



 **KIM HENG**
OFFSHORE & MARINE HOLDINGS LIMITED

>> CORPORATE PRESENTATION
IQ2014 ANALYST BRIEFING



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Kim Heng is **An Established Integrated Offshore & Marine Value Chain Services Provider**



PRESENTATION OUTLINE

- **COMPANY OVERVIEW**
- **FINANCIAL HIGHLIGHTS**
- **INDUSTRY OVERVIEW**
- **FUTURE PLANS**



>> COMPANY PRESENTATION



Introducing Kim Heng...

An established integrated **offshore and marine** value chain services provider

Offshore Rig Services & Supply Chain Management

- Offshore Rig Services
- Supply Chain Management



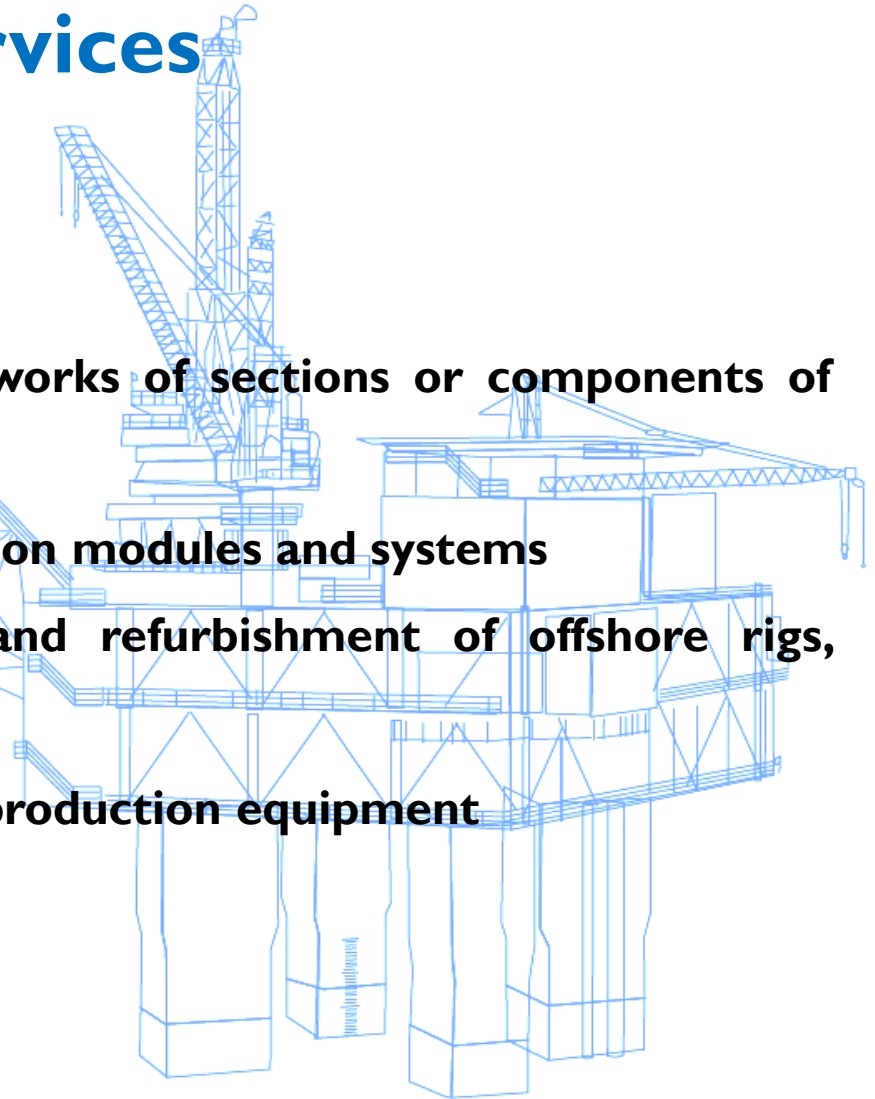
Vessel Sales & Newbuild





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**





Reactivation, commissioning & refurbishment of drillship and drilling rig

Reactivation of Drillship and Jackup Rig





Drillship component removal & installation

Thruster Removal and Installation for Drillship

Providing a 10 years old drillship a further 5 years of operational integrity, replace existing 6 unit of azimuth thrusters with 6 fully rebuilt thrusters



Fabrication of offshore oil rig structures



Fabrication of offshore oil rig structures

Fabrication of Drill Floor for Jackup Rig





Subsea equipment (Risers, BOP, LRMP stack) maintenance & refurbishment





Assembly of Subsea equipment



Setting of Gimbal on Load Plate



Completion of Installation and Assembly

Receipt of Riser Spider and Gimbal



Removal, installation and servicing of offshore oil rig components





Removal, installation and servicing of offshore oil rig components

Thrusters Removal

Mobilization of Crane Barge and Equipment along the Rig



Lifting of Thruster Unit



Removal of Barnacles and Marine Growth from Thruster Unit.

Supply Chain Management

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



Warehousing and Inventory Control





Logistic and Transportation Services and Support



Vessel Sales & Newbuild

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



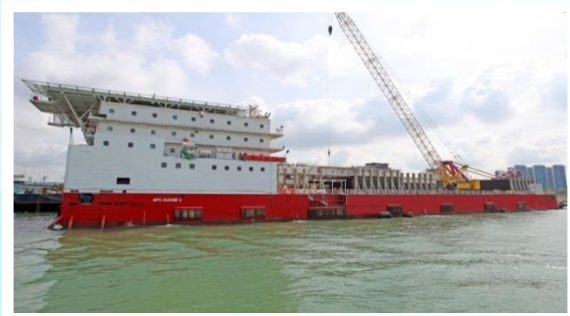
Construction of McDermott LB32 pipelay barge



Retrofitting of Jascon 25 pipelay barge



Power Barge Conversion for KPS Alican Bey



Construction of APC Aussie I pipelay barge

Supporting Infrastructure – Our Yards

With a combined waterfront of 205 metres, our shipyards at 9 Pandan Crescent and 48 Penjuru Road enable us to carry out afloat repairs, fabrication, newbuild, painting and blasting works

Yards and fabrication workshops are well-equipped with crawler, gantry and overhead travelling cranes, forklifts, prime movers, CNC cutting, welding and drilling machines

Penjuru Shipyard



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

Pandan Shipyard



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



Supporting Infrastructure

- Vessels & Equipment



Fleet of barges including flat top deck cargo barges, flat top ballastable deck cargo barges and crane barges fitted with side walls or stanchions

8 tugs / passenger launches ranging from 240 bhp to 3,200 bhp

28 barges ranging from 80ft to 300ft



Wide range of heavy-lift equipment

16 cranes ranging from 70 tonnes to 550 tonnes

15 trailers

6 prime movers

Forklifts, specialist tools, welding and testing equipment and low beds

A Worldwide Customer Base



A Worldwide Customer Base

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

Our prominent customers include:



Transocean Ltd



Seadrill Limited



Noble Corporation



McDermott International, Inc



Saipem S.p.A



Corporate Milestones

Starting Up



1968 –
Founding of
Kim Heng
Tugboat
Company



1982 –
Expansion into
repair and
maintenance in
the offshore
and marine
industry



1988 –
Venture into
repair and
maintenance
activities for
offshore oil
rigs



2009 –
Constructed
and delivered
first
accommodation
and pipelay
barge



2013 –
Completed first
reactivation and
refurbishment of
a jack-up rig



TODAY -
An established
integrated
offshore &
marine value
chain services
provider

Experienced Executive Directors & Executive Officers



Mr. Thomas Tan
Executive Chairman
and CEO

Responsible for overall operations, sales and marketing activities, customer service, securing new projects and negotiating contracts for the Group. Has more than 35 years of experience in the offshore oil & gas industry



Ms. Yeo Seh Hong
Executive Director
and COO

Responsible for overall operations, sales and marketing of products and services, product development and review, tenders and proposals and overseeing of the Group's activities to ensure compliance with safety requirements and ISO standards. Has more than 25 years of experience in the offshore oil & gas industry



Ms. Chen Biqing
General Manager –
Marine and Support
Services

Responsible for the marketing and operations for vessel movements, rental, sale and purchase of maritime and offshore equipments and assisting in marine and logistics operations within the Group. Has experience and exposure both locally and in Australia's offshore oil & gas industry



Mr. Tan Keng Hoe
Melvin
General Manager –
Supply Chain
Management

Responsible for supervising and managing of materials & logistics of the Group. Has more than 26 years of experience in the offshore oil & gas industry



Mr. Tan Kah Seng
CFO

Oversees the finance and accounting function of our Group, which includes the review and evaluation of the Group's business performance, cash flow management , and budgeting



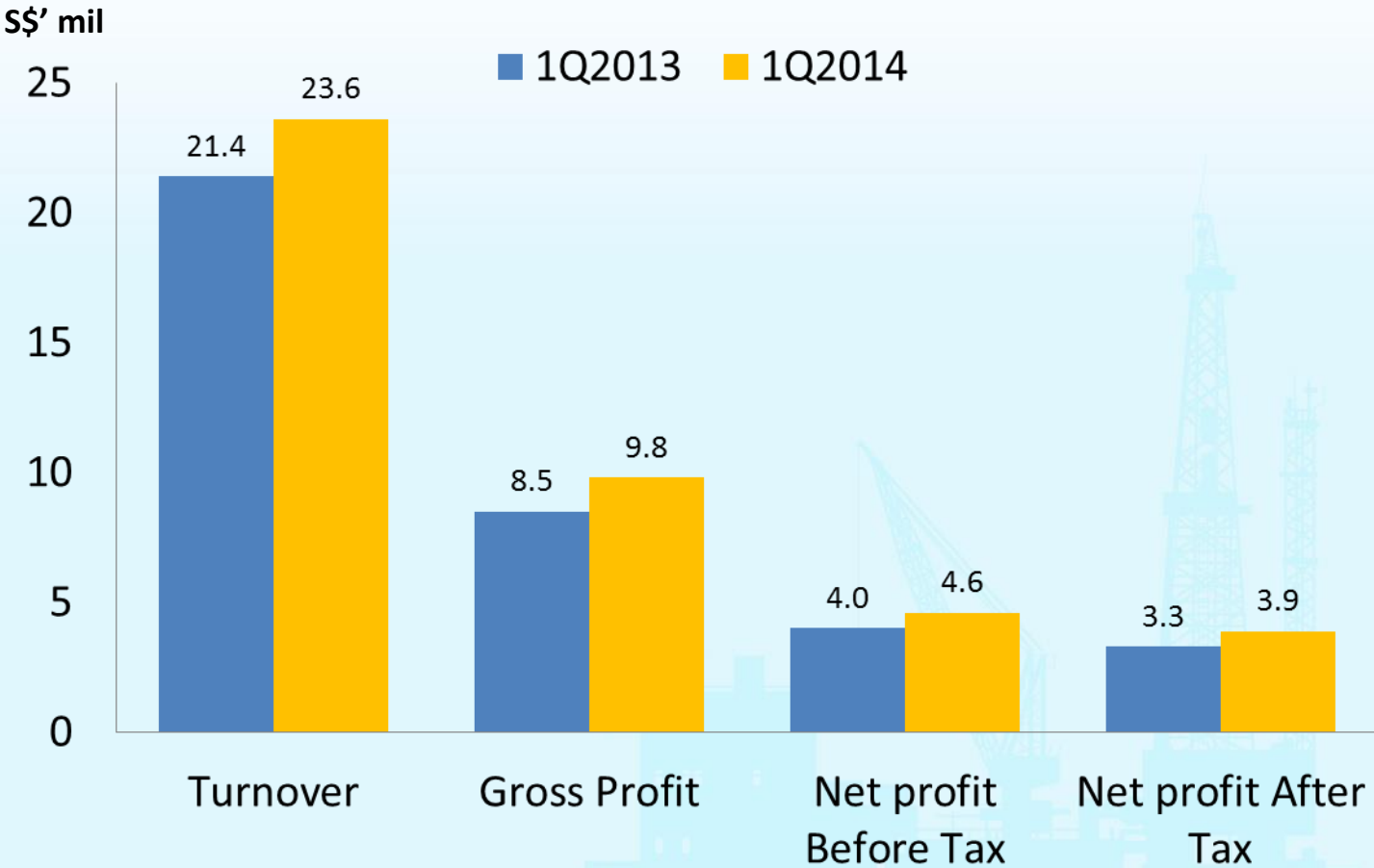
>> FINANCIAL HIGHLIGHTS



Profit and Loss

S\$'000	Unaudited IQ2013	Unaudited IQ2014	IQ2014 Y-o-Y Performance Comments
Revenue	21,382	23,587	<p><u>Revenue increased 10%</u></p> <ul style="list-style-type: none"> • Due to the increased contribution from the core Offshore Rig Services and Supply Chain Management segment
Gross Profit	8,497	9,803	<ul style="list-style-type: none"> • In line with higher revenue recorded
Gross Profit Margin (%)	39.7%	41.6%	<ul style="list-style-type: none"> • Higher GPM recorded on higher margin projects completed in IQ2014
Profit/(Loss) before taxation	3,959	4,634	<p><u>Profit before tax increased 17%</u></p> <ul style="list-style-type: none"> • Excluding one-off listing expenses, profit before tax would have increased by 40% to S\$5.5 million
Profit/(Loss) for the year	3,346	3,893	<p><u>Core profit increased</u></p> <ul style="list-style-type: none"> • Despite one-off listing expenses, the Group recorded 16% gain in net profit
Net Profit Margin (%)	15.6%	16.5%	<ul style="list-style-type: none"> • Improved NPM despite listing costs
EPS (cents)*	0.6	0.6	-

* EPS for IQ2013 and IQ2014 computed based on the share capital of 550,000,000 and 710,000,000 shares



Balance Sheet

S\$'000	Unaudited as at 31 December 2013	Unaudited as at 31 March 2014
Current assets	34,174	77,948
Non-current assets	57,823	59,409
Current liabilities	24,634	26,666
Non-current liabilities	9,863	10,951
Total equity	57,500	99,740
Cash and cash equivalents	3,504	43,453
NTA per share (cents)*		
	10.5	14.0
Net Gearing Ratio**		
	0.08	Net Cash Position of S\$33.8 million

*NTA per share for 31 December 2013 and 31 March 2014 computed based on the share capital of 550,000,000 and 710,000,000 shares respectively

**Computed based on ratio of Net Debt Less Cash and cash equivalents & Total Equity

Net cash position computed based on Total Cash and cash equivalents less total borrowings



>> BUSINESS UPDATES



▪ Strong forward commitments for both segments

Offshore Rig Services and Supply Chain Management

- Secured commitments with estimated revenue of S\$40.0 million.

Vessel Sales and Newbuild

- Sold and delivered two vessels with a contract value of S\$4.7 million in May 2014.
- Continue to follow up on ad-hoc enquiries from potential buyers.

▪ Enhancement of yard facilities and expansion of fleet

Yard Enhancement

- Commenced enhancement works at Pandan Crescent yard and Penjuru yard
Scope: Yard optimisation, slipway and subsea engineering workshop

Fleet Expansion

- 1Q2014 - Group contracted to add three tugs and five barges to its fleet; vessels are expected to be delivered in 2014



» INDUSTRY OVERVIEW



Increasing Global Rig Fleet Size and Operational Rigs

HISTORICAL COMPETITIVE OFFSHORE RIG UTILIZATION BY RIG TYPE

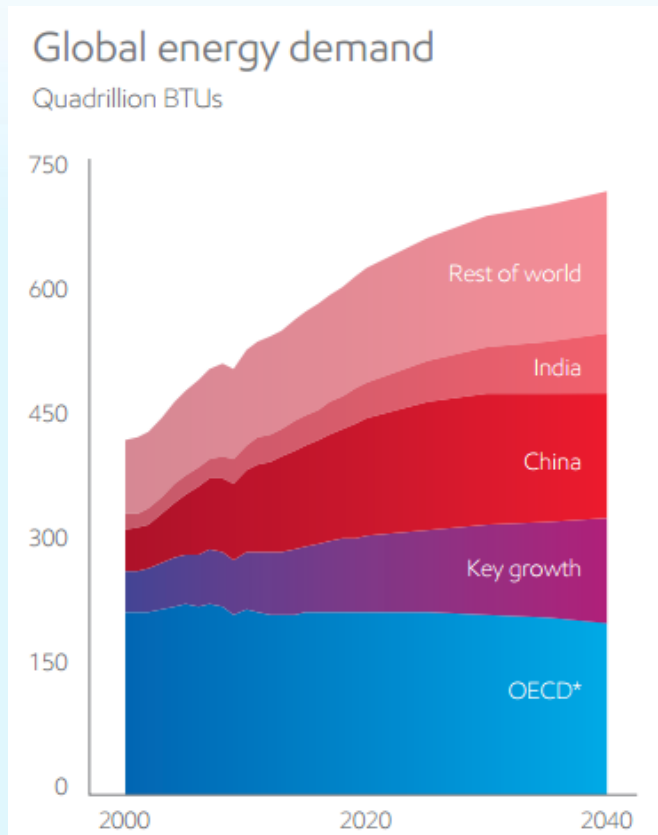
Rig Type	Current	Utilised/Fleet	Month Ago	Utilised/Fleet	6 Months Ago	Utilised/Fleet	1 Year Ago	Utilised/Fleet
Drill Barge	88.9%	(8/9)	88.9%	(8/9)	80.0%	(8/10)	80.0%	(8/10)
Drillship	89.0%	(89/100)	83.7%	(82/98)	86.5%	(77/89)	80.5%	(66/82)
Inland Barge	0.0%	(0/1)	0.0%	(0/1)	0.0%	(0/1)	0.0%	(0/1)
Jackup	79.9%	(350/438)	81.5%	(352/432)	84.3%	(350/415)	86.0%	(343/399)
Semisub	79.8%	(150/188)	83.5%	(157/188)	86.2%	(162/188)	90.4%	(169/187)
Tender	66.7%	(24/36)	65.7%	(23/35)	78.8%	(26/33)	75.0%	(24/32)

	Current	Month Ago	6 Months Ago	1 Year Ago
Rigs Working	621	622	623	610
Total Rigs	772	763	736	711
Utilization	80.4%	81.5%	84.6%	85.8%

Source: Rigzone Rig Data Center

Data updated as at 16 May 2014

Global Energy Demand To Rise By 35% By 2040



According to **ExxonMobil's** report¹

1. Global energy demand is expected to rise by 35% by increasing population, urbanization and rising living standards – driven mostly by non-OECD countries like China and India
2. ExxonMobil also expects the shift away from traditional biomass fuel, such as wood, in developing countries to further contribute to demand for modern energy such as oil and gas.
3. Oil and Gas expected to supply 60% of total demand; E&P activities expected to remain robust

1) ExxonMobil's report – "The Outlook for Energy: A View to 2040"



>> FUTURE PLANS





Future Plans – Growth Strategies

Widening our Horizons in the Offshore O&G Industry

Expansion Of Service Offerings – Increasing Our Services On The Value Chain

- Organic – Subsea equipment servicing & maintenance
- M&A – Subsea services contractors

Potential Projects

- Turnkey Rig Refurbishment Project – Refurbishment and conversion of a Jack-up Rig to
Accommodation Rig

**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*



Thank You!



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