



PRESS RELEASE

Coastal Contracts net profit leaps 26.2% to RM190.8 million in FY2014

- **Revenue grew 15.0% to RM877.2 million on sustained OSV delivery despite challenging O&G industry**
- **To enhance product mix via sales of higher-specification and premium OSVs in line with industry demand**
- **Declares second interim dividend of 3.8 sen, to be paid on 27 March 2015 to shareholders registered on 12 March 2015**

Sandakan, Sabah, Malaysia, 24 February 2015 – 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)**, charted net profit of RM190.8 million in the financial year ended 31 December 2014 (FY2014), increasing 26.2% from RM151.2 million a year ago.

The Group's strong bottom line performance was attributed to larger delivery of higher-value OSVs, in line with growing industry demand for more advanced newbuilds.

Group revenue rose 15.0% to RM877.2 million in FY2014, from RM762.5 million previously.

“ With the lacklustre sentiment in the global O&G industry, we will adapt our business strategies to navigate through a challenging market environment.

In this regard, we look to capitalize on growing industry preference for sophisticated OSVs that feature technologically-advanced equipment and better operational capabilities. This reflects our target clientele's increasingly rigorous technical demands, and longer-term investment outlook through higher-value asset ownership.

To this end, we intend to further enhance our product mix with the fabrication of more premium OSVs. Thus far, our strategy has been gradually translated into tangible improvements to our financial report card, underscoring our steps in the right direction in strengthening the Group's business sustainability and performance.”

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

As at 23 February 2015, Coastal Contracts' total order book stood at RM2.8 billion.



Of the total order book, shipbuilding orders constituted RM1.5 billion, comprising 21 OSVs and other vessels to be delivered to customers until 2017. The balance order book of RM1.3 billion is for the construction and charter of a gas compression service unit to Petróleos Mexicanos, targeted for delivery and charter commencement in the second half of 2015.

Commenting on the Group’s prospects for OSV sales in a challenging O&G industry, Mr Ng said:

“Our OSV fabrication operations primarily serve the shallow-to-medium water depth segments of global exploration and production activity, which remain crucial towards sustaining oil production demands. Our focus also provides us a significant cushion against weakened spending in the capital-intensive deepwater segment.”

“Additionally, we operate on a build-to-stock fabrication model, which benefits our customers with flexible delivery lead-times in accordance to varying business needs. This positions us strategically to tap into demand for OSV newbuilds from a larger number of small-to-medium sized O&G players globally.”

“In this regard, we strive to secure additional OSV orders, and maintain our order book strength in the year ahead.”

In its O&G division, Coastal Contracts’ first high-specification, harsh environment JU rig – Coastal Driller 4001 – is currently in its final stages of completion. The Group is also in the midst of fabricating a second JU rig, with targeted delivery in 2H15.

“We are in discussions with potential charterers and buyers for our JU rigs, and hope to secure contracts soon. Thus far, we have noted keen interest, owing to our rigs’ versatility in meeting the operational requirements of the various interested parties,” said Mr. Ng.

In line with the Coastal Contracts’ commendable performance in FY2014, the Group today declared a second interim single tier dividend of 3.8 sen per share, payable to shareholders on 27 March 2015 based on the Record of Depositors on 12 March 2015.

Together with an earlier-declared dividend of 3.4 sen per share, dividends in respect of FY2014 amounted to 7.2 sen or RM38.3 million. This represents approximately 20.1% of group net profit in respect of FY2014.

Financial Summary (Unaudited Consolidated Results)						
	4Q14	4Q13		FY14	FY13	
RM'000	31.12.14	31.12.13	Change	31.12.14	31.12.13	Change
Revenue	177,727	255,948	(30.6%)	877,208	762,527	15.0%
Pre-tax Profit	39,463	47,632	(17.2%)	192,932	150,341	28.3%
Net profit to shareholders	39,089	48,511	(19.4%)	190,767	151,156	26.2%
Basic EPS (sen)	7.36	10.04	(26.7%)	36.65	31.29	17.1%



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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