



PRESS RELEASE

Coastal Contracts 1Q15 net profit grows 34.1% to RM65.9 million

- *Boosted by higher OSV deliveries in 1Q15; orderbook remains robust at RM3.2 billion*
- *Targeting growth potential in South America for OSV and O&G divisions*

Sandakan, Sabah, Malaysia, 21 May 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) saw its net profit grow 34.1% to RM65.9 million for the first quarter ended 31 March 2015 (1Q15) from RM49.2 million in the previous year.

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

1Q15 group revenue rose 56.2% to RM351.0 million, from RM224.7 million previously.

“We are pleased to note stronger performance in 1Q15, largely on the back of higher number of OSVs delivered to our clientele.

However, going forward, we remain cognizant of the challenging landscape due to dampened crude oil prices and reduced oil and gas (O&G) upstream activities. That said, we continue to strive for more OSV orders to enhance our total orderbook, which currently stands at RM3.2 billion.”

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

Of the Group’s total orderbook, fabrication of OSVs and other vessels amounted to RM1.1 billion slated for delivery until 2017.

The Group’s O&G division made up the remaining orders of RM2.1 billion; this included an RM1.3 billion contract for the fabrication and charter of a gas compression service unit to the Mexican national oil company Petróleos Mexicanos, targeted for commencement in the second half of 2015 (2H15).



The balance orders came from the sale of its maiden jack-up (JU) rig – Coastal Driller 4001 – to a major O&G player for RM807 million in April 2015. The JU rig will be delivered to the customer in the third quarter of 2015.

The Group’s second JU rig is being fabricated and targeted for completion in last quarter of 2015.

Ng said: “We are committed towards securing a charter for our second JU rig, and are in talks with several potential clients. We hope to land a favorable charter contract in the near term,” he added.

Commenting on the Group’s outlook in the year ahead, Ng said:

“While ongoing market uncertainties may pose a slowdown in new OSV orders in the year ahead, we constantly pursue potential growth areas in order to strengthen our revenue base as well as ensure long-term business sustainability.”

“To this end, we intend to ramp our marketing efforts in the South America by leveraging on recent inroads made in Mexico. We are currently exploring opportunities to establish a local presence in South America in the second half of 2015, in order to pursue the expansion of both our OSV sales and O&G division in the region.”

Coastal Contracts had, in January 2015, incorporated a subsidiary in Mexico – CoastOil S.A. de C.V. – to undertake the leasing of offshore O&G assets, as well as the provision of O&G drilling, engineering, and other ancillary services.

Financial Summary (Unaudited Consolidated Results)				Audited
	1Q15	1Q14		FY14
RM'000	31.03.15	31.03.14	Change	31.12.14
Revenue	350,952	224,701	56.2%	877,211
Pre-tax Profit	66,216	49,738	33.1%	190,879
Net profit to shareholders	65,911	49,158	34.1%	188,712
Basic EPS (sen)	12.41	10.09	23.0%	36.26



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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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