



**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 delivers strong performance post-IPO, earnings surge 16% to S\$3.9 million for 1Q2014**

- **Group's revenue up 10% y-o-y to S\$23.6 million on the back of growth in core Offshore Rig Services and Supply Chain Management segment**
- **Excluding one-off listing expenses, profit before tax soars 40% y-o-y to S\$5.5 million**
- **Strong outlook for FY2014; Group secured forward commitments with estimated value of over S\$40.0 million**
- **Strong net cash position of S\$33.8 million to undertake new projects and acquisitions**

**Singapore, 12 May 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 three months ended 31 March 2014 (“1Q2014”).

### **Financial Review**

The Group reported revenue of S\$23.6 million for 1Q2014, a growth of 10% year on year (“y-o-y”). The revenue growth was due to S\$6.1 million increase in chartering and towage income as well as marine offshore support services income, which was partially offset by S\$4.0 million decrease in income from the sale of materials mainly due to a one-off supply of bunker oil to a customer in 1Q2013.

During 1Q2014, the Group undertook higher margin projects and as a result, gross profit margin for 1Q2014 improved to 42%, from 40% in 1Q2013. In line with revenue growth and gross profit margin improvement, the Group's gross profits for 1Q2014 increased 15% y-o-y to S\$9.8 million.



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Other Income increased from S\$0.1 million for 1Q2013 to S\$0.5 million for 1Q2014 mainly due to gains on disposal of property, plant and equipment, wage credits, increases in sales of scrap materials and advertising sponsorship in relation to the Group's listing exercise.

Administrative and distribution expenses combined, increased 33% y-o-y from S\$3.8 million in 1Q2013 to S\$5.1 million in 1Q2014 largely due to advertising and professional fees of S\$0.9 million incurred in relation to the Group's listing exercise as well as addition of S\$0.3 million in staff cost. Excluding the listing expenses, the Group's profit before tax for 1Q2014 would have increased 40% y-o-y to S\$5.5 million.

As a result of the above, the Group's net profit attributable to equity holders surged 16% y-o-y for 1Q2014 to S\$3.9 million.

Through the Group's initial public offering and continued efforts to strengthen its balance sheet, the Group attained a net cash position of S\$33.8 million as at 31 March 2014.

### **Outlook**

Driven by increasing population, urbanisation and rising living standards, global oil and gas demand is projected to be on the rise in the residential and commercial sectors<sup>1</sup>. Mr. Thomas Tan, Executive Chairman and CEO of Kim Heng, commented on the Group's business outlook,

***"We are delighted to announce that we have achieved a robust set of results for our first quarter of FY2014 despite incurring expenses relating to our recent listing.***

***In line with the robust outlook for the offshore oil and gas industry, the Group has secured forward commitments with an estimated value of S\$40.0 million as at May 2014, excluding ad-hoc and other projects that the Group may secure for the rest of 2014. With the increase in the global rig fleet, the Group expects more rigs requiring repair, maintenance and ancillary services. As such, the Group has contracted to add three tugs and five barges to its fleet, which is expected to be delivered during the year. The expansion of our fleet will provide us with the capability to meet increasing customer and operational demands, as well as reduce costs which would otherwise be incurred from chartering of vessels from external parties.***

***In addition to the aforementioned secured commitments, our Vessel Sales and Newbuild segment also managed to complete the sale of two vessels for a sum of S\$4.7 million in May 2014. We will continue to follow up on ad-hoc enquiries from potential buyers.***

***We are pleased to inform our shareholders that Kim Heng's strong net cash position of S\$33.8 million as at 31 March 2014 will put the Group in good stead to capitalise on***

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<sup>1</sup> ExxonMobil's report: "2014 - The Outlook for Energy: A View to 2040"



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***the growth in the energy sector. Moving forward, the Group will continue to assess potential merger and acquisition opportunities.”***

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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 22<sup>nd</sup> 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](http://www.kimheng.com.sg)

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

By Financial PR Pte Ltd

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