



Swiber Holdings Limited: 1Q FY09 Results Briefing

15 May 2009

1Q FY09 Financial Highlights

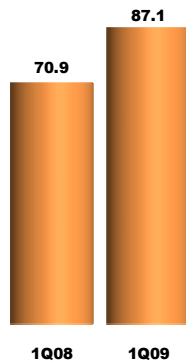
## Summary of 1QFY09

Revenue	US\$87.1m	↑ 22.9 % from US\$70.9 million in 1Q08
Gross Profit	US\$17.6m	↓ From US\$18.3 m in 1Q08
Net profit	US\$11.9m	↑ 15.3 % from US\$10.4 million in 1Q08
Gross profit margins	20.2%	↓ 5.7 percentage points from 25.9% in 1Q08
Net Debt to Equity	0.94x	↓ From 1.01x @ FY08 with delivery of S&L vessels



## Revenue

Revenue (US\$m)



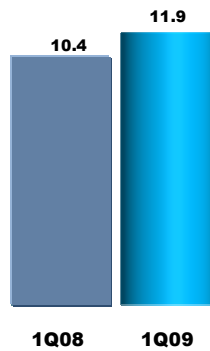
Revenue ↑ 22.9% from US\$70.9 million

- ▶ Increased activities in EPCIC projects which comprises mainly of transportation and installation of offshore pipelines and platforms in Malaysia, Brunei, Indonesia and India



## Net profit

### Net Profit (US\$m)

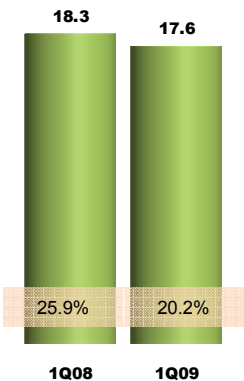


### Net profit ↑ 15.3% from US\$10.4 million

- ▶ Higher operating income and contributions in profit sharing from associates and joint ventures
  - Gain on disposal of vessel of US\$3.6 million
  - Contributions from Swiwar Offshore and Principia Asia Pacific Engineering
- ▶ Offset marginally by:-
  - Other operating expenses ↑ 53.2% to US\$1.2 million mainly due to foreign exchange translation losses relating to Malaysia and Indonesia subsidiaries.
  - Finance costs ↑ 47.7% to US\$3.4 million due to an increase in bank loans and issuance of bonds.

## Gross profit and margins

### Gross Profit (US\$m) & Gross Profit Margin (%)



### 4.2% ↓ in gross profit

- ▶ Roll-over effect of the delayed deliveries of dive-support work barge and pipelay barge.

## Balance sheet

US\$m	31 Mar 2009	31 Mar 2008	Change (%)	31 Dec 2008
Cash & bank balances	35.8	75.2	(52.4)	74.7
Trade receivables	82.4	146.5	(43.8)	62.0
Current assets	328.1	282.2	16.3	392.8
Non-current assets	354.6	229.7	54.4	312.8
Current liabilities	266.3	143.9	85.1	287.1
Non-current liabilities	206.8	177.1	16.8	211.4
Total equity	209.6	191.0	9.7	207.1

- ▶ **Property, Plant and Equipment ↑ to US\$300.9m:** Fleet size ↑ to 36 vessels (1Q09) from 32 (FY08)
- ▶ **Joint venture ↑ to US\$28.5m:** Subscription by ICON Capital Corp. in Victorious LLC
- ▶ **Trade receivables ↑ to US\$82.4m:** Increased activities
- ▶ **↓ in WIPs to US\$108.4m:** Completion of project milestones in Brunei, Malaysia and India
- ▶ **↑ in trade and other payables US\$103.4m and US\$116.2m:** Higher cost of sales and operating expenses
- ▶ **↓ in assets held for sale to US\$36.3m:** Vessels disposals from S&L transactions



## Key financial ratios

Key ratios	31 Mar 2009	31 Dec 2008	Change(%)
Net Debt / Equity (times)	0.94	1.01	(6.9)
NAV per share (US cents)	48.96	48.85	0.2
Return on Equity (%) (Annualised)	22.8	18.9	20.6
Return on Asset (%) (Annualised)	7.0	5.6	25.0
EPS Weighted average (US cts)*	2.36	9.19	nm

\* 1QFY09: 421,355,000 shares vs 1QFY08: 424,350,000 shares

- ▶ **↓ Net debt to equity ratio:** As proceeds from S&L (Swiber Concorde) and asset transfer (Swiber Victorious) are used to repay loans
  - Net Debt/ Equity Ratio to drop further upon delivery of the vessels under S&L transactions

nm : not meaningful



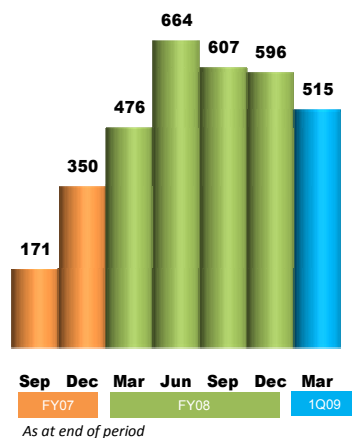
## Cash flow

US\$m	1Q09	1Q08	Change (%)
Operating cashflow before movement in working capital	15.0	13.8	8.7
Net cash from / (used in) operating activities	30.2	(25.4)	NM
Net cash used in investing activities	(16.6)	(95.7)	82.6
Net cash from financing activities	(51.7)	109.0	NM
Cash & cash equivalents at end of period	29.2	71.2	(59.0)

- ▶ **Net cash inflow from operating activities:** Largely due to cashflow from operating activities of US\$15.0m and US\$15.2m increase in working capital in 1Q09
- ▶ **Net cash outflow in investing activities:** Mainly attributable to investment in JV, Victorious LLC
- ▶ **Net cash outflow from financing activities:** Mainly attributable to net bank repayment of US\$51.4m



## Order book (US\$m)



### Order book: Stable momentum

- ▶ Order book of US\$515m as at 31 Mar 2009 compared to US\$476m a year ago
- ▶ In 1Q09, secured approx. US\$70 m worth of contracts for installation of pipelines, subsea tie-ins and heavy lifts in Malaysia, India with completions targeted between 2009 and 2011

### Tender book

- ▶ Estimated total bids submitted / to be submitted as at Mar 2009 is approximately US\$5 billion



## Corporate Highlights

### Vessels deliveries in 1Q09



**Swiber Supporter : Delivered Jan 2009**

- ▶ **Location:** India
- ▶ **Project:** BG



**Swiber Concorde: Delivered Feb 2009**

- ▶ **Location:** Southeast Asia, India, and Middle East
- ▶ **Project:** Projects in SEA



**Swiber Victorious: Delivered Mar 2009**

- ▶ **Location:** Mobilised to South China Sea
- ▶ **Project:** Conoco Phillips
- ▶ **Joint-owner model:** ICON Capital Corp subscribed 51% and proceeds of S\$19.1m used to reduce debt position

## Operational Fleet: 36

### Construction Vessels

1. Swiber Glorious (Accommodation barge)
2. Swiber Conquest\* (Pipelay barge)
3. Da Li Hao (Derrick crane barge)
4. Swiber Jack-up N1 (Jack-up barge)
5. Swiber SLB-1 (Submersible barge)
6. Swiber Supporter (Dive support work barge)
7. Swiber Concorde\* (Pipelay crane barge)
8. Swiber Victorious (Dive support accommodation barge)

### 8 construction vessels



Expanded fleet puts Swiber in a strong position to service outstanding order book and pursue offshore projects

### Offshore Vessels:

- Utility / towing tugs**
1. Swiber Eagle
  2. Swiber Phoenix
  3. Swissco 99

### Cargo / Flat top barge

1. Swiber 123
2. Swiber 251
3. Swiber 252
4. Swiber 253
5. Swiber 254
6. Swiber 255
7. Swiber 282
8. Swiber 283
9. Kreuz 231
10. Kreuz 232
11. Kreuz 283
12. Kreuz 331
13. Kreuz 241

### AHT/AHTS

1. Swiber Captain
2. Swiber Explorer\*
3. Swiber Navigator\*
4. Swiber Valiant\*
5. Swiber Gallant\*
6. Swiber Singapore
7. Swiwar Challenger
8. Swiwar Venturer
9. Swiwar Victor
10. Swiber Trader
11. Swiber Ada\*
12. Swiber Torunn\*

### 28 offshore vessels

\* Vessels that are under sale and leaseback arrangements



## 2009-2010 vessel delivery plan

	FY2009	FY2010
<b>AHTS</b>	Swiber Sanderfjord* Swiber Oslo* Kreuz TBN 1* Swiwar TBN	Kreuz TBN 2* Kreuz TBN 3*
<b>Cargo / flat top barges</b>	Kreuz 281 Kreuz 282 Kreuz 283 Kreuz 284 Kreuz 331 Kreuz 332	
<b>Subsea support vessels</b>	Kreuz DSV 1* Kreuz DSV 2*	
<b>Pipelay barge</b>	Swiber Enterprise (300-men)**	
<b>Derrick pipelay barge</b>	Swiber Chai (300-men)**	
<b>Derrick crane barge</b>		Swiber Magnificent (280-men)
<b>TOTAL</b>	<b>14</b>	<b>3</b>

\* Vessels that are under sale and leaseback arrangements

\*\*Vessels are jointly built with JV partners



## Diving unit receives IMCA certification

### What...

- ▶ IMCA certification is a requisite by major oil companies in order to provide diving services to them
- ▶ Recognises Kreuz Subsea's ability to offer safe and quality operations to the offshore industry;

### Significance to Swiber...

- ▶ Utilises in-house diving support for offshore construction projects
- ▶ Positions Swiber to proactively capture a larger slice of the Asia Pacific and Indian subsea market for providing services to 3<sup>rd</sup> parties
- ▶ Reduces reliance on sub-contractors, hence trimming 3<sup>rd</sup> party costs
- ▶ Enhances utilisation of construction fleet
- ▶ Contributes to Group's Revenue/ Profitability



Strategy



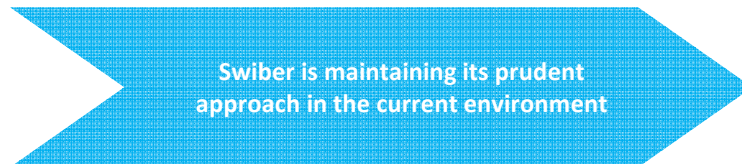
## Our approach

Financials

Corporate Developments

Outlook & Strategy

Despite challenging conditions prevailing in the global economy, Swiber remains confident in the **long term fundamentals of the oil and gas industry.**



## Immediate key strategy

- Cost Control**
- ▶ Reduce reliance on 3<sup>rd</sup> parties
  - ▶ Enhance utilisation of internal services and fleet

- Business Growth**
- ▶ Strategic alliances: Apac, Middle East
  - ▶ Shallow water

**Financial Management**

- ▶ Managing risk
- ▶ Managing debt
- ▶ Cost control



## Ongoing efforts for business expansion

Financials

Corporate Developments

Outlook & Strategy



### Strategic alliances with local partners in key markets

- ▶ Key markets: Asia Pacific; the Middle East including GCCs such as Saudi Arabia, Kuwait, Bahrain, Qatar, UAE and Oman; and IndoChina
- ▶ For shallow waters:
  - Target Asia Pacific and Middle East regions
  - Springboard to expand to various points of these regions
- ▶ For subsea
  - Target opportunities in the Indian region and Middle East
- ▶ For offshore wind energy



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## Outlook

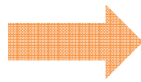
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## Future outlook

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While the financial meltdown has resulted in recession and oil demand has been affected as a result, the underlying issues have not gone away.

*We need massive investment in energy.*



2009 could see the start of the next cycle  
and we need to plan **NOW**

## Summary

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### The Past:

- ▶ Growth in non-OPEC oil production (e.g. North Sea) was the factor restraining OPEC's production and pricing power
- ▶ North Sea production peaked in 2000
- ▶ OPEC used up spare capacity by 2004
- ▶ Prices rose till the financial crisis in mid 2008
- ▶ Developed countries demand fell and prices followed
- ▶ Slight decline (128,000 b/d) in non-OPEC production in 2008

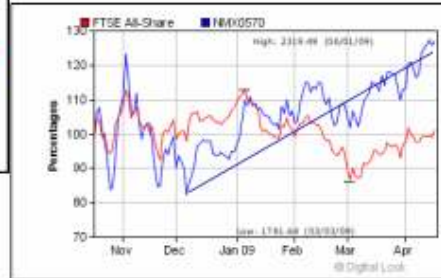
### The Future

- ▶ No growth in non-OPEC production in 2009
- ▶ Accelerated production decline in Mexico, Norway, Russia & UK
- ▶ Reduction in investment in new production will increase rate of global decline
- ▶ Oil prices will rise – possibly to new highs



Reference: Oil and Gas Business Prospects, 21 April 2009 Douglas-Westwood

## Two amazing years



- ▶ The rise and fall of oil prices
- ▶ The financial crash and stock market collapse
- ▶ But the oil & gas sector has still greatly outperformed the market
- ▶ But the oil services index has been rising since December

Reference: Oil and Gas Business Prospects, 21 April 2009 Douglas-Westwood



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## Some sectors and geographies hard hit

- ▶ US (mainly land) drilling permits and rig count mirrors oil price fall



Reference: Oil and Gas Business Prospects, 21 April 2009 Douglas-Westwood



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## Recessions are not unusual

- ▶ Recessions happen about every five years (e.g. 20 in past century)
- ▶ The relatively unbroken prosperity of the past 25 years is unprecedented
- ▶ Most last about 18 months
- ▶ This is a very serious recession, among the worst 3-4 in the last century?
- ▶ But oil demand recovers strongly after recessions
- ▶ The developed world has reduced its oil consumption – the developing world will increase



Reference: Oil and Gas Business Prospects, 21 April 2009 Douglas-Westwood

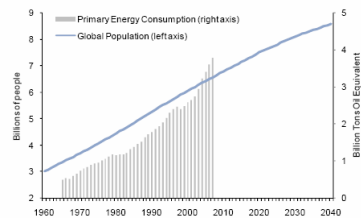


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## Oil - the Long-term Fundamentals

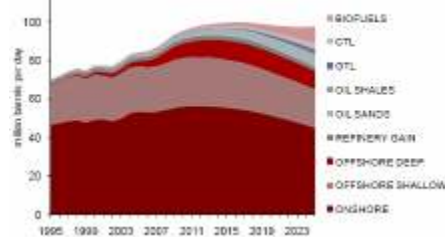
### DEMAND SIDE- Significant growth forecast

- ▶ GDP growth and population growth are key drivers of energy demand
- ▶ IEA Forecast 106 million bpd by 2030
- ▶ Oil demand is price inelastic – few substitutes as a transportation fuel



### SUPPLY SIDE- Major constraints

- ▶ Decline in existing fields a challenge
- ▶ The big opportunities – deepwater, but higher cost
- ▶ Surging demand coupled with supply constraints has driven prices
- ▶ Global production may peak at ~100m bpd



Increasing intensity of oilfield service & equipment supply will be needed for each marginal barrel

Reference: Oil and Gas Business Prospects, 21 April 2009 Douglas-Westwood



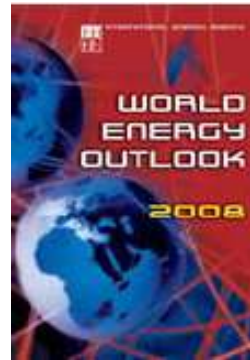
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## The long-term oil supplies issue has not gone away

- ▶ The effects of peak oil will be felt in the next five years'
- ▶ 'Risks far greater than terrorism'
- ▶ 'The impacts are more likely to arrive before climate change'

**World will struggle to meet oil demand**

FT page 1 headline Oct 29 2008 (re IEA Report)



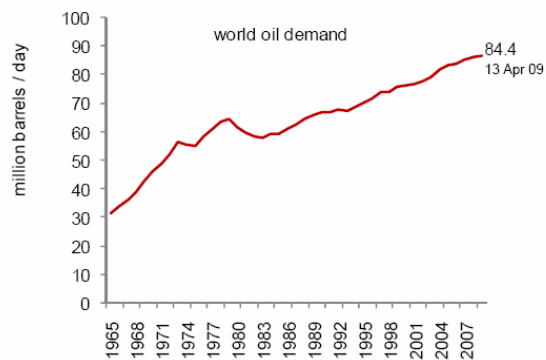
Reference: *Oil and Gas Business Prospects*, 21 April 2009 Douglas-Westwood



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## Recession and oil demand in perspective

- ▶ Oil is now more affordable
- ▶ US demand – some recovery?
- ▶ World demand to fall 2.8% in 2009
- ▶ Decline is a small % on a long term



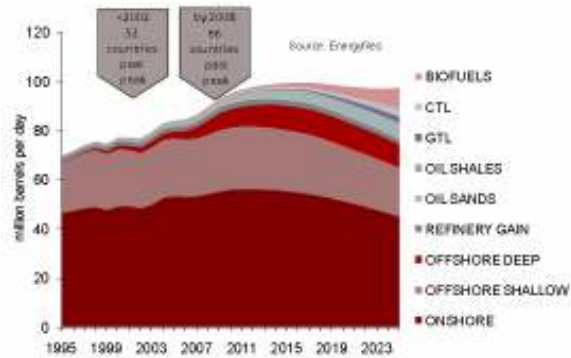
Reference: *Oil and Gas Business Prospects*, 21 April 2009 Douglas-Westwood



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## Is peak oil on the way?

- ▶ We need to find and get into production one NEW Saudi Arabia every THREE years just to offset production decline!
- ▶ Global peak revised down by 4 Mbpd to 89 Mbpd (Total CEO, 16 Feb '09)
- ▶ IEA warns of 'serious supply crunch from 2010 due to delayed investment' 16 Feb

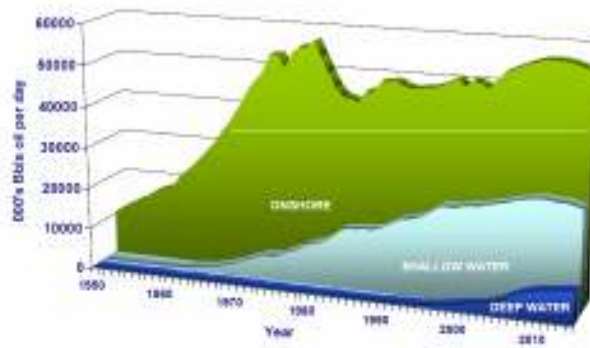


Reference: Oil and Gas Business Prospects, 21 April 2009 Douglas-Westwood



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## The importance of offshore oil production



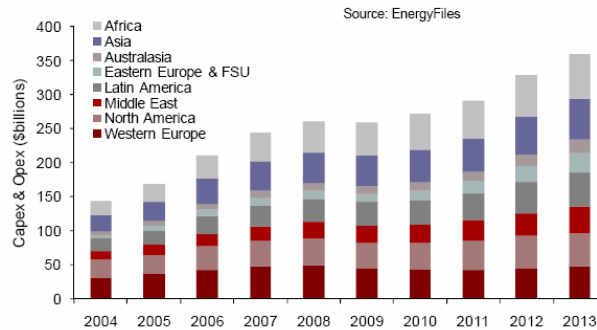
- ▶ Offshore 35% of world production
- ▶ Deepwater – 3% of production in 2002, 6% in 2007, 10% by 2012.
- ▶ After 2012, deepwater is the only sector to continue to grow

Reference: Oil and Gas Business Prospects, 21 April 2009 Douglas-Westwood



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## Offshore oil & gas production & spend to grow



- ▶ Capex to dip by 3% from \$157bn to \$152bn in 2009
- ▶ But total spend to grow from \$260 bn (2008) to \$360 bn (2013)
- ▶ Most regions to see growth
- ▶ W Europe to decline
- ▶ Strong underlying Opex growth as a function of both increased volume of activity and complexity

Reference: Oil and Gas Business Prospects, 21 April 2009 Douglas-Westwood



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## US\$60b investment by Aramco over next 5 years

### Aramco plans \$60bn production boost (www.meed.com, 30 Mar 09)

- ▶ State oil giant Saudi Aramco is to invest \$60bn in boosting onshore and offshore oil and gas production over the next five years, with the bulk of its capital investment going into 17 megaprojects.
- ▶ \$60bn budget covers 144 projects and allocates:-
  - \$28bn for upstream investment, \$32bn for downstream spending
  - \$27bn spending on mega-projects, \$7bn on 30 large projects, \$2bn on 17 medium-sized projects and \$2bn on 80 small schemes.
  - \$15bn to develop seven process facility projects
  - Nearly \$6bn for six offshore facilities
  - A further \$6bn for 10 maintenance programmes
  - \$3bn on plant improvements, pipelines, civil infrastructure and electrical works for 121 projects
- ▶ Aramco also told inter-national contractors they will have to create joint ventures with local firms to compete for future engineering, procurement and construction contracts

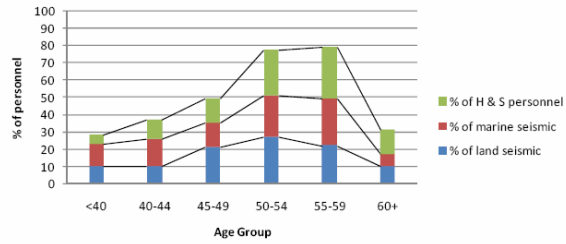


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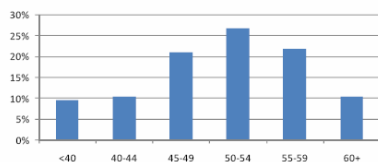


## We must invest in people

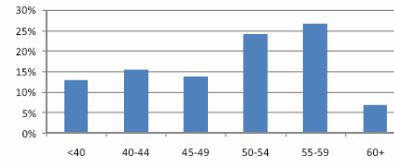
Consultants Age Demographics



Land Seismic



Marine Seismic



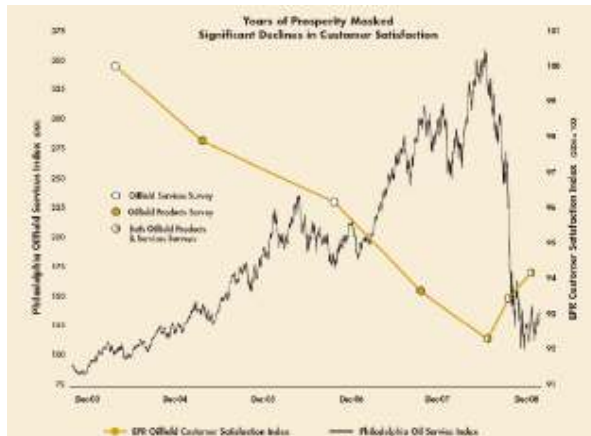
Source: IECO

Reference: Oil and Gas Business Prospects, 21 April 2009 Douglas-Westwood



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## And invest in quality products and services



- ▶ Evident improvement since oil price & OFS company index fall
- ▶ But in 2008, satisfaction with OFP&S was worse than with banks!

Source: EnergyPoint Customer Satisfaction Survey Feb 2009

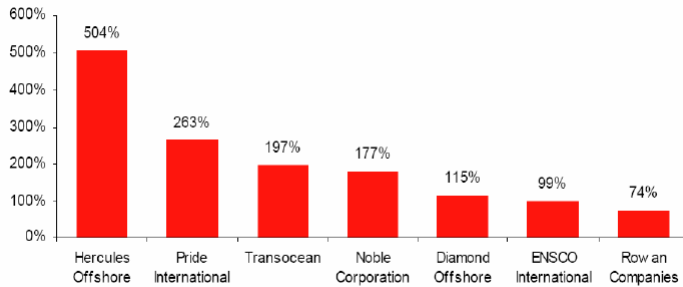
Reference: Oil and Gas Business Prospects, 21 April 2009 Douglas-Westwood



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## Hard times generate great business opportunities

**Fig 7 Current contract backlog is multiples of market capitalization (backlog/market capitalization)**



Source: Macquarie Capital (USA), ODS-Petrodata, April 2009

- ▶ So expect more 'drilling on Wall Street' and OFS M&A

Reference: Oil and Gas Business Prospects, 21 April 2009 Douglas-Westwood



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## What happens next?


### The longer term (4-10 years)

- ▶ The Douglas-Westwood view is unchanged
- ▶ This recession will end
- ▶ Economic activity & global trade will increase
- ▶ Oil demand will increase & prices rise
- ▶ Well positioned equipments & services companies will outperform
- ▶ And there will again be a scramble for hardware & people
- ▶ 2009 could be a great time to invest.....

Reference: Oil and Gas Business Prospects, 21 April 2009 Douglas-Westwood



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Thank You  
Q&A session