



KIM HENG
OFFSHORE & MARINE HOLDINGS LIMITED

Investor Presentation April 2017

FY2016 Results



Disclaimer

This presentation may contain forward looking statements which are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from such statements. Such risks and uncertainties include industry and economic conditions, competition, and legal, governmental and regulatory changes.

The forward looking statements reflect the current views of Management on future trends and developments as at the date of this presentation.

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The Group undertakes no obligation to publicly update or revise any forward looking statements in this presentation.



Kim Heng is

An Established Integrated Offshore &
Marine Value Chain Services Provider

"Building Resilience, Uncovering Opportunities"

Presentation Outline



- + Company Overview
- + Financial Highlights
- + Future Strategy

Company Overview

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INVESTOR PRESENTATION



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

Marine Salvage & Oil Spill Response

- Oil spill management services (IMO Tier 1 to IMO Tier 3 Certified)
- Emergency Salvage Response
- Cargo Recovery
- Oil Spill Response & Pollution Control
- Underwater Services, including Seabed Surveys
- Wreck Removal, Slug Disposal & Tank Cleaning



Supply Chain Management

- Provision of offshore supply vessels, logistics, general shipping, heavy lifting, crew management.



Vessel Sales & Newbuild

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



Berthing Facilities & Ship Management

- Berthing services
- Crew manning
- Husbandry services
- Preservation services
- Marine supply services
- ISPS security services
- Yard services
- Afloat repairs and maintenance



Heavy Lift Equipment

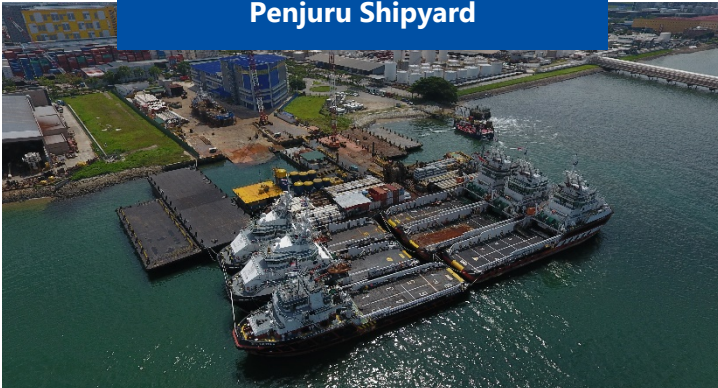
- Provision of heavy equipment both for sale and rent
- Import and export of heavy equipment
- Inclusive of crawler cranes, lorry cranes and mobile cranes



Supporting Infrastructure

Our Yards – Current & Future Developments

Penjuru Shipyard



Land Area: **19,512m²** Waterfront: **68m**

Pandan Shipyard



Land Area: **34,125m²** Waterfront: **137m**

- + Completed redevelopment in FY2016, comprising of 4 storeys, housing our HQ, workshop and warehouse
- + Marine salvage partner as a strategic tenant
- + Provision of logistical services for agencies
- + Up slipping of vessels for repair and maintenance

- + Redevelopment temporarily on hold to conserve cash for projects with quicker paybacks
- + Plans are underway for yard enhancements
- + Berthing of arrested vessels and ship management

FY2016 Activity Highlights

+ Offshore Rig Activities

Flare tip installation for Deepwater Proteus

- Provision of 550T crane barge with 135meters boom length (inclusive of luffing jib)
- Installation of flare tip on the derrick top at an outreach of 50 meters, 110 meters above water level

Works for world's largest semi-submersible rig

- Ocean Greatwhite, state-of-the art harsh environment rig
- Drilling chemicals supply, commissioning and recovery



Noble Clyde Boudreaux

- Inspection for Mooring Spread
 - Pennant wire, anchors,; Anchor chain; Rigging loft

Works for world's largest jack-up rig

- Noble Lloyd Noble, ultra high-specification harsh environment rig
- Fabrication, spud can cleaning, tank cleaning works
- Drilling chemicals supply, commissioning and recovery

+ Business Development, Yard Facility Enhancements Activities

Entry into Iran market

- Engage local agent to actively marketing our services
- Identified various partners (Shipyards, Trading)

Completion of Penjuru yard redevelopment

- 4 storey office building cum warehouse and workshop facility
- Strategic partnership with marine salvage company

FY2016 Activity Highlights

+ Yard & Waterfront Activities – Repair and Maintenance, Vessel Construction, Supply Chain Management

Modification works for Baker Hughes

- Sakhalin Energy project
- Modification, fabrication, refurbishment of stimulation equipment

Berthing of vessels and ship management

- Swiber Atlantis; Seacor Vessels; SKD Tender Barges (4)
- Provision of crew management
- Provision of yard facilities



Up slip of Hopper Barges and Dredger

- Repair and maintenance
- Painting and blasting works

Delivery of Aluminum pilot boat for own use

- 15.5 meters, up to 24knots
- Used as support vessel in logistic operations

+ Heavy Equipment Activities

Chartering of cranes units for Tuas Finger Pier

- Crawler crane units with luffing jib specification

Chartering of cranes units for SLNG at Jurong Island

- Rough terrain cranes

Chartering of cranes units for Changi Depot

- Crawler crane units with service specification

Financial Highlights

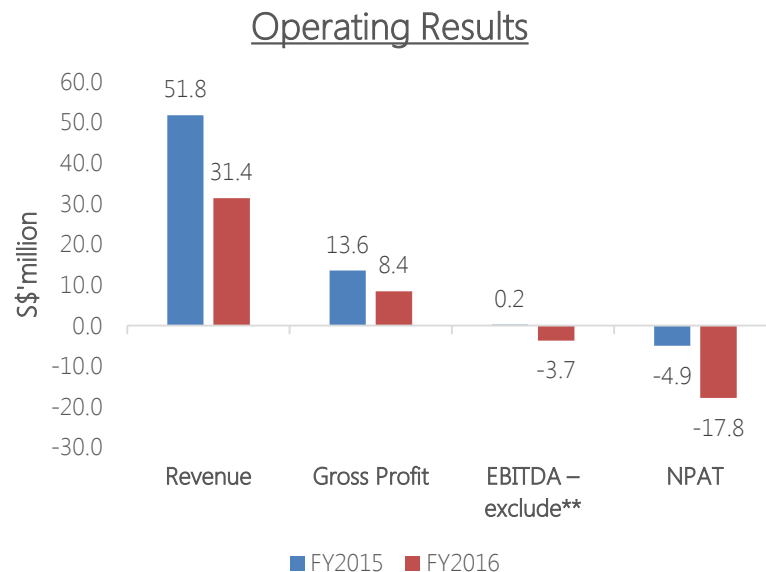
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Financials

Profit and Loss

S\$'000	FY2015	FY2016
Revenue	51,757	31,364
Gross Profit	13,550	8,403
Gross Profit Margin (%)	26.2%	26.8%
(Loss) before taxation	(4,722)	(17,814)**
(Loss) for the period	(4,934)	(17,828)**
Net Profit Margin (%)	-9.5%	-56.8%
EBITDA – exclude**	245	(3,686)
EPS (cents)*	(0.7)	(2.5)



*Computed based on post-IPO share capital of 710,000,000 shares

** Impairment loss on plant and equipment of S\$8,258,000 for FY2016

Financials

Balance Sheet

S\$'000	As at 31 December 2015	As at 31 December 2016
Current assets	49,092	28,549
Non-current assets	84,050	108,431
Current liabilities	21,201	17,795
Non-current liabilities	22,128	27,839
Total equity	89,813	91,346
NAV per share (cents)*	12.6	12.8
Net Debt	Net cash position	4,900
Net Gearing Ratio	Net cash position	0.05
Current Ratio	2.32x	1.6x
Quick Ratio	2.28x	1.57x

*Computed based on post-IPO share capital of 710,000,000 shares

Financials

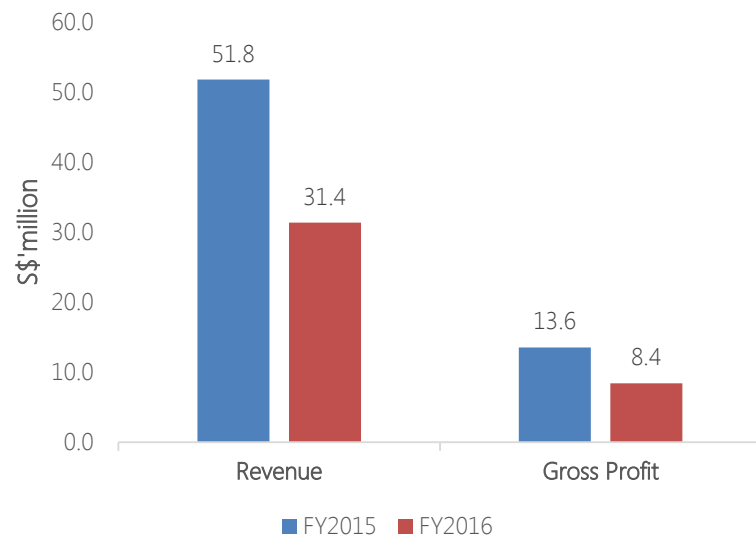
Revenue and Gross Profit

Revenue down 39.4% year-on-year

- + Industry sluggishness continues due to the global imbalance between supply and demand of oil.
- + Companies continued to be negatively affected as cost-cutting measures and capital expenditure cuts trickled down the value chain.

Gross profit down 38.0% year-on-year

- + Gross profit margins improved slightly to 27.0% from 26.0% during the year due to a shift in revenue mix, with an increase in contribution from the higher-margin Offshore Rig Services & Supply Chain Management (“ORS-SCM”) segment.

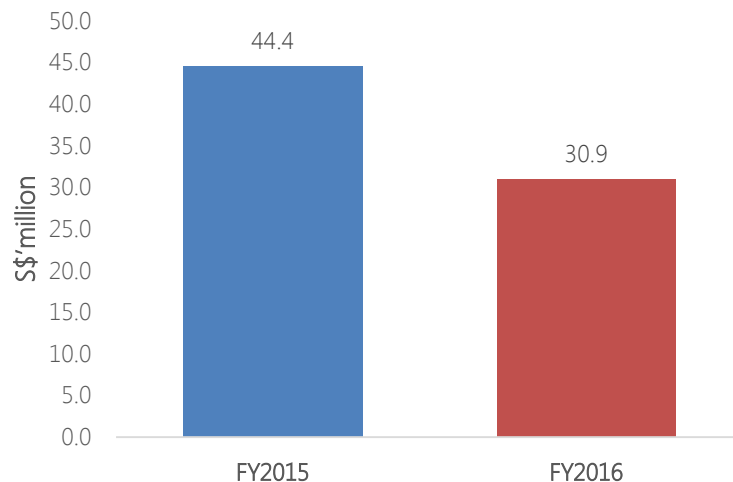


Financials

Offshore Rig Services & Supply Chain Management

Offshore Rig Services & Supply Chain Management (“ORS-SCM”) contributed 98.5% of the Group’s revenue and was down by 30.5% Y-O-Y to S\$30.9 million in FY2016

- + The decline was caused by a reduction in demand for most of the Group’s services in the ORS-SCM segment.
- + The ORS-SCM segment is mostly comprised of marine offshore support services, chartering & towage, and equipment rental.

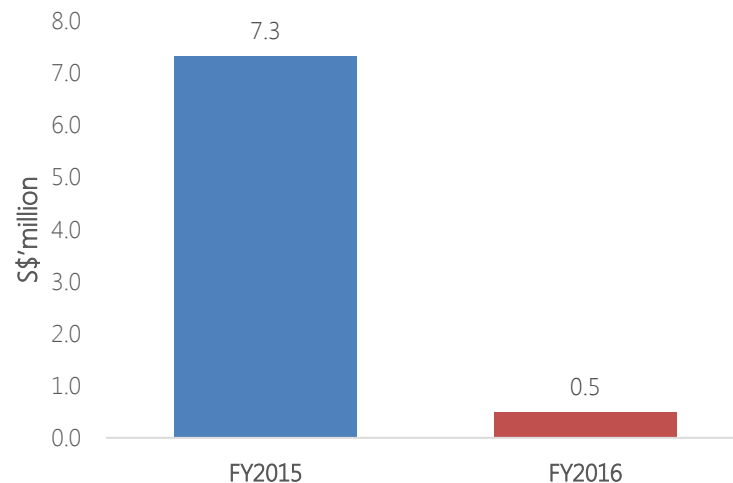


Financials

Vessel Sales and Newbuild

Vessel Sales and Newbuild (“VS-NB”) contributed to the remaining 1.5% of the Group’s revenue for FY2016

- + Revenue in this segment decreased from S\$7.3 million to S\$0.5 million in FY2016 due to absence of new build projects being undertaken during the year.
- + Various projects in discussions were put on hold due to the current economic situation.

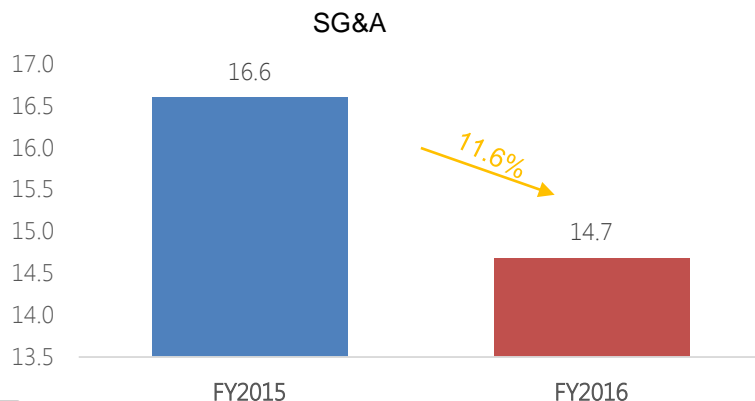


Financials

Operating Expenses and Cash Flow

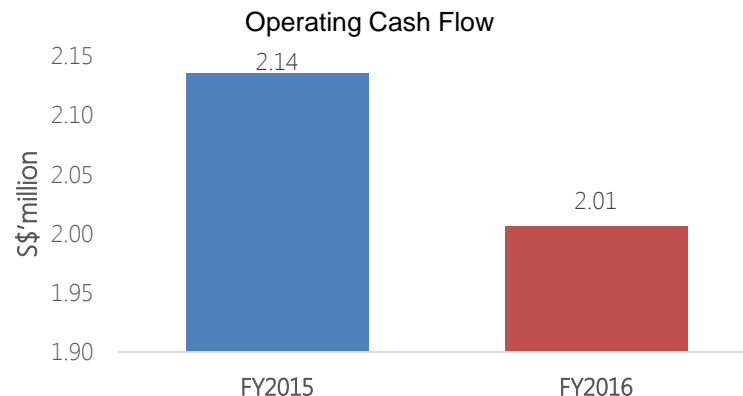
Successful cost cutting initiatives

- + Distribution expenses decreased by S\$0.9 million or 45.8%, from S\$2.0 million in FY2015 to S\$1.1 million in FY2016.
- + Administrative expenses decreased by S\$1.0 million or 7.0%, from S\$14.6 million in FY2015 to S\$13.6 million in FY2016.
- + Full year 2016 SG&A expenses dropped 11.6% Y-O-Y to S\$14.7 million.



Positive operating cash flow

- + Despite the challenging market, the Group's operating cash flow remained positive for FY2016.
- + Overall, cash generated from operating activities amounted to S\$2.01 million in FY2016.



Future Strategy

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Horizons of Growth

Horizon One – Defending existing business

- ⊕ Leaner corporate structure
 - Effective cost control measures
 - Optimized organization
- ⊕ Prudent management
 - Emphasis on quality of products and services, and client satisfaction
 - Efficiency of sales force, and productivity of operations
- ⊕ Exploring potential M&As, JVs and/or strategic alliances



Horizons of Growth

Horizon Two – Continuous pipeline of business / Capitalizing on fresh opportunities*

- + Actively seeking distressed asset purchase opportunities
- + Local yard enhancements
- + Venturing into regional areas
- + Diversification to Non-Oil industries
- + Capability enhancement (Bundled services)

Horizon Three – New businesses (Incubation stage)*

- + Expansion into other geographical oilfield hubs – Iran
- + Expansion of subsea equipment and maintenance services

“Our growth horizons allow us to step into the future with confidence, to catch the bottom of the cycle and to overcome competitors for the best market positions”

* As at the date of this presentation, we have not entered into definitive agreements with any potential party to undertake such projects and/or opportunities. We will carefully consider and undertake extensive review and evaluation prior to entering into such transactions, and further announcements will be made by via SGXNET as and when there are any material developments regarding the above in compliance with the listing rules

Distressed Assets Purchases Opportunities

Identification of Assets – Offshore Support Vessels

The Group is actively seeking MPSV and AHTS assets to compliment our service offerings

+ Multi-purpose Support Vessels (MPSV)

- Dynamic Positioning 2
- 100T Crane; >500sqm open deck area; large accommodation

+ Anchor Handling Tug Supply (AHTS)

- 48T – 60T Bollard Pull; 3,800 – 5,150 Horsepower
- 125T Bollard Pull; >10,000 Horsepower; Dynamic Positioning 2

Types of Operations (Inspection, Repair, and Maintenance) - MPSV

Multi-purpose Support Vessels (MPSV's) are designed with flexibility and versatility in mind. They are capable of performing a range of activities including:

- Supply runs
- Accommodation unit
- Installation of jumpers and Christmas trees
- Deepwater visual inspections and mapping
- Supporting one or more ROVs
- Diving support- laying cables, umbilicals, hoses or rigid pipes
- Subsea intervention – well stimulation support
- Platform maintenance support
- Rescue operations

To ensure flexibility MPSV's typically feature: a dynamic positioning system, cranes, a open deck area, tank capacity for liquids, large accommodation.

Types of Operations - AHTS

Anchor Handling Tug Supply (AHTS's) are mainly built to handle anchors for oil rig. They are capable of performing a range of activities including:

- Rig / Vessel tugging or towage
- Supply runs
- Preset mooring system set up
- Accommodation unit
- Anchor handling
- Rescue operations
- ROV services
- Drilling support



Local Yard Enhancements (Completed)

No.48 Penjuru Road

+ Corporate office cum Warehouse and Workshop facility

- Enhancements have allowed us to position ourselves to secure higher-value jobs for both oil and non-oil related projects
- Logistical support for agencies
- Up slipping of vessels for repair and maintenance



+ Strategic partnerships

- Marine salvage company



Local Yard Enhancements (Planning Underway)

No.9 Pandan Crescent

+ Renewal of lease

- Offer to renew for 20 years commencing January 2016
- Engineering yards with waterfront access are a key competitive asset for our business

+ Production facility enhancements

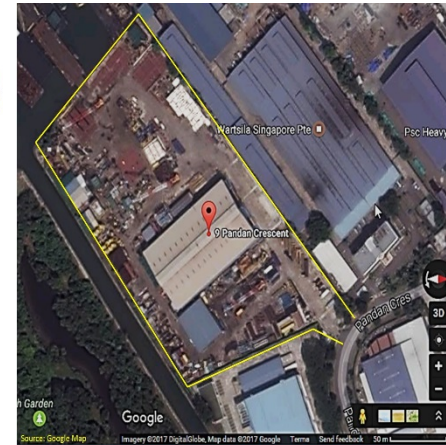
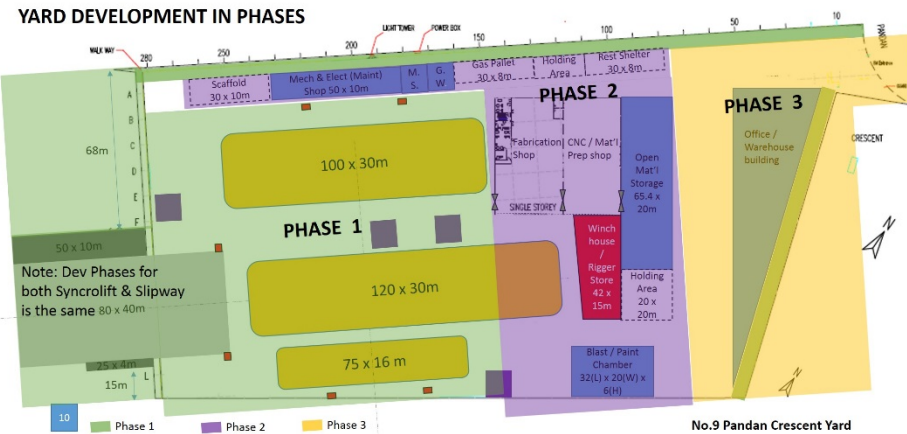
- Slipway construction to facilitate dry docking of vessels
- Dredging to accommodate for larger vessels
- Jetty construction to lengthen waterfront area to service more vessels

+ Development phases

- Phase 1 – works on marine civil infrastructure
- Phase 2 – works on workshop and machineries enhancements
- Phase 3 – works on extension of sheltered workshop, offices, and dormitories

+ Timeline

- Phase 1 – Q1 FY2018 till Q2 FY2019
- Phase 2 & Phase 3 will be developed based on market trends



OVERVIEW

No.9 Pandan Crescent Yard

Land Area : 34,125 m²
Waterfront : 137 m

Existing Building Structures

- Single Storey Workshop 4,278m²
- Warehouse 755m²
- Work sheds, stores & containers for various purpose

Development Plan

Transformation to enable flexibility for new-building, ship repairs / upgrading as well as fabrication & support services for both marine & offshore customers

CEO's view on Outlook

+ Stabilization of oil prices in midst of current tepid recovery with signs that confidence is returning

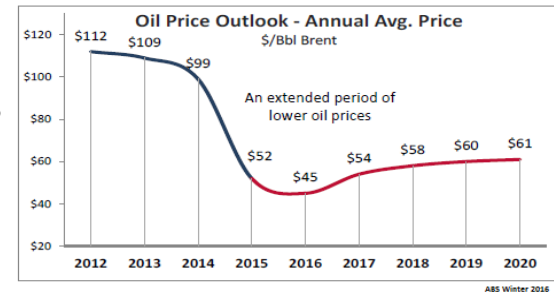
- OPEC adhering to production cuts. telegraph.co.uk
- U.S. rig count climbing. fuelfix.com; worldoil.com
- Mobile offshore unit & support vessel outlook. ABS outlook winter 2016

+ Potential diversification to Non-Oil reliant market segments

+ Increase in service offerings

- Berthing facilities. Sheriff agents for repossessed vessels; Stacking of other offshore vessels and tender rigs
- Preparation for market upturn. Local facilities enhancement for vessel reactivation and class surveys
- Regional expansion. Preparation for reactivation of rigs

Oil price is a key driver for the Offshore Energy Industry. The forecasted annual avg. Brent oil price used for this outlook is shown below.



Thank you!

Any Questions?

“Building Resilience, Uncovering Opportunities”