



FEDERAL INTERNATIONAL (2000) LIMITED

*A leading integrated service provider
and procurement specialist*

**Corporate Presentation
28th June 2016 • 1000 hours
Financial PR Conference Room, Singapore**



1200HP US-made Rig



Federal II (FSO)



EPCIC Capabilities



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About Federal

- More than 40 years history and listed on mainboard in 2000
- Leading Engineering, Procurement, Construction, Installation & Commissioning (EPCIC) Specialist¹
- Strong local knowledge and network with customers and suppliers
- Customers include major oil companies – Petrochina, CNOOC, BP, Chevron, Petronas, Pertamina, PTTEP, Total
- Own brand of flowline control products (KVC UK) & agency for leading manufacturers
- Outstanding order book of > US\$ 150 millions^{1,2}
(Procurement: S\$ 90m; EPCIC: US\$ 140m¹)

Notes: ¹ Include services provided by associate (PT Gunanusa Utama Fabricators) ² As at 28 Jun 2016



Experienced Management



Koh Kian Kiong
Executive Chairman & CEO

- > 45 years experience
- Oversees corporate strategy and expansion plans



Maggie Koh
Executive Director

- > 20 years experience
- Oversees procurement business

Independent Directors

- **Heng Lee Seng** (Since 2000)
 - Lead independent director
 - Chairman of Audit Committee
- **Leon Yee** (Since 2010)
- **Andrew Khoo** (Since 2012)

Key Management

- **Loh Chee Meng**
Group CFO & Company Secretary
 - CA & CIA with > 20 years experience
 - B. Accountancy (Hons), Master in Business Research
- **Don Koh**
MD, Alton International (S) Pte Ltd
 - Oversees Alton Group
 - > 20 years experience
 - Bachelor in Business Administration
- **George Deng**
CEO, Federal Environmental Engineering
 - Oversees China businesses
 - > 30 years experience
 - Master in Mechanical Engineering (Shanghai Jiao Tong University)
- **Richard Docherty**
MD, KVC (UK) Ltd
 - Oversees design & manufacturing facility in UK
 - > 40 years experience



Key Businesses & Strengths



Procurement (Trading)

- Supply of O&G equipment & materials
- Agency for leading brands and products
- Support from major suppliers, such as CNOOC EnerTech-Pipe
- Revenue/Year¹ S\$130m (US\$95m)
- Order book² S\$90m

EPCIC⁴

- Engineering, Procurement, Construction, Installation & Commissioning
- Revenue/Year¹ US\$100m
- Order book² US\$140m

Marine

- Design, Build, Refurbishment & Conversion of vessels for O&G industry
- Federal II (FSO)
- Charter to CNOOC till Sep 2023³
- Annual charter revenue US\$13m

Resources (Land Rig)

- Rig charter & drilling
- Geothermal energy projects in Indonesia
- Expected order book > US\$1m

Notes: ¹ Average annual revenue from 2011 to 2015 ² Order Book as at 28 Jun 2016 ³ Include option period ⁴ Under Associate (PT Gunanusa)



Organisation Structure

Federal International (2000) Ltd						
	Procurement	EPCIC	Marine	Resources (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 Engineering				58.5% Federal Water (Chengdu) Co.	
	65% Federal International Shanghai				65% Federal Environmental Engineering (Suzhou)	
Indonesia	100% PT Fedsin	20.7% 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						KYC UK



Procurement

> 16 Leading Products & Agencies: Flowline Systems & Accessories



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



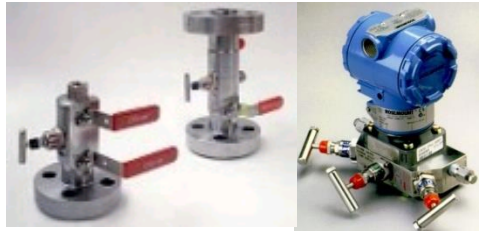
Trunnion Mounted & Floating Ball Valves to API 6A/6D , Gate / Globe / Check / Dual Plate Check Valve & Butterfly Valve (UK)



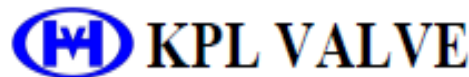
Strainers (UK)



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



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



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



Bronze & Brass Valves (USA)



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



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



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



High Performance Pump and Services (Korea)



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



Ball Valves API6A/6D , Gate, Globe & Check Valve (API 600) Actuator, Technoforge Flange & Fittings (Italy)



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



Procurement

Close collaboration with key suppliers



30 May 2016

Federal Hardware Engineering Co Pte Ltd
No 47 / 49 Genting Road
Singapore 349489

Attention : Mr K K Koh

Dear Sir

LETTER OF SUPPORT FOR FEDERAL HARDWARE ENGINEERING CO PTE LTD
AS THE EXCLUSIVE AGENT FOR ZAWTIKA PROJECT PHASE 1C WELLHEAD PLATFORM
WP8 & WP9 AND OPTIONAL WP10 & WP11
PROJECT REF: PTTEPL.PMO-P/CFT/15/0038 – EPCI OF WELLHEAD PLATFORMS, ASSOCIATED
PIPELINES AND TIE-INS FOR ZAWTIKA DEVELOPMENT PROJECT PHASE 1C

We, CNOOC Energy Technology & Services - Pipe Engineering Co (CPEC) hereby confirmed the appointment of Federal Hardware Engineering Co Pte Ltd as our Exclusive Agent for the above mentioned project.

We will also provide full technical support and back up services in fulfilling its customers' requirements in the above mentioned project in due course.

If you need further clarifications, please do not hesitate to contact the undersigned.

Thank you.

Yours faithfully



**Exclusive support letter from
CNOOC EnerTech-Pipe for
US\$ 155.1 million
EPCIC project**



EPCIC

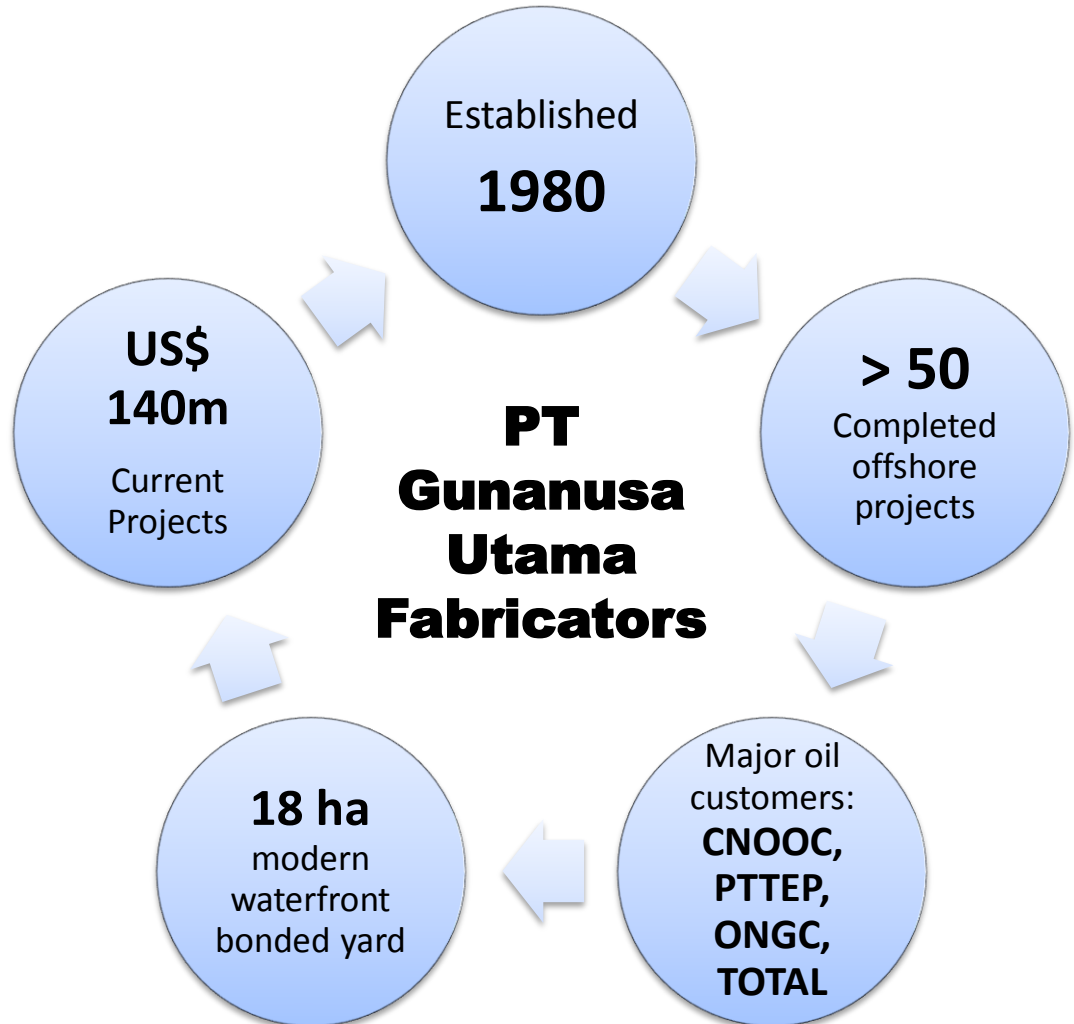
**Established EPCIC specialist
with more than 50 completed projects**



Daman Development Project (ONGC), India. Completed 1Q2016



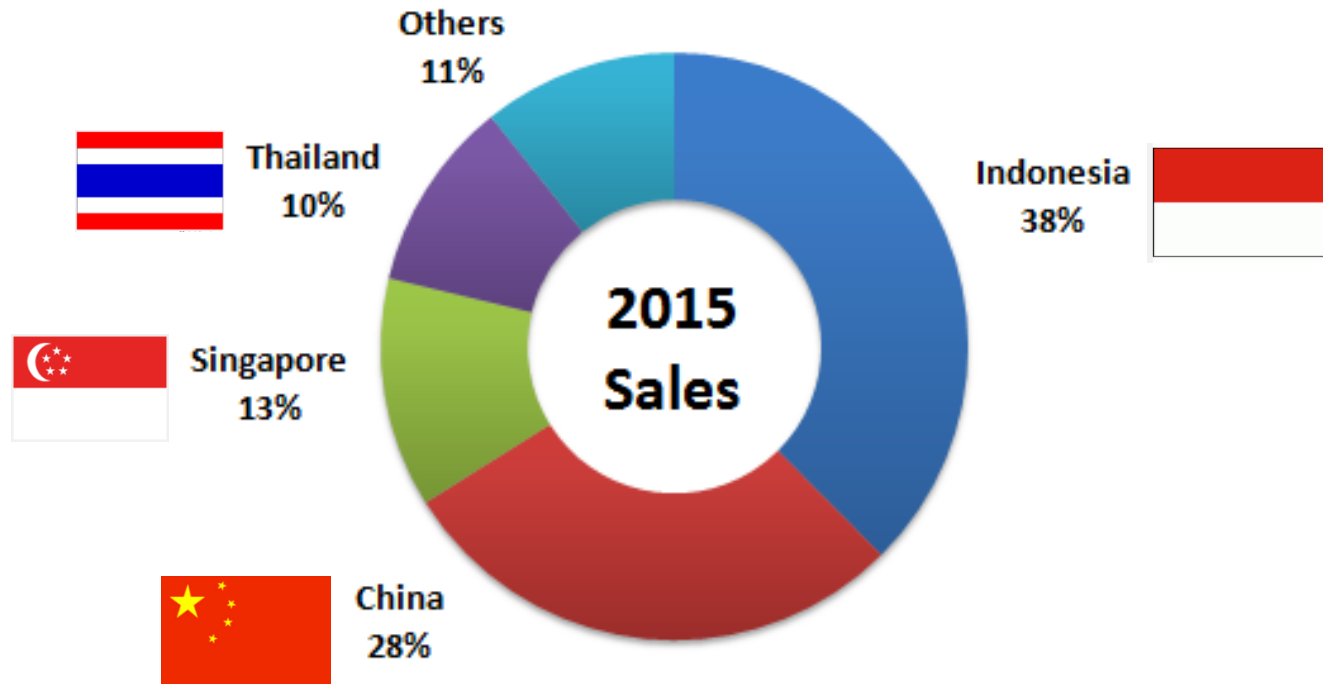
Seism Impact Project (TOTAL), Myanmar. Completed 2Q 2015





Key Markets

Established presence in fast growing
O&G markets in the People's Republic of China
& Southeast Asia

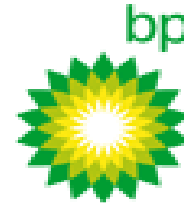




Key Customers



Vietsopetro





Key Operating Assets



18 ha (270 mu) Bonded Fabrication Yard¹

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



Federal 2

- 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)

- Demand for geothermal power projects in Indonesia
- Potential orders of > US\$ 1 million under negotiation

Notes: ¹ Under PT Gunanusa ² Include option period



Key Financials

Share Data

- EPS: 14.61 cts² (Historical PE: 2.1x^{2,3})
- NTA per share: 57.30 cts¹ (P/B: 0.54³)
- Dividend: 1.5 cts² (Yield: 4.8%³)
- Market cap: S\$44m³
- Free Float: 67%⁴ (140.8 m shares)

Balance Sheet¹

- Total Assets: S\$129m
- Net assets: S\$69m
- Debt ratio: 0.5
- Current ratio: 1.2
- Accruals for vessel costs: USD8.8m

Earnings²

- Revenue: S\$129m
- GP: S\$41m (Margin: 32%)
- Net Profit: S\$21m

Order Book⁵

- Procurement: S\$90m
- EPCIC: US\$140m⁶

Notes: ¹ As at 31 Mar 2016 ² FY2015 ³ Based on share price of S\$0.310 ⁴ As at 18 Mar 16 ⁵ As at 28 Jun16 ⁶ PT Gunanusa (Associate company)



1Q2016 Vs 1Q2015

In S\$m	1Q2016	1Q2015	Change	Explanations
Revenue	23.1	57.5	-59.8%	Decrease due mainly to completion of projects in 1Q2015 and the project based nature of the procurement business.
Gross profit	5.8	22.9	-74.5%	Lower GP due to lower revenue and change in sales mix.
GP margin	25.3%	39.8%		
Other income	1.2	1.1	+11.8%	1Q16: Interest income & write off of proceeds received for disposal of an associate. 1Q15: FX gain \$0.8m.
S&D costs	(2.5)	(2.3)	+7.3%	Increase due higher marketing costs.
A&G costs	(2.7)	(3.1)	-11.4%	Decrease due to reduction in accruals for staff costs.
Other costs	(0.6)	-	NM	Mainly due to FX loss of \$0.6m
Finance costs	(0.1)	(0.3)	-71.1%	Decrease due reduction in indebtedness.
Share of associates' results	0.8	-	NM	Share of Federal 2 results of S\$0.4m (30%) and from JV in Japan of S\$0.4m (50%).
Profit before tax	1.9	18.2	-89.3%	
Profit after tax	1.7	16.0	-89.4%	
EPS (S\$ Cents)	0.94	11.36	-91.7%	



2015 Vs 2014

In S\$m	2015	2014	Change	Explanations
Revenue	128.7	131.6	-2.2%	Decrease due mainly to lower revenue from China which was partly offset by higher sales to Indonesia.
Gross profit	41.4	25.8	+60.2%	Higher GP and margin due to better margins on certain projects.
GP margin	32.1%	19.6%		
Other income	2.5	6.4	-60.9%	2015: FX gain (\$1.1m) and interest from related party (\$0.5m); 2014: Gain on disposal of shares in FEE Water (\$3.6m) and FX gain (\$1.6m),
S&D costs	(9.0)	(5.7)	+57.9%	Lower costs for 2014 due to reversal of accrued costs of \$3.7m.
A&G costs	(11.4)	(11.3)	+0.9%	
Other costs	0.5	(27.2)	NM	Other costs for 2014 related mainly to costs incurred on vessel conversion.
Finance costs	(0.8)	(2.2)	-63.6%	Decrease due mainly to reduction on borrowings after completion of vessel conversion.
Share of associates' results	(0.1)	(9.9)	NM	2015 share of results included share of Federal 2 results (Charter commenced on 10 Jun 15).
Profit before tax	23.0	(24.1)	NM	Higher PBT and PAT due to higher GP margins.
Profit after tax	21.2	(26.3)	NM	
EPS (S\$ Cents)	14.61	(19.49)		



Growth Strategies & Drivers

- Land Rig**
- Potential charters of more than US\$ 1 m

- Federal 2**
- Locked in charter till Sep 2023² at attractive charter rate

- Procurement**
- Established brands
 - Approved vendors with major oil companies
 - Partnership with established EPCIC contractors, suppliers and principals
 - Order book of > US\$60m (S\$90m)
 - Healthy deals and projects flow in SEA markets

- EPCIC¹**
- Established track record
 - Strong EPCIC capabilities & modern facilities
 - Customers include major oil companies such as TOTAL, Chevron, ONGC, PTTEP
 - Order book of US\$140m¹

- Enhanced Oil Recovery (EOR)
Electric Submersible Pumps (ESP)**
- Proven technology
 - Enhance output of marginal oil and gas wells
 - Huge potential for Indonesia (more than 100,000 potential wells) and SEA markets
 - Scalable business model
 - Trial on-going in Indonesia

Notes: ¹ Under PT Gunanusa (Associate company) ² Include 5-year option period from Sep 2018



Investment Merits

- Attractive valuation and dividend yield
- Earnings visibility with total order book
> US\$ 150m¹ (Procurement: S\$90m; EPCIC: USD140m¹)
- Healthy balance sheet and low gearing
- Established track record with major oil companies
- Strong partnerships with EPCIC contractors, suppliers and principals
- Exposure to growing Southeast Asia O&G markets
 - Healthy deal flows despite volatile oil prices
- Huge growth potential from EOR & ESP business



Thank you

Federal International (2000) Ltd

Ticker : BDU.SI (SGX); FEDI.SP (Bloomberg); FEDL.SI (Reuters)

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