaysia) Sdn Bhd.  
For media enquiries, please contact:**

**Ms. Julia PONG  
Mr. TAY Tze Yi**

**julia@aquilas.com.my  
tayty@aquilas.com.my**

**T: +603-2711 1391 / +6012-3909 258  
T: +603-2711 1391 / +6016-3380 555**