



PRESS RELEASE

Coastal Contracts 3Q14 net profit grows 37.4% to RM54.3 million

- **Margins enhanced by increased sales of higher-premium OSVs**

Sandakan, Sabah, Malaysia, 21 November 2014 – Reputed offshore support vessels (OSV) fabricator and emerging jack-up (JU) rig player **Coastal Contracts Bhd** (“**Coastal Contracts**”, “the Group”, “沿海工程”, Bloomberg COCO:MK, Reuters: CTAL.KL), posted 37.4% higher net profit of RM54.3 million for the third quarter ended 30 September 2014 (3Q14), from RM39.5 million in the previous year.

Group revenue rose 19.4% to RM232.4 million in 3Q14, from RM194.7 million previously.

The enhanced profitability was attributed to a more favourable product mix comprising higher-specification and higher-value OSVs.

“The Group’s sturdy performance in 3Q14 was largely spurred by scheduled upgrades and fleet renewals by asset owners, which are essential for ensuring continuity of production jobs as well as personnel safety.

We recognize that dampened global oil prices may result in deferred capital expenditure by oil majors, potentially leading to a slower growth rate of newbuild OSVs. That said, we believe our long term growth prospects will remain underpinned by continued fleet renewal activity.”

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

As at 30 September 2014, Coastal Contracts’ total order book stood at RM2.5 billion.

Of this, shipbuilding or vessel sales orders constituted RM1.3 billion, to be delivered to customers up to 2015. The balance order book of RM1.2 billion is for the construction and delivery of a gas compression service unit for Mexico’s national oil company Petróleos Mexicanos in the second half of 2015, together with a long term charter contract.

Coastal Contracts is also constructing two high-specification JU rigs equipped for harsh water environments, scheduled for delivery in the first and second half of 2015 respectively. The Group is currently in discussions with several O&G players for a potential charter.



The Group's basic earnings per share rose to 10.22 sen in 3Q14, up 24.9% from 8.18 sen previously.

For the cumulative nine-months ended 30 September 2014 (9m14), group net profit rose 47.8% to RM151.7 million from RM102.6 million a year ago, while revenue grew 38.1% to RM699.5 million from RM506.6 million previously.

Financial Summary (Unaudited Consolidated Results)						
	3Q14	3Q13		9m14	9m13	
RM'000	30.09.14	30.09.13	Change	30.09.14	30.09.13	Change
Revenue	232,415	194,651	19.4%	699,481	506,579	38.1%
Pre-tax Profit	54,511	39,554	37.8%	153,469	102,709	49.4%
Net profit to shareholders	54,293	39,507	37.4%	151,678	102,645	47.8%
Basic EPS (sen)	10.22	8.18	24.9%	29.35	21.25	38.1%



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.
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