



FEDERAL INTERNATIONAL (2000) LIMITED

*A leading integrated service provider
and procurement specialist*

Corporate Presentation – 3Q2017 / 9M2017 Results
16 November 2017

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About Federal



- Established in 1974 and listed on SGX mainboard in 2000
- Leading procurement specialist and stockist for oil and gas industry
- Partnership with established EPCIC contractor, PT Gunanusa Utama Fabricators (“PTG”)
Provides procurement services to PTG for projects undertaken by PTG under a master procurement agreement
- Strong local knowledge and network with customers and suppliers
- Products are on approved vendor lists of major oil companies
- Customers include major oil companies – Petrochina, CNOOC, BP, Chevron, Petronas, Pertamina, PTTEP, Total
- Own brand of flowline control products & agency for leading manufacturers

Experienced Board



Koh Kian Kiong
Executive Chairman & CEO

- One of original founders of the Group
- > 45 years experience
- Oversees Group corporate strategies and expansion plans



Heng Lee Seng
(Lead Independent Director)

- Appointed since 22 Aug 2000
- Chairman of Audit Committee
- Practicing Chartered Accountant with > 40 years experience. Member of CPA Australia, CIMA, ACCA, CISA and SID



Don Koh
Executive Director

- Overseas Alton Group and Indonesia operations
- > 20 years experience
- Bachelor in Business Administration



Yee Kee Shian, Leon
(Independent Director)

- Appointed since Mar 2010
- Chairman & MD of Duane Morris & Selvam LLP
- Asia Pacific's leading lawyer
- Advocate & solicitor of the Supreme Court of Singapore & a solicitor of England & Wales



Maggie Koh
Executive Director

- > 20 years experience
- Oversees trading business
- Master in Business Administration



Khoo Boo Yeow, Andrew
(Independent Director)

- Appointed since Aug 2012
- Law degree from Cambridge University and MBA from Seattle Pacific University
- COO (Swensens) and Director (Group Business Developments at ABR Holdings Ltd)

Experienced Management



Tan Chee Keong **Group CFO & Company Secretary**

- Joined in 2017
- CA with > 20 years experience
- ACCA , MBA (UOL)

George Deng **CEO, Federal Environmental Engineering**

- Joined since 1995
- Overseas China businesses and operations
- > 30 years experience
- Master in Mechanical Engineering (Shanghai Jiaotong University)

Richard Doherty **MD, KVC (UK)**

- Joined since 2004
- Overseas research, design, development and manufacturing operations in UK
- > 40 years experience

Ng Geok Lan, Tina **GM, Group HR & Quality Logistics**

- Joined since 2011
- > 20 years experience
- MBA

Quek Cheng Hock **MD, Federal Fire Engineering**

- Joined since 2013
- Oversees fire protection business and operations
- > 30 years experience
- First class honours degree in Manufacturing and Mechanical Engineering

KEY BUSINESSES & STRENGTHS



Key Businesses & Strengths



Strong local knowledge, network and partnerships



Established brands and agencies



On Approved Vendor Lists of major oil companies



Established EPCIC track record



Industry certifications API Q1, Spec 6D, ISO 9001:2015, PED 97/23/EC



Procurement (Trading)

- Supply of O&G equipment & materials
- Agency for leading brands and products
- Support from major suppliers / manufacturers



EPCIC (PT Gunanusa)

- Engineering, Procurement, Construction, Installation & Commissioning



Marine

- Design, Build, Refurbishment & Conversion of vessels for O&G industry
- *Federal II* (FSO)
- Charter to CNOOC till Sep 2023¹



Resources (Land Rig)

- 1,200 HP American built land drilling rig
- Rig in yard near Jakarta and ready for deployment
- Rig chartering & drilling
- Expected demand for drilling from geothermal energy projects in Indonesia
- Actively pursuing charters for rig

Notes: ¹ Include option period

Strategy for Sustainable Growth



Forming strategic partnerships

- Form strategic partnerships with key industry players
- Provide procurement services for projects secured

Access to trade credit

- Trust and support of bankers
- Access to trade financing
- Support from IE and Spring Singapore

Managing credit risks

- Careful evaluation of customers
- Secure payments from customers through arrangement for oil majors to pay into a bank account whereby Federal is mandatory payment signatories

Organisation Structure



Federal International (2000) Ltd						
	Procurement	EPCIC	Marine	Others (Land Rig)	Energy & Utilities	Manufacturing & Design
Singapore	100% Federal Hardware Engineering Co.		60% Federal Offshore Services			
	100% Alton International (S)		100% Eastern Jason Fabrication			
	100% Federal Fire Engineering					
China	65% Federal Environmental & Energy				58.5% Federal Water (Chengdu) Co.	
	65% Federal International Shanghai				65% Federal Environmental Engineering (Suzhou)	
Indonesia	100% PT Fedsin	2.6% PT Gunanusa Utama Fabricators #	30% PT Eastern Jason (Federal II)	100% PT Federal International		
Thailand	100% Alton International (Thailand)					
	45% PAE-Federal International Co.					
UK						KVC UK

Notes: # Recorded as Available for Sale investment.

Procurement

> Leading Products & Agencies: Flowline Systems & Accessories



Federal's own flowline
product brand



Ball, Gate, Globe, Check, Butterfly,
Control and Special Valves Pipes
and Fittings (Spain)



Trunnion Mounted & Floating Ball Valves to
API 6A/6D , Gate / Globe / Check / Dual Plate
Check Valve & Butterfly Valve (UK)



Strainers (UK)

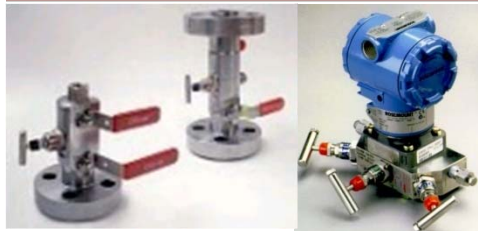


Butterfly, Dual Plate Check
Valve Nozzle Check Valve,
Non Return And
Special Valve (Korea)

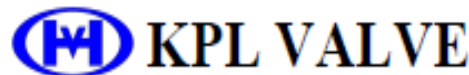


Peach Valve

Gate (API 600), Globe,
Check & Dual Plate,
Check Valves (Korea)



Instrument & Manifold Valves, Double
Block & Bleed Valves, Subsea & Pipeline
Valves (UK)



Trunnion Mounted & Floating Ball Valves
to API 6D (Korea)



Bronze & Brass Valves (USA)



Trunnion Mounted &
Floating Ball Valves
To API 6A/6D (Italy)



High Performance Pump
and Services (Korea)



Gate (API 6D), Globe, Check Valves
& Strainers (Italy)



Cast Carbon, Low Alloy and
Stainless Steel Valve (Korea)



OMS SALERI

Trunnion Mounted & Floating
Ball Valves to API 6A/6D (Italy)

EPCIC

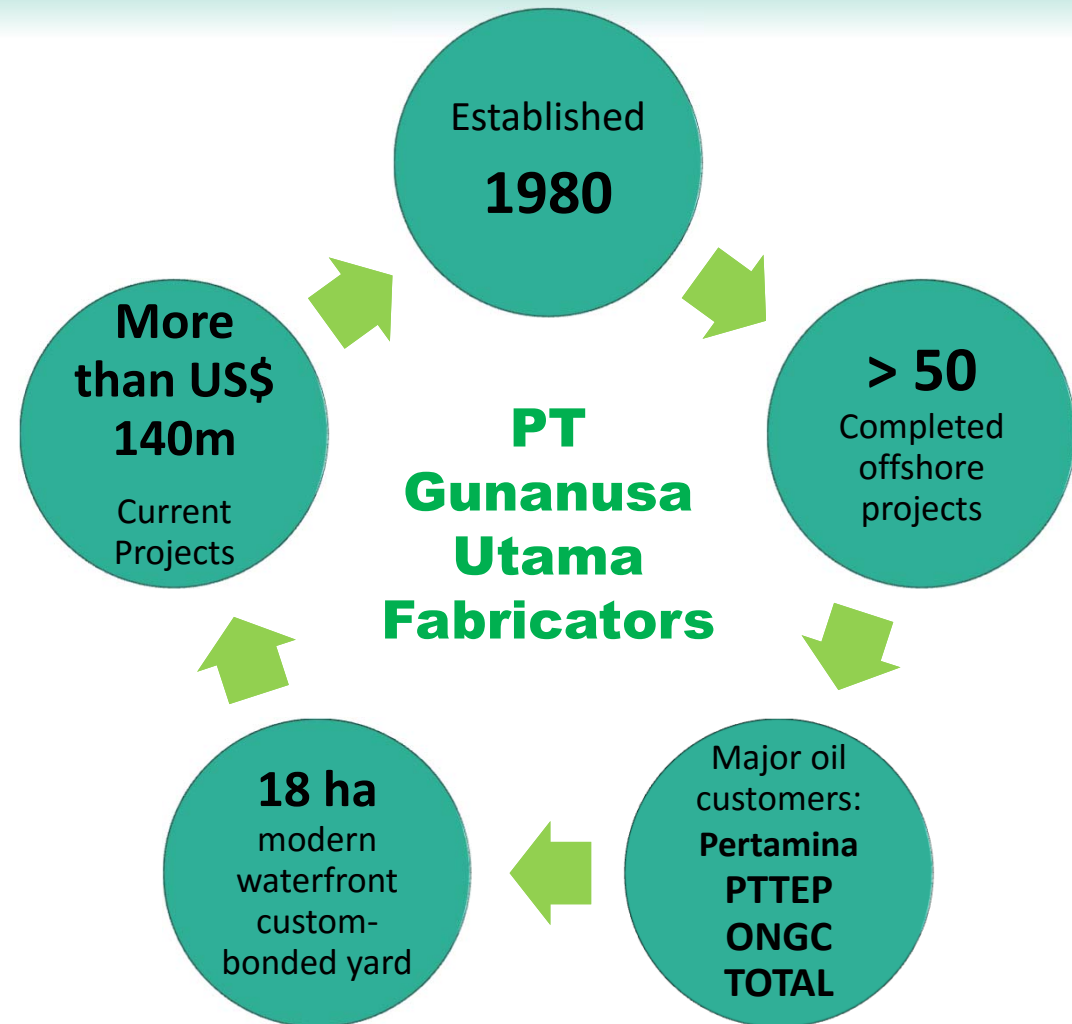
Established EPCIC specialist with more than 50 completed projects



Zawtika 1C, Myanmar
In progress



Pertamina PHE WMO Project
Completed Jan 2017



Federal's Investment in PT Gunanusa Utama Fabricators



	Before increase in PTG paid up capital	After increase in PTG paid up capital
PTG's number of shares issued and paid up	18,000	144,066
Federal's interest (No of shares)	3,720 (20.7%)	3,720 (2.6%)
PTG's shares pledged to Federal for loans from Federal to a PTG shareholder		90,000 (62.5%)

- Federal extended loans totaling USD 9 million to PTG through a shareholder of PTG. Loan is recorded as other receivables under non-current assets.
- Increase in PTG's paid up capital included capitalisation of the loans from Federal to the PTG shareholder.
- The loan is fully secured by 90,000 PTG shares pledged by the shareholder to Federal.
- Federal has accounted for its 2.6% shares in PTG as an investment in "Available-for-sale" financial asset.
- PTG's Board of Commissioners includes Mr KK Koh (President Commissioner) and Mr Don Koh (Commissioner).
- Federal has a master procurement agreement (signed in 2015) with PTG to provide procurement services for projects secured by PTG.

Key Customers



Vietso Petro



Key Operating Assets



18 ha (270 mu) Custom Bonded Fabrication Yard¹

- 15,000 ton capacity
- 800 m waterfront (7 m depth)
- 2 jetties
- About 120 km Northwest from Central Jakarta



Federal II

- Converted from oil tanker
- 230 m Floating, Storage & Offloading Vessel (FSO)
- 800,000 barrel oil storage capacity
- Chartered to CNOOC till Sep 2023²



1,200 HP Brewster Land Drilling Rig (US made)

- Drilling demand from geothermal power projects in Indonesia

Notes: ¹ Under PT Gunanusa

² Includes option period

KEY FINANCIALS



Key Financials



Share Data¹

- 9M2017 EPS: 1.03 cts
- NAV per share at 30 Sep 2017: 61.0 cts
- FY2016 Total dividend: 2.0 cts
- Market cap: S\$61.9 m¹
- Free Float: 63.1%²
- Total of 140.8 m issued shares

Healthy Balance Sheet

- Total Assets: S\$163.1 m
- Net assets: S\$73.2 m
- Cash & Cash Equivalents: S\$6.4 m

9M2017 Earnings

- Revenue: S\$ 107.6 m
- GP: S\$16.9 m (GPM: 15.7%)
- Net Profit: S\$2.8 m

Order Book

- Procurement: S\$21.1 m (as at 24 Oct 2017)

Notes: ¹ Based on closing share price of S\$0.44 on 14 November 2017

² As at 14 Nov 2017, Bloomberg

Consolidated Income Statement

3Q2017 vs 3Q2016



In S\$'m	3Q17	3Q16	Change	Explanations
Revenue	42.39	26.45	+60.2%	Higher sales under the Trading business
Gross profit	6.02	4.35	+38.3%	Higher gross profit due to increase in revenue.
GP margin	14.2%	16.4%	-2.2ppt	Lower gross profit margin due to lower margins on sales for certain projects under the Trading business.
Other income	0.89	3.54	-74.8%	Other income for 9M2016 was higher mainly because of S\$3 million services fees charged to a former associate
S&D costs	(1.32)	(1.61)	-18.0%	Decrease due to lower sales to customers in China and lower marketing related costs
A&G costs	(3.08)	(3.88)	-20.6%	Decreased as there was costs incurred for services provided for a former associate in 3Q2016, offset by legal fees and higher professional and consulting expenses in Indonesia
Profit before tax	1.74	1.81	-3.9%	
Profit after tax	1.32	1.01	+30.7%	
EPS (S\$ Cents)	1.03	0.8	+28.8%	

Consolidated Income Statement

9M2017 vs 9M2016



In S\$'m	9M17	9M16	Change	Explanations
Revenue	107.57	68.03	+58.1%	Due to higher sales under the Trading business
Gross profit	16.86	14.34	+17.6%	Higher gross profit due to higher revenue recorded in 3Q2017
GP margin	15.7%	21.1%	-5.4ppt	Lower gross profit margin due to lower margins on sales for certain projects under the Trading business.
Other income	1.85	4.68	-60.4%	Other income for 9M2016 was higher mainly because of S\$3 million services fees charged to a former associate
S&D costs	(3.92)	(5.73)	-31.6%	Decrease due to lower sales to customers in China and lower marketing related costs
A&G costs	(8.82)	(9.36)	-5.8%	Decreased as there was costs incurred for services provided for a former associate in 3Q2016, offset by legal fees and higher professional and consulting expenses in Indonesia
Other costs	(1.8)	(0.13)	N.M.	Other costs for 9M2017 was higher due to a lower write back of impairment loss on doubtful receivables
Share of associates' results	0.44	1.58	-72.1%	Was lower due to a share of loss recorded by an associate company in Japan
Profit before tax	3.86	4.96	-22.2%	
Profit after tax	2.77	3.81	-27.3%	
EPS (S\$ Cents)	2.19	2.53	-13.4%	

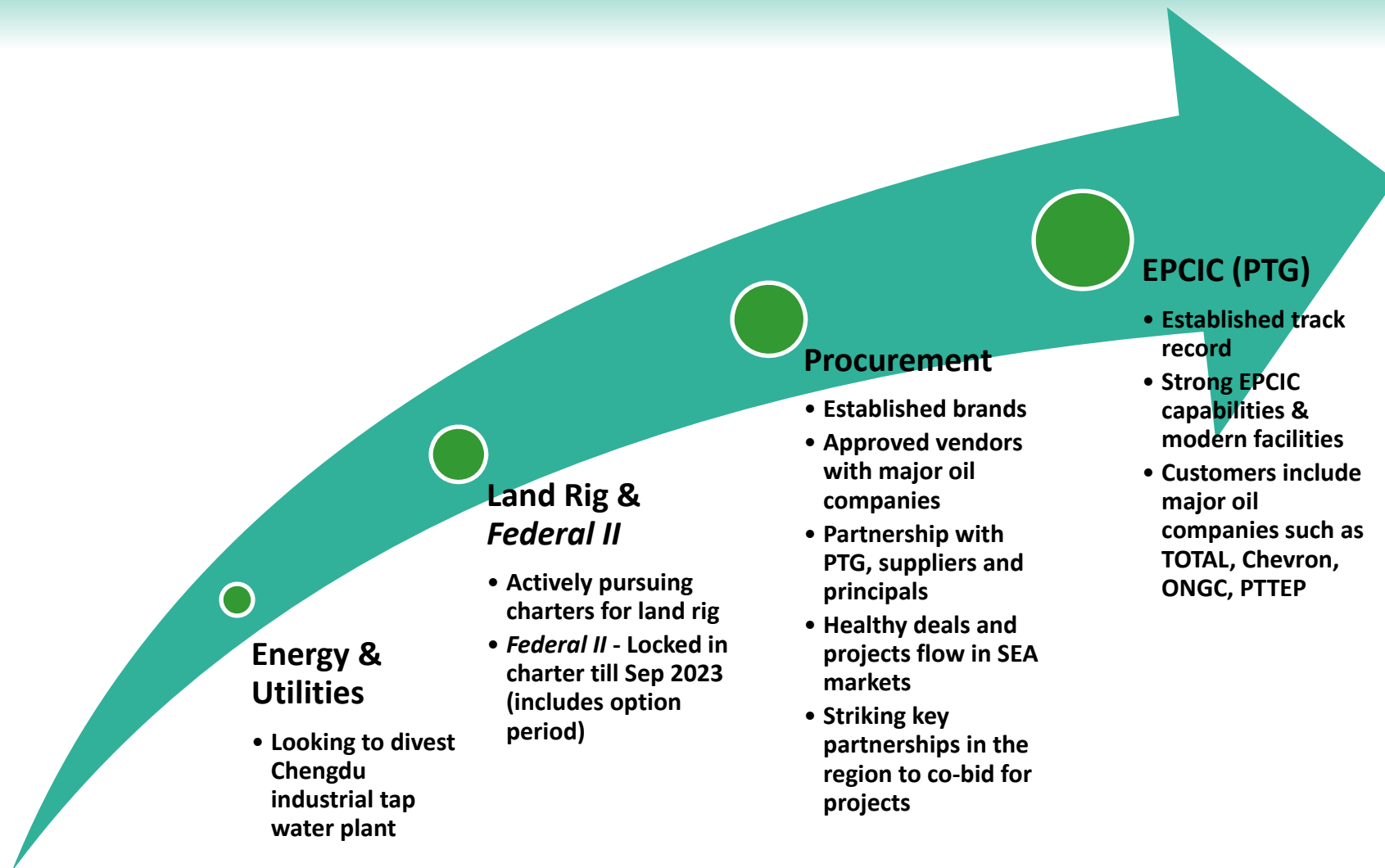
Consolidated Balance Sheet

30 Sep 2017 vs 31 Dec 2016



In S\$m	30 Sep 17	31 Dec 16	Change	Explanations
Total Non-current Assets	64.2	66.7	-3.7%	Decrease was mainly due to decrease in PPE of S\$1.8 million because of depreciation charge and forex differences
Total Current Assets	98.9	77.8	+27.1%	Increase due to additional trade receivables of S\$30.3 million from Trading business offset by a reduction in cash and bank balances of S\$9.1 million
Total Assets	163.1	144.5	+12.9%	
Total Non-current Liabilities	4.9	2.2	+122.7%	Increased as term loans increased by S\$2.7 million
Total Current Liabilities	85.0	68.4	+24.3%	Increment was related mainly due to S\$17.1 million increase in trade facilities used to finance on-going projects & +S\$1.6 million in term loans etc.
Total Liabilities	89.9	70.6	+27.3%	
Total Equity	73.2	73.9	-1.0%	
Net assets	73.2	73.9	-1.0%	
Net assets attributable to owners	85.8	85.7	+0.1%	
NAV per share (S\$ Cents)	60.96	60.89	+0.1%	Based on 140.8 million shares in issue as at 30 Sep 2017 vs 140.8 million shares in issue as at 31 Dec 2016

Outlook, Growth Strategies & Drivers



Key Partnerships in 2017



10 November 2017:

Federal strikes strategic partnership with Bursa Malaysia-listed Destini to co-bid for oil & gas projects in the region

20 October 2017:

Federal secured a procurement contract with PT OGSPRO Indonesia for a pipe-laying project for ENI Muara Bakau Lean Gas Pipeline Project in Kalimantan , Indonesia

17 May 2017:

Federal to cooperate with China Offshore Oil Engineering Co. and PT Timas Suplindo on the construction of a West Java LNG terminal in Indonesia

20 April 2017:

Federal to join hands with China Merchant Group's subsidiary, China Merchants Industry Holdings Co. Ltd, to exclusively work on certain identified oil and gas projects in Indonesia

Investment Merits



- 1 Attractive valuation (Historical PE 9.2x, PB 0.7x and dividend yield 3.5%)¹
- 2 Earnings visibility with committed order book of S\$21.1 million
- 3 Healthy balance sheet with cash and cash equivalents of S\$6.5 million
- 4 Master procurement agreement & partnership with PTG to provide procurement
- 5 Established track record with major oil companies
- 6 Strong partnerships with contractors, suppliers and principals
- 7 Exposure to growing Southeast Asia O&G markets
- 8 Prudent and forward looking management team

Notes: ¹ Based on share price of S\$0.44 (14 Nov 2017).

Thank you

Federal International (2000) Ltd

Tickers :

BDU.SI (SGX);

FEDI.SP (Bloomberg);

FEDL.SI (Reuters)

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