



Coastal Contracts commences USD371 million charter contract

- *To benefit from long-term recurring income from O&G asset chartering*
- *Records RM1.8 billion revenue and RM154.2 million net profit in 15M FY15/16*

Sandakan, Sabah, Malaysia, 25 May 2016 - Leading offshore support vessels (OSV) fabricator Coastal Contracts Bhd (Coastal Contracts, the Group, 沿海工程, Bloomberg COCO:MK, Reuters: CTAL.KL) commenced a USD371 million (RM1.5 billion) charter contract of its Jack Up Gas Compression Service Unit (JUGCSU) to Mexico's national oil company Petróleos Mexicanos (PEMEX) in January 2016.

The JUGCSU is currently being commissioned in the Gulf of Mexico for PEMEX, and is slated for enhanced oil recovery activities in the second half of 2016. The charter contract spans a period of eight years, with an option to extend for an additional four years.

“With the commencement of the JUGCSU charter, we have successfully diversified our income stream to include the ownership and charter of high value oil and gas (O&G) assets. This is a big step forward from our traditional business of OSV fabrication.

The long-term charter not only provides us with a substantial stream of recurring income to mitigate ongoing challenges in the OSV market, but also strengthens our business profile as part of our strategy to move up the O&G value chain.”

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

The JUGCSU charter would contribute approximately RM120 million per annum to Coastal Contracts' topline.

As at 31 March 2016, the Group's orderbook stood at approximately RM2.5 billion. Of this, OSV fabrication made up RM1 billion to be delivered until 2017, while the



Coastal Contracts Bhd. (517649-A)

Block G, Lot 3B, Bandar Leila, W.D.T. 259, 90009 Sandakan, Sabah, Malaysia
Tel: +60 89 616 263 | Fax: +60 89 616 654 / 616 795
Email: mail@coastalcontracts.com

balance comprised the RM1.5 billion JUGCSU charter for an estimated 12 year period until 2027.

For the 15 month period ended 31 March 2016 (15M FY15/16*), the Group recorded revenue of RM1.8 billion and net profit of RM154.2 million.

Compared to the financial year (12 months) ended 31 December 2014 (FY14), group revenue for 15M FY15/16 rose 106.2% from RM877.2 million, mainly attributable to the sale of a jack-up rig, *Coastal Driller 4001*. However, net profit for 15M FY15/16 declined 18.3% from RM188.7 million in FY14, on fewer OSV deliveries and inventory write down in line with the dampened OSV market.

For the three months ended 31 March 2016 (5Q FY15/16), the Group posted revenue of RM198.7 million and net profit of RM16.4 million. This represented a decline of 43.4% and 75.1% respectively from the three months ended 31 March 2015 (1Q15) which saw strong performance due to the timing and higher number of OSV deliveries.

| Financial Summary (Consolidated Results) | | | | | | |
|--|--------------------------|--------------------------|---------|----------------------------|---------------------|---------|
| | Unaudited | | | Unaudited | Audited | |
| RM'mil | 5Q FY15/16 to 31.3.16 | 1Q FY15/16 to 31.3.15 | Change | 15M FY15/16* to 31.3.16 | FY14 to 31.12.14 | Change |
| Revenue | 198.7 | 351.0 | (43.4%) | 1,808.5 | 877.2 | 106.2% |
| Pre-tax Profit | 18.6 | 66.2 | (71.9%) | 156.2 | 190.9 | (18.2%) |
| Net profit to shareholders | 16.4 | 65.9 | (75.1%) | 154.2 | 188.7 | (18.3%) |
| Basic EPS (sen) | 3.08 | 12.41 | (75.2%) | 29.04 | 36.26 | (19.9%) |

*Coastal Contracts changed its financial year end from 31 December to 30 June as announced on 25 August 2015. The current financial period will therefore cover an 18 month period from 01 Jan 2015 to 30 June 2016.



Coastal Contracts Bhd. (517649-A)

Block G, Lot 3B, Bandar Leila, W.D.T. 259, 90009 Sandakan, Sabah, Malaysia
Tel: +60 89 616 263 | Fax: +60 89 616 654 / 616 795
Email: mail@coastalcontracts.com

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 julia@aquilas.com.my T: +603-2711 1391 / +6012-3909 258