



Annual General Meeting Presentation

1Q2019

26 APRIL 2019

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FY2018 HIGHLIGHTS

Acquisition of Pacific 8

SINGAPORE, 1st March, 2018 Kim Heng Offshore & Marine Holdings Limited (the "Company" and, together with its subsidiaries, the "Group"), an established integrated offshore and marine value chain services provider, is pleased to announce that it has completed the purchase of a 6,000 BHP Anchor Handling Tug / Supply ("AHTS") Vessel, named Pacific 8, for a consideration of S\$670,000. Pacific 8 will be renamed as Bridgewater 80, and will be joining the Group's growing fleet of AHTS Vessels by being fully operational in May 2018.

This approximately 70 tons bollard pull AHTS measuring 60.0 metres by 16.0 metres is to be used to perform tow services and other offshore related activities. The Group also aims to deploy the vessel for long term charters as and when opportunities arise.

During last month, the Group's three newly acquired AHTS (Bridgewater 130, Bridgewater 131 and Bridgewater 132) were deployed and successfully performed rigs towage for various leading oil majors and drilling contractors in Brunei and Malaysia.

At present moment, Bridgewater 130 has been deployed to Malaysia to perform towage of tender rig SKD Esperanza for a leading oil major, Bridgewater 132 was deployed to perform emergency recovery of anchors and entangled chains of a LNG tanker in Indonesia and Bridgewater 131 was contracted for three weeks by a leading oil major in Malaysia for offtake operations.

The acquisition is in line with the Group's direction to further expand and improve its vessel



Acquisition of Lewek Lynx and Swissco Summit

SINGAPORE, 23 July, 2018 - Kim Heng Offshore & Marine Holdings Limited (the "Company" and, together with its subsidiaries, the "Group"), an established integrated offshore and marine value chain services provider, is pleased to announce further acquisition of offshore support vessels, namely Lewek Lynx, an Anchor Handling Tug / Supply ("AHTS") and Swissco Summit, a chase boat.

Lewek Lynx is a 65 tonnes bollard pull AHTS vessel measuring 60 metres by 15 metres. It will be subsequently renamed as Mazu 60, joining the Group's growing fleet of AHTS vessels. The Group has received a Letter of Intent for a short term two-month charter contract and will be preparing to reactivate the AHTS to be fully operational in August 2018, for the provision of tow services and other offshore related activities for a leading oil major in Q3 2018.

The Group had sold the Swissco Summit, a 30 tonnes bollard pull chase boat, to a foreign buyer shortly after the purchase.

Both vessels were acquired at good value. The Group is in the process of acquiring more vessels, to take advantage of economies of scale to improve the Group's operating results moving forward.

The abovementioned chase boat sale and the charter contract will not have any material impact on the earnings per share and net tangible asset of the Group for the financial year ending 31 December 2018.

None of the Directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the abovementioned transactions, save for their shareholdings in the Company.



Acquisition of Oil Product Tanker Angel Sun

SINGAPORE, 2 Oct, 2018 Kim Heng Offshore & Marine Holdings Limited (the "Company" and, together with its subsidiaries, the "Group"), an established integrated offshore and marine value chain services provider, is pleased to announce that it has completed the purchase of an oil product tanker vessel, named Angel Sun, for a consideration of S\$2.1 million from the High Court Sheriff of Singapore. VesselsValue, a leading online valuation, AIS and market intelligence service for the maritime and offshore sectors, has estimated the oil product tanker Angel Sun to be worth S\$4.77 million, according to the TradeWinds article "Vermont UM's bunker tankers go on auction" dated 6 July 2018.

This 5000 DWT oil product tanker measuring approximately 101.55 metres by 15.3 metres is used for marine fuel trade. The Group aims to sell the vessel at a profit as and when opportunities arise.

We will continue to seek opportunities and pursue strategic transactions to acquire marine assets or businesses at the right price that will help to complement our strategy to grow our revenue streams.

The abovementioned acquisition will not have any material impact on the earnings per share and net tangible asset of the Group for the financial year ending 31 December 2018.

None of the Directors or controlling shareholders of the Company or any of their respective associates has any interest, direct or indirect, in the acquisition, save for their shareholdings in the Company.



FY2018 HIGHLIGHTS

(Non Oil & Gas Related)



Oil Spill Response



Fabrication & Supply of Landing Spud Barges to Cruise Terminal



Maritime Defense Works



Horizontal Directional Drilling (HDD)



Marine Civil Works – Cable/Pipe Laying

FY2018 HIGHLIGHTS



**Fabrication of
Dehydrator Tank**



**Ocean Going
Towage of
Jackup Rig**



**Offshore
Platform
Maintenance
Work**



**Offshore
Anchor
Recovery for
FPSO**



**Ocean Going
Seatrial
Towage for
FPSO**

KIM HENG SECURES VARIOUS FABRICATION JOBS VALUED AT AN AGGREGATE OF APPROXIMATELY S\$7 MILLION FROM A WELL-ESTABLISHED CUSTOMER

SINGAPORE, 25 March, 2019 Kim Heng Offshore & Marine Holdings Limited (the "Company" and, together with its subsidiaries, the "Group"), an established integrated offshore and marine value chain services provider, is pleased to announce that the Group has secured various fabrication jobs valued at an aggregate of approximately S\$7 million from a well-established customer. Completion of these fabrication jobs is scheduled to take place over six months commencing from first quarter for the financial year ending 31 December 2019.

The awards underscore the Group's strong project management capabilities and its proven track record of numerous well-executed past projects is a major contributor in securing these fabrication jobs.



SUCCESSFUL COMPLETION OF MARINE CIVIL ENGINEERING CONTRACT VALUED AT APPROXIMATELY S\$3.5 MILLION FROM A WELL-ESTABLISHED CUSTOMER

SINGAPORE, 11 April, 2019 Kim Heng Offshore & Marine Holdings Limited (the "Company" and, together with its subsidiaries, the "Group"), an established integrated offshore and marine value chain services provider, is pleased to announce the successful completion of a Marine Civil Engineering contract valued at approximately S\$3.5 million awarded by a well-established customer in 1Q2019.

With the Group's strong project management capabilities, the contract was completed and delivered within the set timeline. Barring unforeseen circumstances, the Group is optimistic of obtaining more contracts from the customer in the near future.

Currently, the Group is looking at new strategies and alternative businesses to complement the O&G sector and to expand its value chain into offshore renewable energy projects. The Group will continue to build a resilient business across South East Asia.



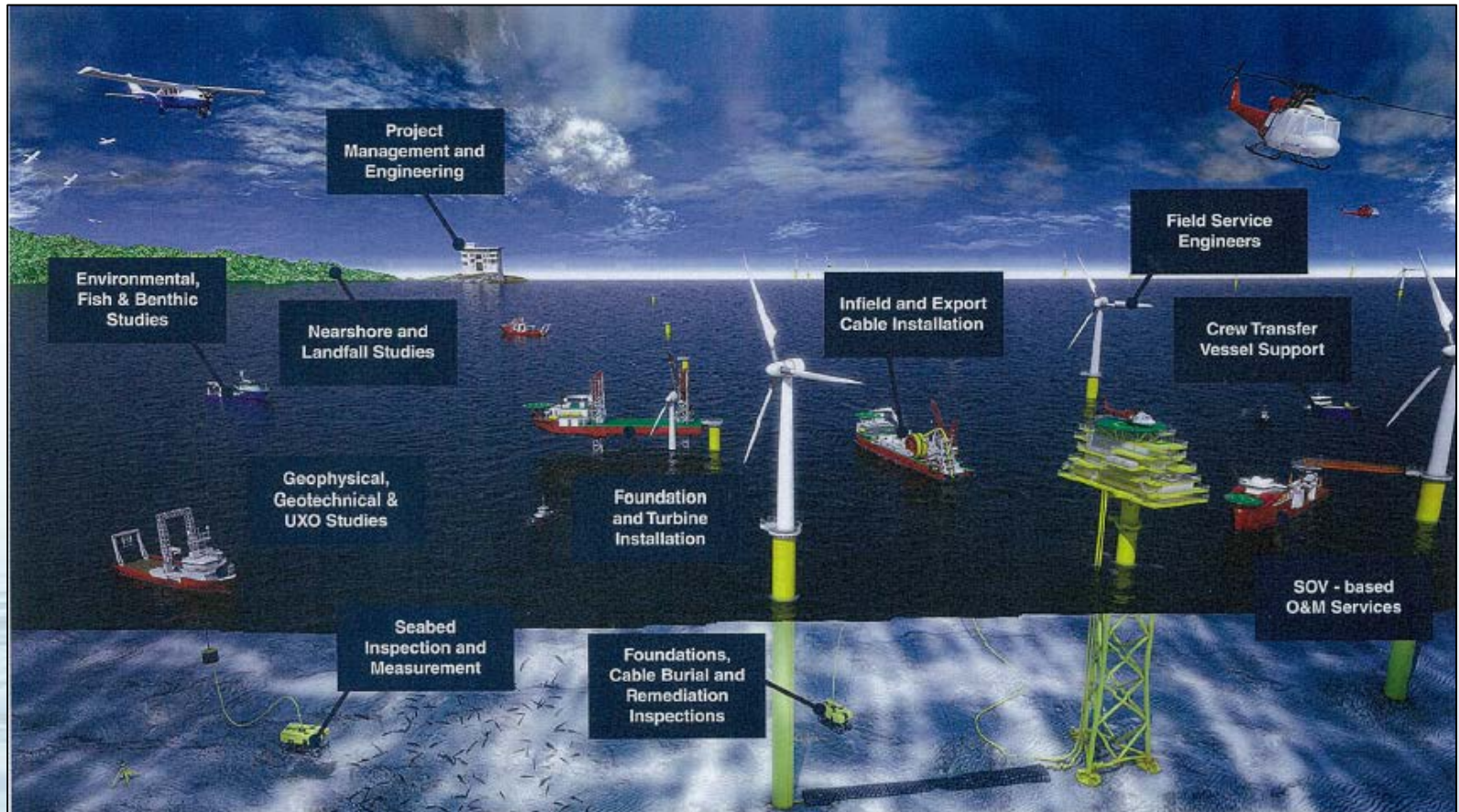
Potential Business Opportunities



KIM HENG
OFFSHORE & MARINE HOLDINGS LIMITED

NON-OIL INDUSTRIES

Offshore Wind Renewable Energy



Business Plans

HORIZONS OF GROWTH

Horizon One (Ongoing) – Defending existing business

- + Leaner corporate structure
- + Prudent management
- + Succession plans

Horizon Two (Updates) – Continuous pipeline of business / Capitalizing on fresh opportunities

+ Distressed asset purchases opportunities

- *In 2017, acquisitions of 3 units (AHTS Bridgewater 130, AHTS Bridgewater 131, AHTS Bridgewater 132)*
- *In 2018, acquisitions of 4 units (AHTS Bridgewater 80, AHTS Mazu 60, SSV Swissco Summit, Tanker Angel Sun)*

+ Diversification to Non-Oil industries - *Offshore wind renewable, Horizontal directional drilling (HDD), Defense Sector, LNG*

+ Capability enhancement - *Bundled services*

+ Expansion into regional areas – *Papua New Guinea, Malaysia, Indonesia, India*

+ Local yard enhancements

- *In order to better provide marine maintenance and logistics services, and the fabrication of specialized marine vessels and equipment. Concurrently integrating new crane leasing business which can serve both marine and land-based infrastructure needs.*

Regional Energy Oilfield Service Providers

Refer to important disclosures at the end of this report

DBS Group Research . Equity

12 Apr 2019

Tide is turning for offshore

- Worst is over; firmer signs of recovery in the offshore sector
- Headline supply of offshore rigs and OSVs is over-inflated; marketed utilisation set to rebound
- Reversal in day rates for offshore rigs expected to gain traction in 2020-2021; OSV to follow suit in 2021-2022
- Recommend BUY on COSL, SMM, Serba, Sapura

More visible indications of offshore turnaround. Offshore capital spending (capex) is expected to bottom out and expand at a healthy 7.4% CAGR till 2022. Exploration-related spending is projected to grow at a faster pace of 24% y-o-y in 2019, after five consecutive years of decline, having plunged by 66% from the peak in 2013 to the trough in 2018. Furthermore, we observe a positive shift in sentiment among the management teams of the world's largest offshore service providers in their recent FY18 results commentary. Other signals appear positive as well - the global counts of contracted offshore rigs and active offshore support vessels (OSVs) continue to gain momentum in 1Q19, having increased by 9% and 4% respectively from January 2018. Asset owners are reactivating more stacked assets, and current tendering activity is more vibrant than the year before (+25% y-o-y).

Overcapacity to progressively ease, paving the way for a reversal in day rates in 2020-2021. Looking ahead, we expect global marketed utilisation of rigs to approach 80% in 2021 from 65% in 2018, which will help bolster rig day rates in 2020-2021. A higher contracted rig count and increase in offshore oil and gas production will augment OSV utilisation. However, meaningful day rate improvement for OSVs should come slightly later - likely in 2021-22 timeline earliest - owing to the more dramatic glut in OSV market and time lag between offshore capex cycle recovery and changes in OSV demand.

BUY offshore service providers with healthy balance sheet, superior fleet quality, and/or extensive deepwater expertise. Our top picks in the offshore space include COSL (TP HK\$10.20; +20%), SMM (TP \$52.40; +44%), Serba Dinamik (TP RM5.70; +54%) and Sapura Energy (TP RM0.41; +21%).

Other well-positioned beneficiaries include: Transocean,

Hilong, Kim Heng; In addition, we continue to like onshore play - Antan (TP HK1.60; +33%), underpinned by rising China and Iraq capex.

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STOCKS

	Price		12-mth		Performance (%)		Rating
	LCY	USDm	Target Price	LCY	3 mth	12 mth	
China Oilfield	8.50	6,573	10.20	25.9	11.4	BUY	
Sapura Energy	0.34	1,294	0.41	11.7	(37.4)	BUY	
Serba Dinamik	3.87	1,377	5.70	2.7	19.8	BUY	
Sembcorp Marine	1.67	2,572	2.40	3.7	(25.1)	BUY	
Sembcorp Industries	2.73	3,591	3.90	1.5	(11.7)	BUY	
Ezion Holdings	0.04	119	0.05	N.A.	N.A.	HOLD	
PACC Offshore Services Holdings	0.18	235	0.20	(6.9)	(45.3)	HOLD	
Wintermar Offshore Marine	218	65.3	255	(2.7)	(37.7)	HOLD	

Source: DBS Bank, Bloomberg Finance L.P.
Closing price as of 11 Apr 2019

Please click on the links below for company profiles

[China Oilfield Services Ltd](#)

[Sapura Energy](#)

[Serba Dinamik Holdings](#)

[Sembcorp Marine](#)

[Sembcorp Industries](#)

[PACC Offshore Services Holdings Ltd](#)

[Wintermar Offshore](#)

Regional Energy

Oilfield Service Providers



Live more, Bank less

STOCK PICKS & VALUATIONS

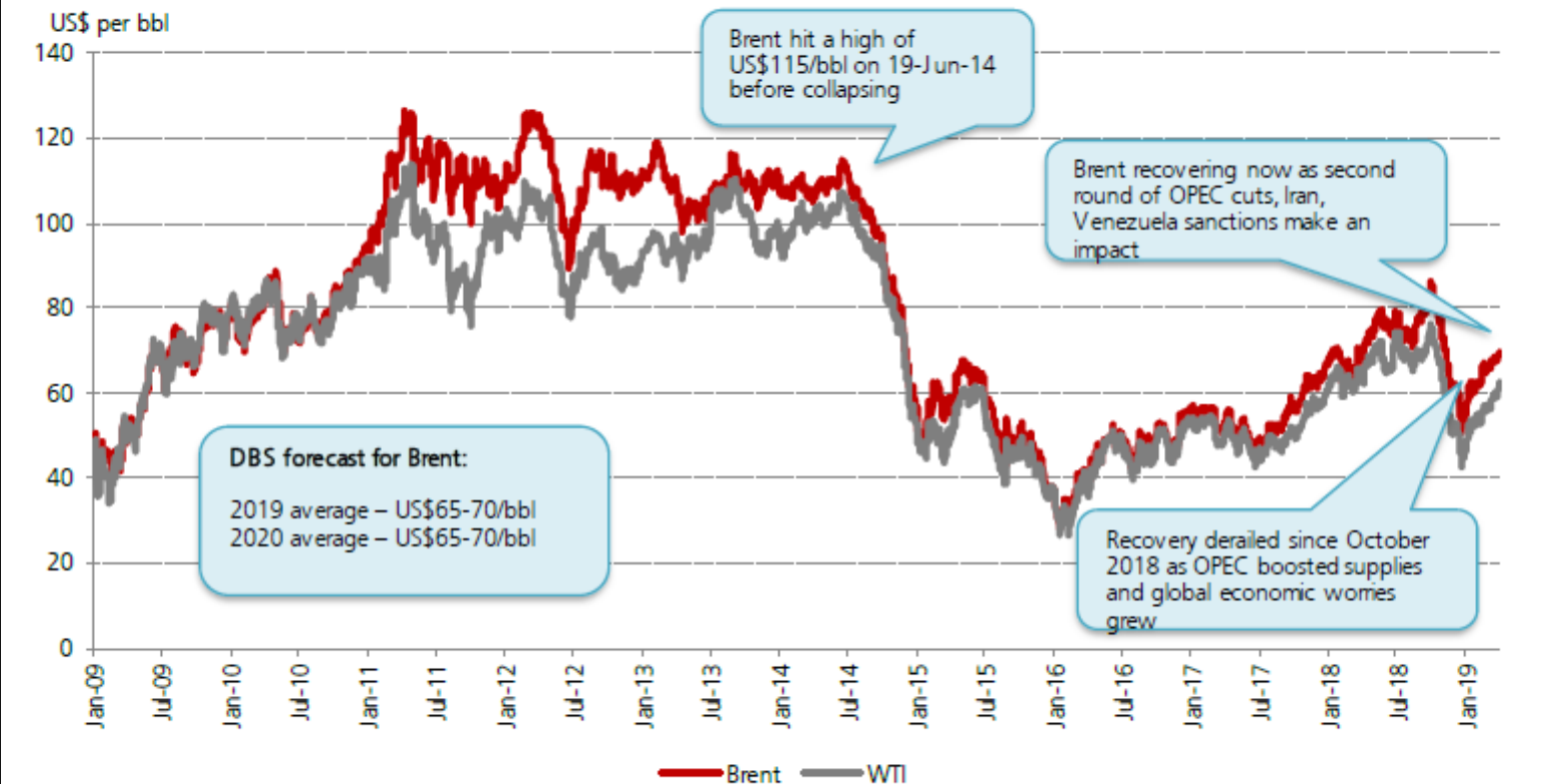
Look out for offshore companies with the following traits, as they are best positioned to emerge victorious from the downturn.

1. Sound balance sheets – Provides headroom for companies to capitalise on depressed valuations in the sector for inorganic growth; Finance equipment upgrades to be more competitive, and meet growing working capital requirements in anticipation of the upturn.
2. Fleet quality (specification/age/advanced drilling systems such as continuous tripping technology) – Premium offshore assets are already seeing substantial day rate increases on the back of strong demand from operators. Companies with such assets should also be able to maximise utilisation with relative ease, and realise higher operating margins due to the high operation leverage in the sector.
3. Strong presence in geographic regions with greater offshore activity – While the offshore market is global (firms can mobilise assets across regions), companies with a commanding market position in strategic geographic regions will be at the forefront of the recovery, owing to their deep knowledge and track record with operators. Regions include - Asia, Africa, South America, Gulf of Mexico, the North Sea and the Middle East.
4. Players with extensive deepwater capabilities – As elaborated above, upstream companies are starting to turn their attention to the deepwater space. Hence, owners of floaters, high bollard pull tugs, and larger PSVs could witness faster growth, if deepwater activity picks up as envisaged.

Company	12mth TP (LCY)	% upside	Comments
Transocean	NR	-	<ul style="list-style-type: none"> • Estimated backlog of US\$12.3bn, which is 4x that of the nearest competitor; the company was awarded 27% of floater fixtures in 2018. • Diverse and extensive fleet of floaters, with unparalleled ultra-deepwater and harsh environment experience, and advanced technological capabilities • Solid liquidity relative to peers, enables Transocean to tide through the downturn
China Oilfield Services Limited (COSL)	10.20	20%	<ul style="list-style-type: none"> • Key beneficiary of expected surge in CNOOC's capex in coming years • Utilisation is significantly higher than industry average due to guaranteed demand from CNOOC Group • Integrated services portfolio offers meaningful diversity and enables swifter recovery
Hilong	NR	-	<ul style="list-style-type: none"> • Trading at 0.5x P/BV despite improving prospects • A beneficiary of global E&P capex uptick, particularly in China and Russia • A proxy to China's OBOR initiative and rising gas pipeline construction
Sembcorp Marine	2.40	44%	<ul style="list-style-type: none"> • Prospects for order wins, especially in the LNG space are much rosier than before • Network of shipyards located in Brazil with vibrant offshore activity • Yard consolidation strategy anticipated to promote cost savings
Kim Heng	NR	█	<ul style="list-style-type: none"> • Earnings turnaround underpinned by rising rig count • Acquired distressed assets during the downturn at steep discounts • Trading at 0.6x P/BV despite sound earnings prospect
Serba Dinamik	5.70	47%	<ul style="list-style-type: none"> • Abundant MRO opportunities owing to Petronas's ageing offshore assets • Presence in the Middle East and Asia will help drive growth • Current orderbook stands at RM8.3bn, majority of which are MRO contracts that tend to be recurring in nature
Sapura Energy	0.41	11%	<ul style="list-style-type: none"> • Petronas is expected to increase capex by around 7% to above RM50bn in 2019 • Orderbook of RM17.2bn is at the highest in two years • Primed to thrive from growing capex in the Middle East as one of the eight qualified service companies under Saudi Aramco's long-term agreement programme • Gearing is now more sustainable after the sale of its upstream business

Source: DBS Bank, Companies

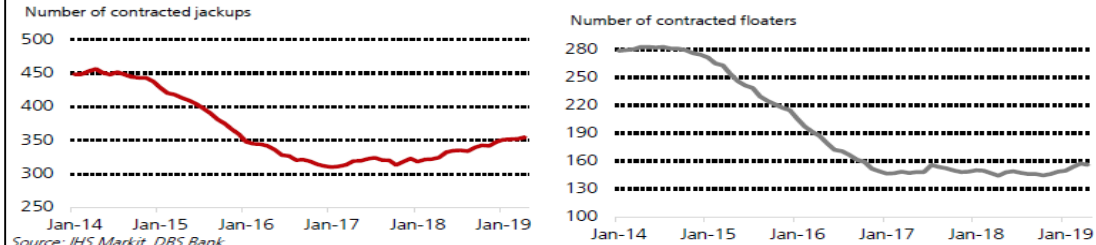
Oil price trends



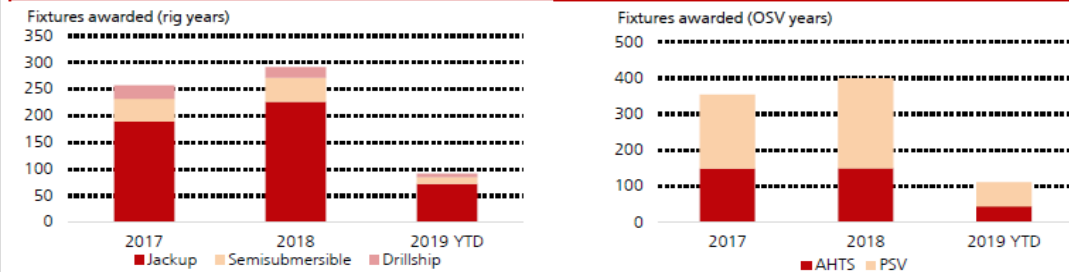
Source: Bloomberg Finance L.P., DBS Bank

SIGNALS INDICATE THAT THE OFFSHORE REVIVAL IS ON THE HORIZON

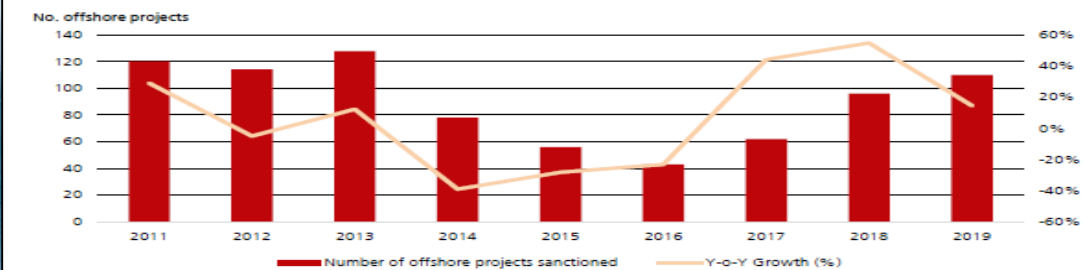
Number of contracted rigs has clearly bottomed out and is currently at a multi-year high



Number of rigs and OSV fixtures awarded are picking up



Number of offshore FIDs sanctioned accelerated from 2017; growth in 2019 will moderate but remain impressive...



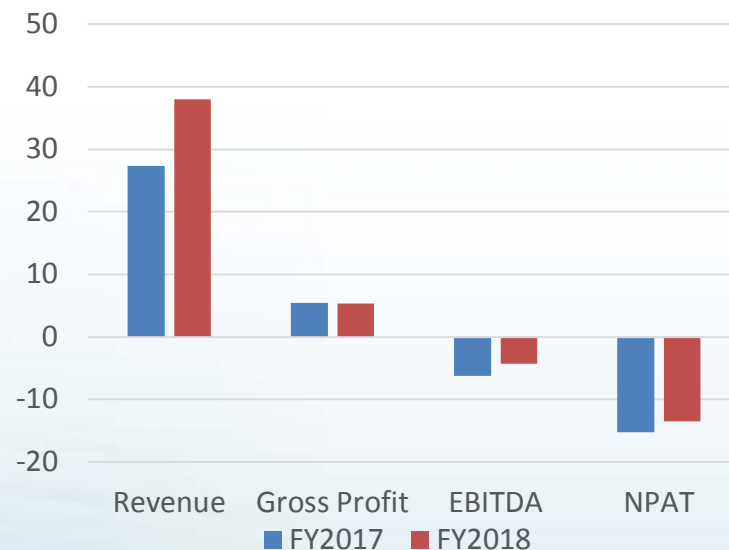


FINANCIAL HIGHLIGHTS

Profit and Loss FY18 vs. FY17

S\$'000	FY2017	FY2018
Revenue	27,438	38,060
Gross Profit	5,462	5,372
Gross Profit Margin (%)	20%	14%
Loss for the period *	(15,312)	(13,508)
EBITDA	(6,300)	(4,270)
(Loss) per share (cents)*	(2.2)	(1.90)

Operating Results



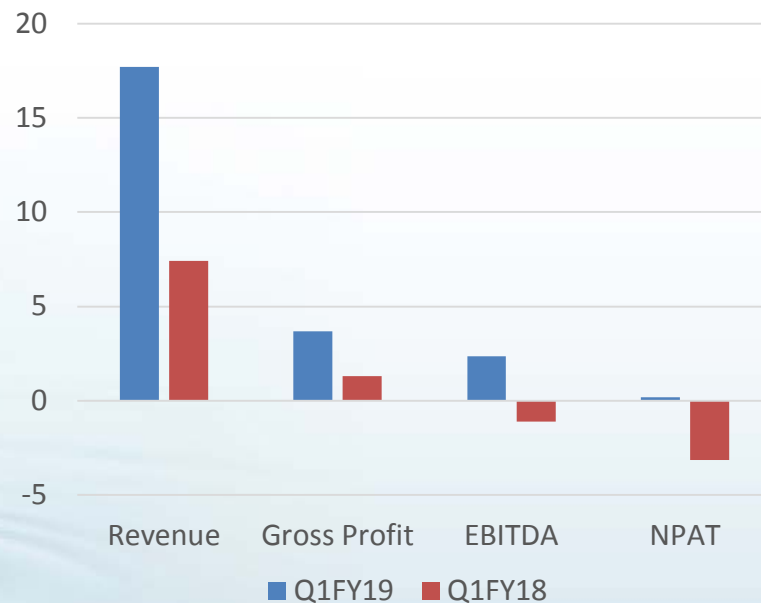
* Includes an impairment loss on plant and equipment of S\$3.6M for FY2017 and \$Nil for FY2018

** Based on weighted average number of shares of 708,948,280 for FY 2018 and 709,880,291 for FY2017

Profit and Loss 1QFY19 vs 1QFY18

S\$'000	1QFY18	1QFY19
Revenue	7,420	17,719
Gross Profit	1,319	3,696
Gross Profit Margin (%)	18%	21%
Gain/(Loss) for the period	(3,136)	205
EBITDA gain/(loss)	(1,090)	2,348
Earnings/(Loss) per share (cents)*	(0.44)	0.03

Operating results



* Based on weighted average number of shares of 708,832,300 for 1QFY19 and 709,036,689 for 1QFY18

Balance Sheet

S\$'000	As at 31 December 2017	As at 31 December 2018
Current assets	25,058	19,192
Non-current assets	99,405	102,545
Current liabilities	20,948	27,031
Non-current liabilities	28,179	33,359
Total equity	75,336	61,347
NAV per share (cents)*	10.6	8.7
Net Debt	24,998	32,891
Net Gearing Ratio	0.33	0.54

*Computed based on 708,832,300 shares in issue as at 31 December 2018 and 709,050,800 shares at 31 December 2017

Operational Excellence

- 50 years experience
- Lean Corporate Structure
- Strong relationships with oil majors and drilling contractors

Emerging OSV Fleet

- Growing fleet of vessel to support offshore activities
- Operationally ready vessels with low reactivation cost

Financial Strength

- Well positioned for upturn/growth
- Unencumbered assets worth of **\$49.7mil** value (based on latest valuations)
- Low leverage



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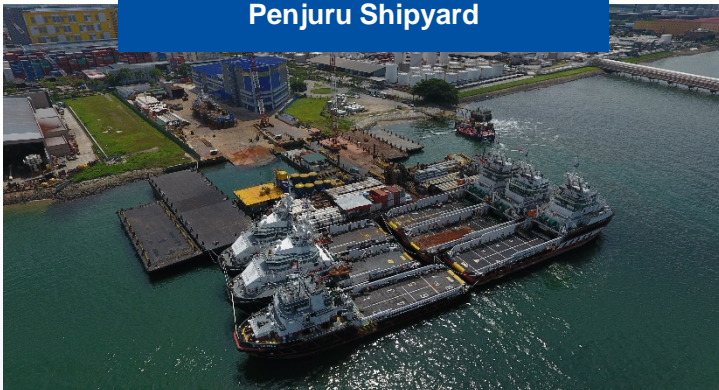


APPENDIX

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
- + Lease expiry: With a balance lease term of 18years

- + 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
- + Lease expiry: With a balance lease term of 17years *subject to investment criteria

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

Business Overview

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

