HEATEC JIETONG HOLDINGS LTD.

Heat Transfer & Piping System Specialist

CORPORATE PRESENTATION

APRIL 2017





Important Notice

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A Heat Exchanger & Piping Specialist

- Established in 1990, Heatec Jietong provides a full range of products and services in the specialised areas of heat exchangers and piping to our customers, particularly those in the **offshore & marine and oil & gas industries**.

- The Group operates through **three main business divisions**:

  ☑ **Piping**

  ☑ **Heat exchanger**

  ☑ **Chemical cleaning**

- Currently, the Group has a workforce of about 600, mostly located at worksites.

- Listed on the Catalist Board of the Singapore Exchange under the stock code of **5OR**, since July 2009.

Our Facilities

- We have **two facilities located in Singapore**, and the Group will continue to improve our operational efficiencies to achieve greater effectiveness.

☑ waterfront yard with office building, and sheltered workshop and outdoor fabrication areas, to provide a full range of piping and heat exchanger solutions and services **round-the-clock for our customers**.



Sheltered Workshop



Outdoor Fabrication Area



Seafront Project Execution

☑ 70%-owned subsidiaries, Chem-Grow Pte Ltd, Chem Grow Engineering Pte Ltd and Chem Grow Services Pte Ltd (collectively known as "**Chem-Grow**") occupies approx. 26,682 sqft of land with office building, warehousing and waste treatment facilities.

Core Business: Piping

- We offer a variety of piping services including **fabrication and installation** of all types of piping and pipeline structure, **restoration and installation** of all types of pipes and systems, as well as **process piping** for floating, production, storage and offloading ("FPSO") conversions, liquefied gas carrier vessels, and production platforms.



- Our piping services are expanded to include **turnkey project management**:
  - ✓ Procurement
  - ✓ Construction
  - ✓ Fabrication
  - ✓ Commissioning
  - ✓ Overall project management



Piping: Our Track Record

- The Group also **provides piping services to offshore structures** such as FPSOs and oil rigs, **restoration of ship piping systems**, routing docking **maintenance of ships**, and other types of **ship conversions and ship lengthening**.

- Our past projects include:
  - 2012 : FPSO Cidade de Paraty
  - 2012 : FPSO Cidade de Anchieta
  - 2013 : FPSO Shell Stones & Turret
  - 2013 : MT Scorpious (FPSO Bukit Tua)
  - 2013 : FPSO Ikdam
  - 2014 : Albany (FPSO C7)
  - 2014 : Golar Hilli FLNG
  - 2015 : FPSO C D Caraguatatuba (MV27)

Core Business: Heat Exchanger

- We design, sell and fabricate heat exchangers, as well as provide a full range of heat exchanger services round-the-clock in the **offshore & marine and oil & gas, as well as shipping industries**.

- Heatec Jietong is a **member of the Heat Transfer Research Inc.**, and has the **capabilities to design and manufacture** Shell and Tube Heat Exchangers and Charged Air Coolers to **meet the stringent requirements** of any certification parties, and is in compliance with ASME Section VIII Div 1 and API 661, 660.

☑ **ASME-U & ASME-U2 Stamps, and National Board "R" Stamp certified fabricator**



Heat Exchanger: Plate Heat Exchanger

- Our services include:
  - cleaning & high pressure plate washing
  - UV crack detection
  - re-gasketing
  - oven-curing
  - supply of gaskets and spares
  - assembly and testing
  - onsite works - e.g installation/ removal/ engineering consultancy/ troubleshooting

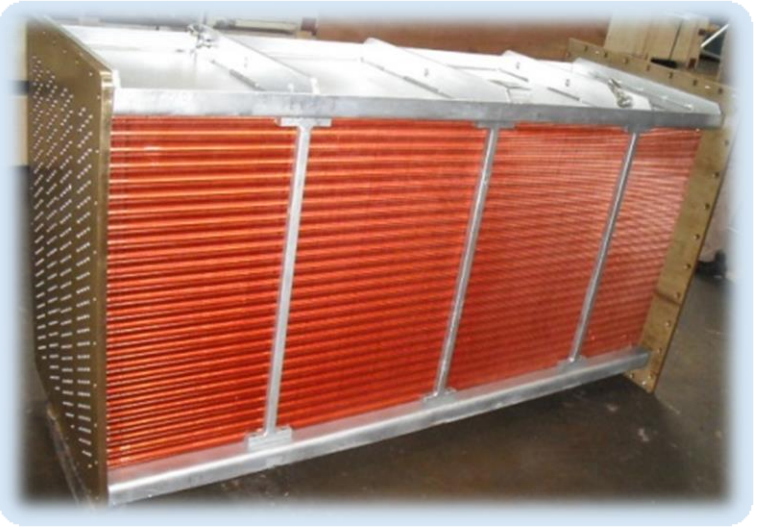




Heat Exchanger: Charged Air Cooler

- Our services include:
  - fabricate as per client's design and requirements
  - ultrasonic cleaning, chemical cleaning
  - vacuum check
  - re-engineering
  - onsite works - e.g installation/ removal/ engineering consultancy/ troubleshooting





Heat Exchanger: Shell & Tube Heat Exchanger

- Our services include:
  - design and fabricate as per ASME, API 660 and TEMA standards
  - chemical cleaning
  - partial / complete re-tubing
  - modification / re-engineering
  - onsite works - e.g installation/ removal/ engineering consultancy/ troubleshooting
  - ‘U’ and ‘U2’ Stamp and ‘R’ Stamp certified
  - classification such as LR, DNV, PED, ABS etc





Heat Exchanger: Air Cooled Heat Exchanger

- Our services include:
  - ❖ design and fabricate as per ASME, Section VIII DIV 1, and API 661
  - ❖ finned tubes configuration like ‘KL’, ‘L’ and extruded fin
  - ❖ force draft, induced draft, engine drive, motor driven
  - ❖ ‘U’ and ‘U2’ Stamp and ‘R’ Stamp certified
  - ❖ classification such as LR, DNV, PED, ABS etc





Heat Exchanger: Pressure Vessel

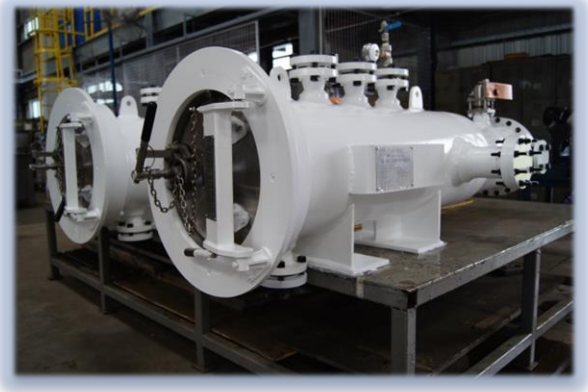
- Our services include:
  - design and fabricate as per ASME section VIII DIV 1
  - repair and modification
  - ‘U’ and ‘U2’ Stamp and ‘R’ Stamp certified
  - classification such as LR, DNV, PED, ABS etc



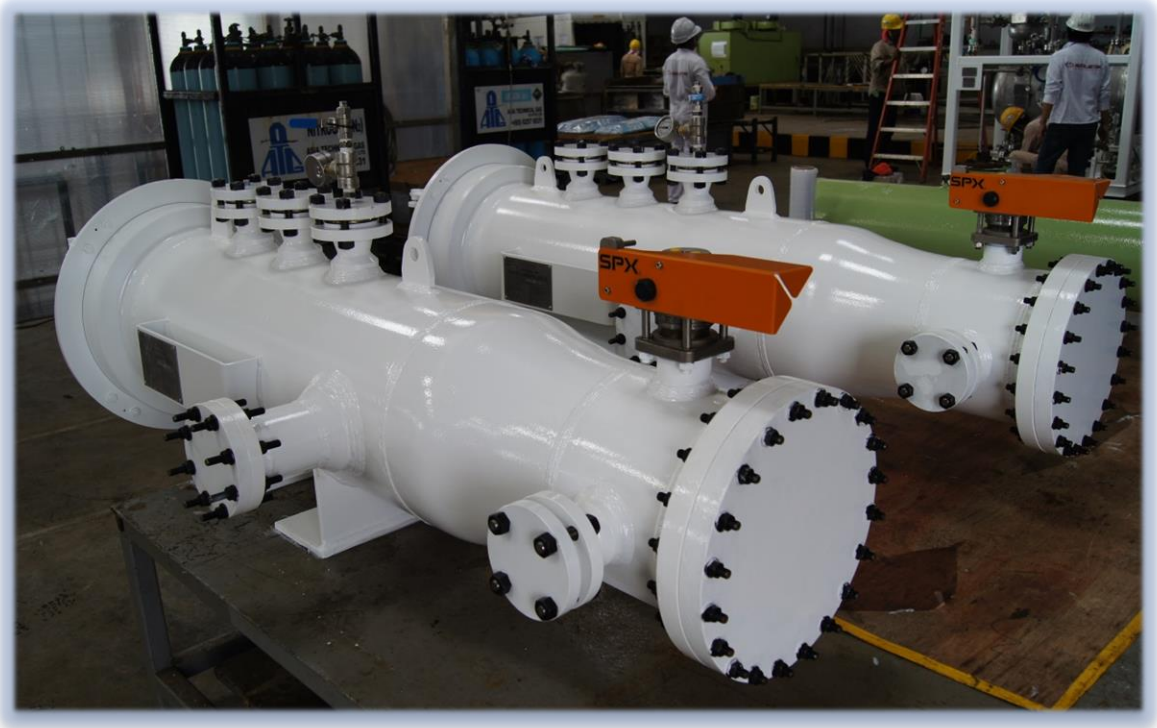


Heat Exchanger: Pig Launcher and Receiver

- The Group also **designs and fabricates** Pig Launchers and Receivers for **inspection and maintenance operations** of oil and gas pipelines.







Heat Exchanger: Process Skid Package

- Our services include:
  - ❖ fabrication of process skids based on clients' design
  - ❖ complete fabrication including skid structure, piping, equipment installation, electrical and instrumentation works
  - ❖ repair and modification



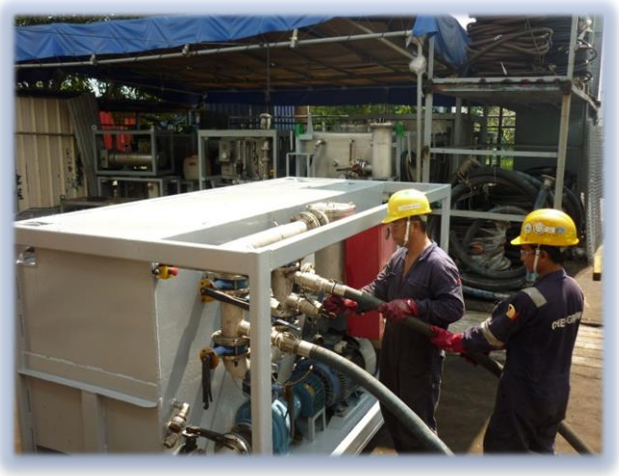


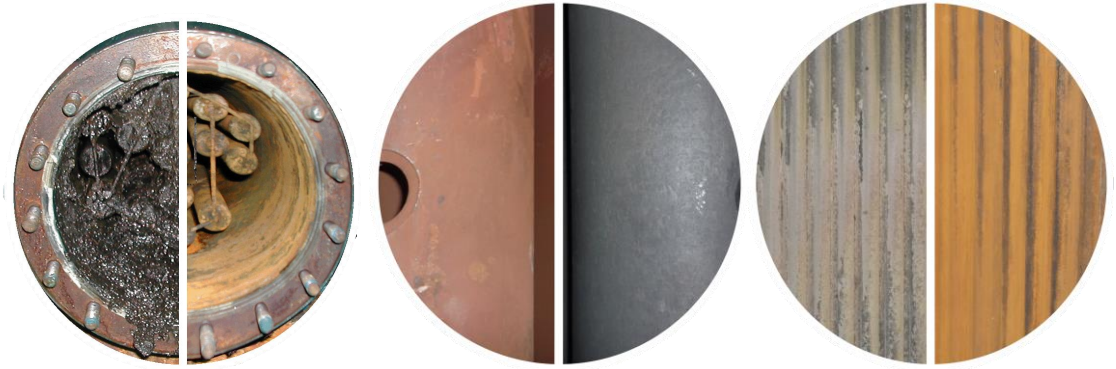


Core Business: Chemical Cleaning

- We operate through well-established **Chem-Grow** to provide chemical cleaning, amongst others, for boilers, coolers, heat exchangers, pipelines, engine parts and pressure vessels in the offshore & marine, oil & gas, and chemical industries.

- Our services include:
  - ultrasonic/chemical cleaning
  - stainless steel passivation
  - tank cleaning
  - hydro-jetting/ lancing up to 15,000 PSI
  - hot oil flushing up to NAS / ISO standard for pipelines
  - pigging for pipelines or hoses





Business Model: Integrated Expertise

- Heatec Jietong offers a **comprehensive and customised range** of products and services for our customers in the offshore & marine and oil & gas, as well as chemical industries.



Piping



Heat Exchanger



Chemical Cleaning

☑ The Group will continue to **broaden and deepen** our operational functions across these **three main core capabilities**, to increase our earnings base by:

i. prudent overseas expansion with our joint venture partners

ii. improving our competitiveness and operational efficiencies with higher automation

iii. cross-selling of products and services to our customers

Achievements

- ☑ **ISO 9001:2008 by Det Norske Veritas**
- ☑ **OHSAS 18001 by Det Norske Veritas**
- ☑ **bizSAFE level *STAR* status by Workplace Safety and Health Council**
- ☑ **ASME U-Stamp and U2-Stamp**
- ☑ **National Board – R by National Board**
- ☑ **DNV Approved Manufacturer**











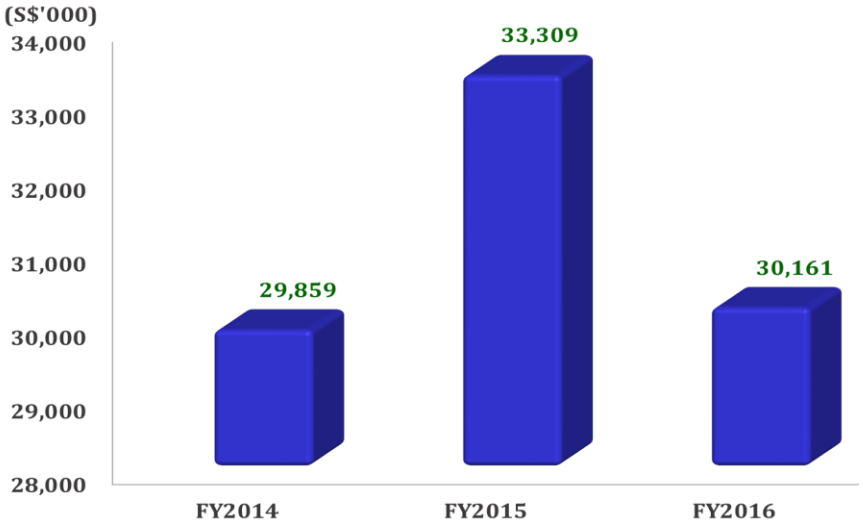
Established Customer Network

- We are **committed to deliver quality and excellence in our products and services** to our customers.

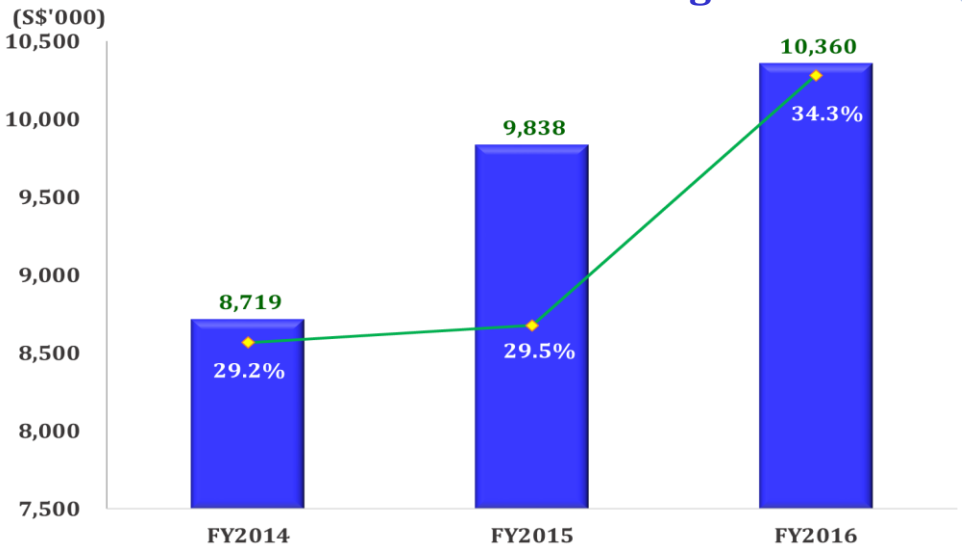
- National Oilwell Varco
- Modec
- Global Process System
- Process Group
- Single Buoy Mooring
- Bumi Armada
- Emerson Process Management
- DPS Bristol
- BW Offshore
- Mayekawa
- Tecnicas Reunidas
- Emas Production
- Keppel Group
- Reederei NSB
- NYK Shipmanagement
- Bernhard Schulte
- Sembawang Shipyard
- Van-Oord
- Jurong Shipyard
- Drydocks World
- ST Marine Shipyard
- Chevron Shipping Company
- APL Co Pte Ltd
- Boskalis
- Shell International
- V Ships

Financial Performance

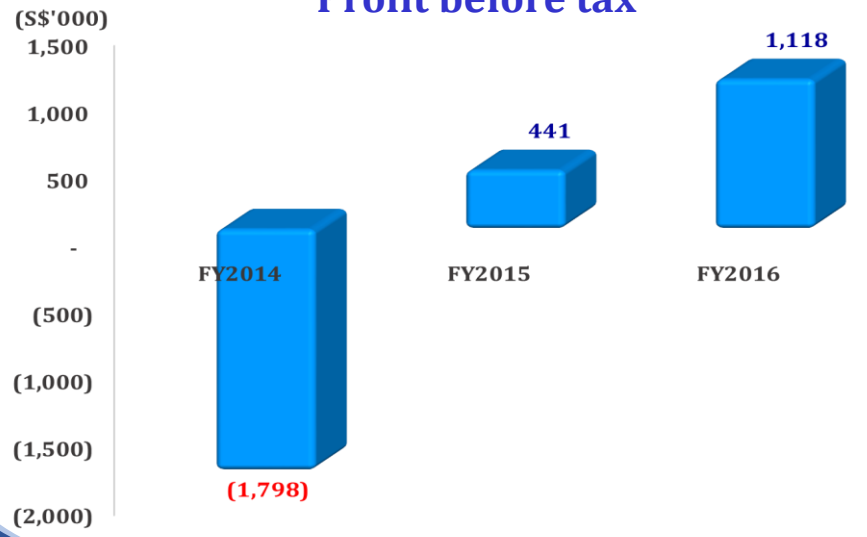
Revenue



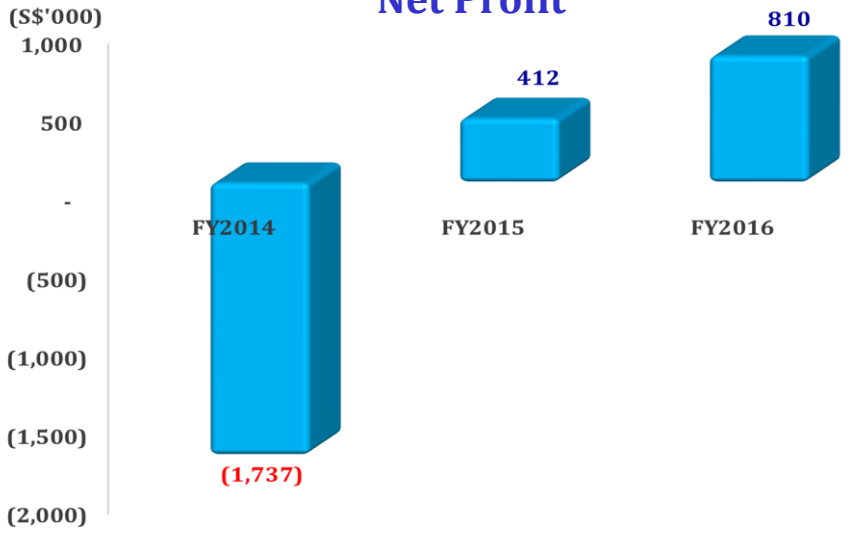
Gross Profit & Gross Margin



Profit before tax



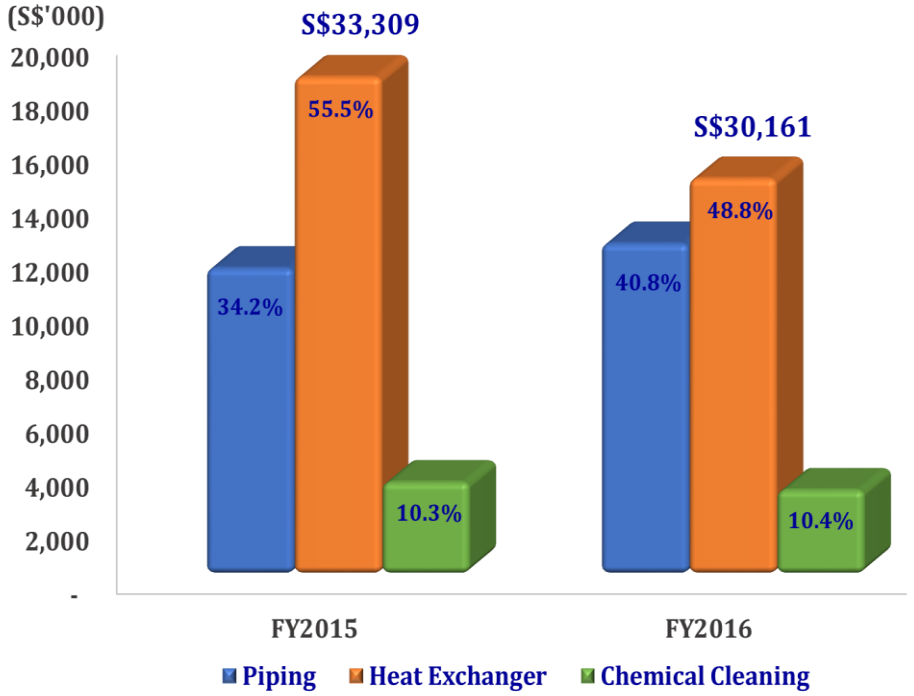
Net Profit



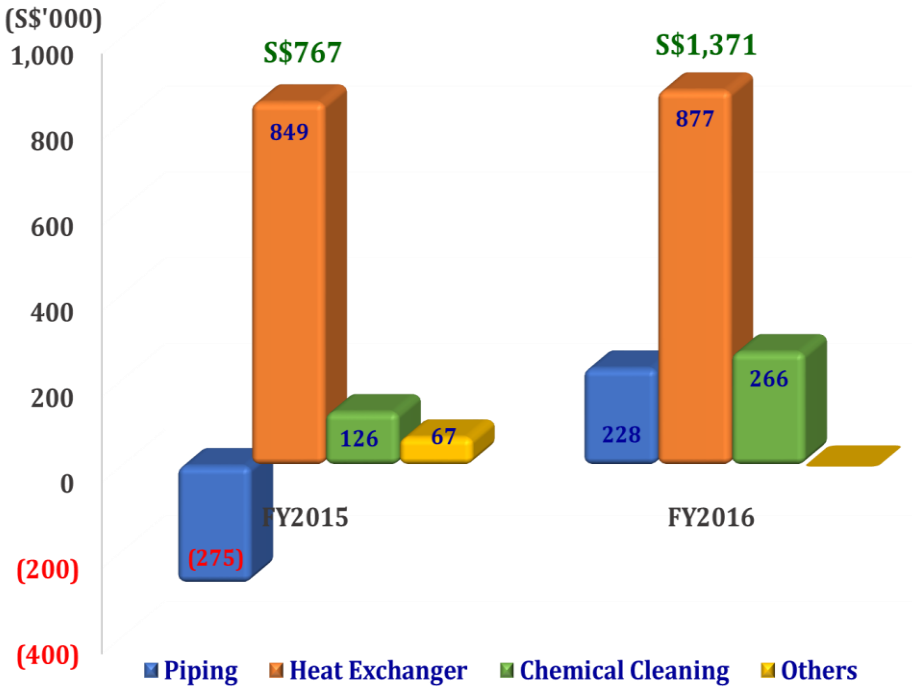
Business Segmental Review

- **Revenue declined by 9.5%** from S$33.3 million in **FY2015 to S$30.2 million in FY2016**
  - heat exchanger segment saw a 20.4% decline to S$14.7 million
  - chemical cleaning segment decreased by 8.5% to S$3.1 million
  - piping segment recorded an 8.0% increase to S$12.3 million

Revenue by Business Segments



Net Profit by Business Segments[1]



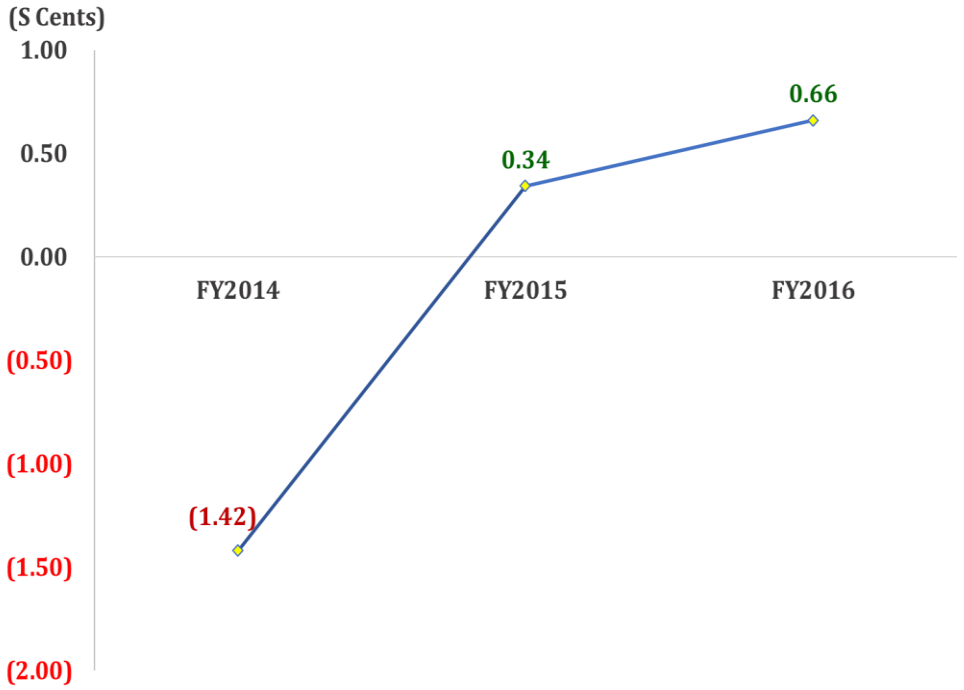
Note:

(1) Net Profit by Business Segments does not include the Group's corporate operating expenses as these were not directly attributable to each of the business segments.

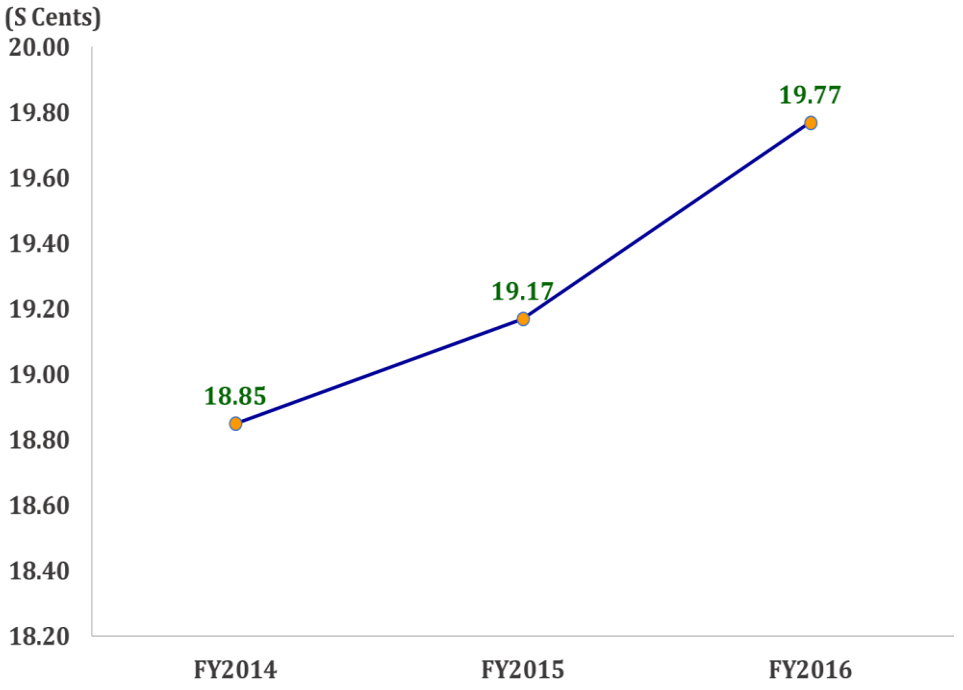
Financial Highlights

- We have persevered in our efforts to **strengthen our fundamentals** through **rationalising our operating expenses and optimising our operational functions across our three core businesses.**

(Loss)/Earnings Per Share



Net Asset Value Per Share



Note:

(1) For illustrative purposes, Earnings per share ("EPS") and Net Asset Value ("NAV") per share were computed based on the share capital of 122,959,345 ordinary shares for all financial year ending 31 December.

Business Strategy & Future Plans

☑ **Continue to strengthen our spoke-hub model with prudent expansion in the Southeast Asia region**

- continuous **improvement to our operational functions** to drive efficiencies and benefit from economies of scale
  - **overseas expansions** could potentially **increase earnings base** as well as overcome the challenging manpower shortage in Singapore

☑ **Heatec Jietong is poised to benefit from the anticipated recovery of the offshore & marine industry**

- **stabilisation of oil prices** could potentially lead **to increase in demand for oil & gas vessels and production units** with a mix of new and conversions
  - one of the biggest piping contractors and resident contractors to support the bigger shipyards in Singapore with services across our three core business segments
- **ship repair activities to increase with** the International Maritime Organisation ("**IMO**") **regulation coming into effect in September 2017**
  - more heat exchangers repair and maintenance work opportunities for vessels in the region

Investment Merits



1. Established **hubs with integrated capabilities in design, fabrication and engineering** for piping and heat exchanger segments in both Singapore and Shanghai, supported by **servicing centres** in Singapore, Shanghai, Zhoushan, Guangzhou and the Philippines.

2. **Ability and flexibility to customise products and services** to **respond to** evolving requirements of **customers round-the-clock**

3. **Own "Heatec" brand** of heat exchanger products

4. Proposed **dividend of 0.2 Singapore cent** for FY2016

5. **Knowledgeable and experienced management team**

HEATEC JIETONG HOLDINGS LTD.

Heat Transfer & Piping System Specialist

THANK YOU!

Visit us at **www.heatecholdings.com**