



KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 29 April 2013)
(Company Registration Number: 201311482K)

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

Kim Heng posts FY2013 earnings of S\$17.1 million, steps into FY2014 with growth plans in place

- **Excluding listing expenses, Profit before Tax for FY2013 increased 3.1% y-o-y to S\$21.7 million**
- **Significantly strengthened balance sheet, low net gearing of 8.1%**
- **Capital boost from IPO to spur growth via asset enhancements and business expansion**
- **Proposed final dividend for FY2013 of 0.5 cents per ordinary share**

Singapore, 24 Feb 2014 – Kim Heng Offshore & Marine Holdings Limited (“Kim Heng” or the “Group”), an established integrated offshore and marine value chain services provider, has announced its financial results for the full year ended 31 December 2013 (“FY2013”). Since Kim Heng’s well-received IPO on the 22nd of January 2014, share trading has remained liquid and at a premium to its IPO price.



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Financial Review

The Group reported revenue of S\$84.8 million in FY2013, a marginal drop of 2.2% year on year (“y-o-y”) from S\$86.7 million in FY2012, largely due to the decrease in revenue from the Vessel Sales and Newbuild segment of S\$3.9 million which was partially offset by an increased revenue contribution of S\$2.0 million by the Offshore Rig Services and Supply Chain Management segment. In line with revenue dip, gross profits for FY2013 slipped 1.9% y-o-y to S\$36.5 million while gross profit margin maintained at a healthy level of 42.9%.

Other Income fell 63.6% y-o-y from S\$2.2 million in FY2012 to S\$0.8 million in FY2013 mainly due to one-off gains from sale of fixed assets in FY2012 which did not recur.

Administrative expenses increased by S\$3.2 million or 23.7% y-o-y from S\$13.1 million in FY2012 to S\$16.3 million in FY2013 largely due to professional fees of S\$1.4 million incurred in relation to the Group’s listing exercise as well as addition of S\$1.8 million in labour expenses due to higher salaries paid as a result of increased headcount, as well as higher foreign worker levies paid.

Other operating expenses decreased by S\$3.7 million from S\$2.1 million in FY2012 to a credit of S\$1.6 million in FY2013 mainly due to the reversal of allowances for inventory obsolescence of S\$4.0 million. The reversal was recorded due to the subsequent sale of the aforementioned inventory.

Excluding listing expenses, the Group’s profit before tax for FY2013 would have increased 3.1% y-o-y to S\$21.7 million. Based on the aforementioned, the Group’s net profit attributable to equity holders fell marginally by S\$0.2 million or 1.1% y-o-y in FY2013 to S\$17.1 million.

Through the Group’s continued efforts to strengthen its balance sheet, Group’s net gearing dropped from 40.6% as at 31 December 2012 to 8.1% as at 31 December 2013. The Group’s cash and cash equivalents as at 31 December 2013 was S\$3.5 million.

Outlook

With global exploration and production spending poised to reach a new record of US\$723 billion in 2014, up 6.1% from US\$682 billion in 2013¹, Mr. Thomas Tan, Executive Chairman and CEO of Kim Heng, commented on the Group’s business outlook,

***“We are pleased to announce that we have secured a positive set of results and to reward our shareholders for their support, the Group is proposing a final dividend of 0.5 cents per ordinary share.*”**

Moving forward, the outlook for 2014 remains positive as current oil price levels continue to drive offshore exploration and production activities and we expect the

¹ Barclays - Global 2014 E&P Spending Outlook - [LINK](#)



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demand for our Offshore Rig Services and Supply Chain Management services to continue to remain healthy. Our Vessel Sales and Newbuild segment is also seeing interest from customers looking to acquire refurbished vessels.

Armed with the capital boost from our listing last month, we are pleased to say that expansion plans are in place and, in order to better meet market demand, we are working towards enhancing our yard facilities as well as expanding our fleet.”

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ABOUT Kim Heng Offshore & Marine Holdings Limited (Bloomberg Ticker: KHOM SP)

With over 40 years of experience and listed on the Catalist Board of the Singapore Exchange Securities on the 22nd of January 2014, Kim Heng Offshore & Marine Holdings Limited is an established integrated offshore and marine value chain services provider. Strategically located in Singapore, the Group offers a one-stop comprehensive range of products and services that caters to different stages of offshore oil and gas projects from oil exploration to field development and oil production.

Kim Heng has built its brand over the years and currently caters to world renowned customers from over 25 countries in the regions of Southeast Asia, USA, Latin America, Australasia, Middle East and Europe.

The Kim Heng Group's operations are primarily located in Singapore, with two shipyards strategically located at 9 Pandan Crescent and 48 Penjuru Road. The shipyards, with a combined waterfront of 205 metres, enable Kim Heng to carry out afloat repairs, fabrication, newbuild, painting and blasting works.

Via its two waterfront facilities, Kim Heng is able to carry out a multitude of services, which are split into two main business segments.

Offshore Rig Services & Supply Chain Management

Offshore Rig Services

- Construction and fabrication works of sections or components of drilling rigs & drillships
- Installation of offshore production modules and systems
- Afloat repairs, maintenance and refurbishment of offshore rigs, platforms & vessels
- Supply of offshore drilling and production equipment

Supply Chain Management

- Provision of offshore supply vessels and heavy-lift equipment
- Provision of logistics, general shipping and crew management

Vessel Sales & Newbuild

- Purchase and refurbishment of vessels for onselling
- Newbuilding of vessels

For more information, please visit www.kimheng.com.sg

Issued for and on behalf of Kim Heng Offshore & Marine Holdings Limited

By Financial PR Pte Ltd

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