

# Chairman's Letter to Shareholders

## DEAR SHAREHOLDERS,

The past year was another challenging one for our industry. These challenges are likely to endure in the year ahead as there is increasing volatility in the macro environment and a continued oversupply of vessels, which - more than oil prices - are hampering the sector's recovery.

POSH, however, will remain differentiated amid this backdrop of uncertainty. While these external factors are not within our control, we have taken firm actions wherever we can to innovate across our business to deliver growth. Even as many in the industry consolidate and streamline, we are instead pivoting to become a more comprehensive solutions provider, while concurrently finding new ways of improving cost efficiency and service delivery.

We delivered on these fronts in 2018.

We can also be proud that our enduring safety-first, excellence-always ethos saw clients and partners choose POSH amid stiff competition for charters and allowed us to capture a slight improvement in rates.

### Delivering on promises in challenging times

On an operational front, we successfully executed on several major projects in 2018. Among them, our semi-submersible accommodation vessels ("SSAVs") POSH Arcadia and POSH Xanadu completed their charters for the class-leading Shell Prelude and Chevron Big Foot projects, with zero Lost Time Injury ("LTI") and near 100% gangway uptime. This was achieved despite rough weather conditions and the project teams deservedly earned accolades from our clients for their outstanding work.

We maintained our commitment to training and developing our staff across our entire fleet, in our operations and throughout the various functions onshore. This focus on talent will continue to underpin our strategy at POSH.

Financially, our performance reflected what remains a persistently depressed market for all across the offshore marine sector. Nevertheless, we grew revenue by 56% over the year to US\$299.4 million and remained EBITDA and operational

cash flow positive, generating net operating cash flow of US\$27.5 million.

Notwithstanding a write-down of US\$49.5 million on vessels, which are reflective of the prevailing challenges in our industry, net loss attributable to shareholders ("NLAT") more than halved to US\$98.3 million from the previous year. In view of this, the Board did not propose any dividend payment for the financial year ended 31 December 2018.

As challenging as industry conditions have been, we remain focused on the need to balance short-term financial performance with long-term sustainable growth. In the past year, POSH continued to be deliberate and disciplined in its approach to managing the business.

### An enduring commitment to innovation and growth

As companies respond to industry challenges, our established heritage and reputation for excellence have allowed us to adopt a contrarian approach. Where many are cutting back, we are investing and capitalising on opportunities.

As a result, POSH is increasingly capable of delivering solutions across the full value chain for our clients. This includes our new capabilities developed for subsea operations. In 2018, we successfully repurposed and converted select existing assets for subsea Inspection, Maintenance and Repair ("IMR") operations as well as walk-to-work support for offshore accommodation charters.

At the same time, we are investing in other new growth areas, including diversifying into the offshore renewables sector in Taiwan through our POSH Kerry Renewables joint venture with Kerry TJ Logistics. The strong business network available through the Kuok Group of companies was instrumental to this development, allowing us to identify and seize new opportunities beyond traditional oil and gas that will reap rewards over the longer term.

Our business strategy for the year ahead is about getting closer to customers and markets. Our POSH Saudi office has already demonstrated the value of this approach, having brought in a strong charter pipeline. We expect the same positive response as we grow our global footprint further in 2019.

### Strengthening our foundations for the future

Looking at the year ahead, the one certainty is that volatility will continue. The tipping point towards crude price recovery remains unclear amid still uncertain macroeconomic conditions. Oil and gas majors need to be fully convinced that fundamentals are back in place before making further significant commitments to their investment programmes.

Against this backdrop, POSH will continue to focus on driving our bottom line performance while remaining cash and EBITDA generative. At the same time, we will leverage on our competitive strengths - safety, operational excellence and strong client relationships - to stay ahead.





Our strategy and efforts are about making POSH future-ready. While our industry's immediate prospects remain unclear, I am confident that POSH is in a position of relative strength to capitalise on growth opportunities that will broaden our service offerings and add to our value proposition, putting us in a stronger position to generate sustainable value for you, over the longer term.

Finally, on behalf of the Board of Directors, I would like to express my gratitude to all our shareholders, clients and business partners. Your support and continued trust has been invaluable. To the staff and management, thank you for your commitment and perseverance that will drive POSH forward.

**Chairman**  
**Kuok Khoon Ean**

**US\$299.4 Million**  
2018 Revenue

**US\$27.5 Million**  
Net Operating Cash Flow

