

## NEWS RELEASE

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### **KS ENERGY POSTS \$46.4 MILLION NET PROFIT AFTER TAX FOR FY2014**

- **Revenue rose 40.5% from \$161.8 million to \$227.3 million**
- **Net profit after tax rose from \$0.5 million to \$46.4 million**
- **Cash and cash equivalents rose from \$43.2 million to \$78.2 million**
- **Net gearing is 0.75 times**

**SINGAPORE, 27 February 2015** - Main board listed KS Energy Limited ("KS Energy"), together with its subsidiaries and associated companies (the "Group"), today announced a net profit after tax of \$46.4 million on the back of \$227.3 million consolidated revenue for the financial year ended 31 December 2014 ("FY2014").

The result attributable to the owners of KS Energy improved from a profit of \$23,000 for the year ended 31 December 2013 ("FY2013") to a profit of \$30.1 million for FY2014.

Driven by a stronger contribution from its Drilling business, the Group turned in a 40.5% increase in consolidated revenue, which rose from \$161.8 million for FY2013 to \$227.3 million for FY2014.

Accounting for about 92.2% of the Group's revenue, the Drilling business generated revenues of \$209.5 million for FY2014 compared to \$144.0 million for FY2013. The balance 7.8% was revenue from the Group's engineering and other businesses.

The stronger performance this year was attributable to higher margins and gains on the disposal of plant and equipment amounting to \$54.1 million. The higher margins were driven by the commencement of charter contracts in Indonesia and Vietnam during the year which helped the gross profit after direct depreciation margin improve from 21.3% for FY2013 to 28.6% for FY2014.

Operating expenses were higher this year due to higher manpower costs incurred by the growing Drilling business, together with higher impairment charges and higher depreciation charges attributable to recent capital expenditure on property, plant and equipment.

Over FY2014, the Group's balance sheet showed a 30.6% or \$38.2 million increase in total current assets mainly due to a \$16.6 million increase in trade receivables and a \$35.0 million increase in cash and cash equivalents. Total non-current assets rose 34.2% from \$565.5 million to \$758.9 million due to the acquisition of plant and equipment during FY2014. The carrying value of rigs rose from \$390.2 million to \$568.2 million.

During FY2014, total liabilities increased \$171.9 million. This was mainly due to a \$170.9 million increase in borrowings to fund capital expenditures. Current liabilities also reported an increase of \$42.7 million partially due to the reclassification of outstanding convertible bonds from non-current to current liabilities. The Group's net gearing (defined as net borrowings to equity) stood at 0.75 as at 31 December 2014 (31 December 2013: 0.52).

Operating activities generated net cash inflows of \$53.9 million for FY2014 compared to \$41.4 million for FY2013. The net cash used in investing activities was \$160.8 million for FY2014 and was mainly utilised for the acquisition of plant and equipment. Net cash inflows from financing activities totalled \$142.2 million due to new banking facilities obtained during the year.

As at 31 December 2014, cash and cash equivalents were \$78.2 million (31 December 2013: \$43.2 million) of which \$66.2 million were unpledged (31 December 2013: \$29.5 million).

"I am pleased that we have attained what we set out to achieve in our strategy for the company this year, with good results, and I thank our stakeholders for their continued support and patience" said Mr. Kris Wiluan, Chairman and CEO of KS Energy.

Commenting on the outlook for the Group's business, Mr. Wiluan said: "The lower oil prices have affected the oil and gas industry. As a result, we will face challenges this coming year but I am confident that the longer term fundamentals of our industry remain sound."

## **ABOUT KS ENERGY LIMITED**

### ***A Globally Accredited and Integrated Energy Services Provider***

KS Energy Limited ("KS Energy") is one of the leading integrated oilfield supply and services providers to the global oil & gas, marine and petrochemical industries. The shares of KS Energy are traded on the Main Board of the Singapore Exchange Securities Trading Limited.

The core activities of KS Energy are in the capital equipment charter and provision of drilling and rig management services, and distribution of parts and components.

Through its subsidiary KS Drilling Pte Ltd, an internationally accredited drilling and rig-management company, KS Energy is now a proven operator providing capital equipment, rig management and drilling

services directly to major oil companies for their onshore and offshore exploration and production needs.

Its distribution joint venture - KS Distribution Pte Ltd represents more than 300 globally-accredited brands and distributes more than 60,000 product line items.

KS Energy's geographic reach spans South East Asia, China, the Middle East, Africa, the North Sea, the European Union and the USA. The KS Energy Group has a workforce of more than 1,200 employees across the world.

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*For enquiry please contact:*

*Tan Peck Hwa*

*Tel: + 65 9635 4996*

*Email: [tphcomms@singnet.com.sg](mailto:tphcomms@singnet.com.sg)*