



## Coastal Contracts to deliver jack-up gas compression unit to Mexico in 3Q15

- *Recurring income stream from upcoming O&G asset charter to commence in 1H16*
- *Sizeable orderbook of RM3.4 billion to be delivered until 2017*
- *Declares first interim single-tier dividend of 2.0 sen per share in respect of FY2016\* payable on 29 September 2015*

Sandakan, Sabah, Malaysia, 25 August 2015 - Leading offshore support vessels (OSV) fabricator Coastal Contracts Bhd (Coastal Contracts, the Group, 沿海工程, Bloomberg COCO:MK, Reuters: CTAL.KL) is on track to complete the construction of its first jack-up gas compression service unit (JUGCSU) in the third quarter of 2015 (3Q15).

The Group had secured a USD370 million (approximately RM1.4 billion) 12-year charter contract of the JUGCSU, to be used by Mexico's national oil company Petróleos Mexicanos.

Upon completion, the JUGCSU would be deployed by Petróleos Mexicanos in the Gulf of Mexico for enhanced oil recovery.

“The upcoming charter commencement of the Group’s first JUGCSU would not only provide us with a long term and steady stream of recurring income from our oil and gas (O&G) division, but also allow us to manoeuvre ongoing challenges in the industry. We target to see first contributions from the 12-year charter in the first half of 2016.

Moreover, it represents our successful foray into O&G asset ownership and chartering. This would significantly strengthen our business profile and track record, as we strive to secure a larger number of similar opportunities and move up the O&G value chain.”

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

Meanwhile, Coastal Contracts’ current orderbook stands at a total of RM3.4 billion.

Of the total orderbook, OSV and other vessels, amounting to RM1.1 billion, will be due for delivery until 2017.



The Group's O&G division made up the remaining orders of RM2.3 billion. This included the fabrication and charter of the JUGCSU, and the sale of its jack-up drilling rig - Coastal Driller 1 - for RM849 million. Both assets are targeted for delivery in 3Q15.

### **Results for the first half and second quarter ended 30 June 2015 (1H15 / 2Q15)**

Coastal Contracts' 1H15 net profit rose 3.4% to RM100.7 million, on 10.3% higher revenue of RM515.0 million. The growth was attributed to increased delivery of OSVs in the first quarter of 2015, as well as enhanced product mix comprising higher-value OSVs.

The Group's 2Q15 net profit declined 27.8% to RM34.8 million from a year ago, as revenue dipped 32.3% to RM164.0 million. This was due to fewer deliveries on the back of a slowdown in capital expenditure by various O&G players.

Commenting on the Group's prospects, Ng said:

"While the Group is witnessing slower OSV orders due to weak sector sentiment, we would strive to continue converting existing enquiries into sales orders. Meanwhile, our sizeable orderbook positions us strongly to weather the ongoing rout in global crude oil prices."

"Moreover, we are looking forward to the timely delivery of our O&G assets in 3Q15, namely the JUGCSU and Coastal Driller 1. The significant recurring income and delivery payments would stand to enhance our financial performance going forward."

Coastal Contracts declared a first interim single-tier dividend of 2.0 sen per share in respect of the financial year ending 30 June 2016 (FY2016)\*, representing a payout of about RM10.6 million. The dividend is payable on 29 September 2015 with an ex-date of 9 September 2015.

The Group today announced the change of its financial year end from 31 December to 30 June.

<b>Financial Summary (Unaudited Consolidated Results)</b>						
	<b>2Q15</b>	<b>2Q14</b>		<b>1H15</b>	<b>1H14</b>	
<b>RM'000</b>	<b>30.06.15</b>	<b>30.06.14</b>	<b>Change</b>	<b>30.06.15</b>	<b>30.06.14</b>	<b>Change</b>
Revenue	164,014	242,365	(32.3%)	514,966	467,066	10.3%
Pre-tax Profit	34,617	49,220	(29.7%)	100,833	98,958	1.9%
Net profit to shareholders	34,826	48,227	(27.8%)	100,737	97,385	3.4%
Basic EPS (sen)	6.56	9.08	(27.8%)	18.97	19.11	(0.7%)

\*The financial period for FY2016 covers an 18 month period from 01 Jan 2015 to 30 June 2016. This takes into account the change in financial year end from 31 December to 30 June as announced on 25 August 2015.



## 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:

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